

**RESTORE AMERICA'S ESTUARIES AND ITS SUBSIDIARY  
(a nonprofit organization)**

**CONSOLIDATED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**Year Ended December 31, 2021  
with Summarized Comparative Information for the year ended  
December 31, 2020**

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## **INDEPENDENT AUDITORS' REPORT**

To Board of Directors  
Restore America's Estuaries and its Subsidiaries  
Arlington, Virginia

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying consolidated financial statements of Restore America's Estuaries and its subsidiary (collectively, the Organization), which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Emphasis of Matter - Contingencies**

As discussed in Note 11 to the consolidated financial statements, economic uncertainties have arisen as a result of the spread of the coronavirus which are likely to impact the Organization's operations. Our opinion is not modified with respect to this matter and no pandemic implications are accounted for in these consolidated financial statements.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 22, 2022, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position and the consolidating statement of activities are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Report on Summarized Comparative Information**

We have previously audited the Organization's 2020 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated June 22, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Renner and Company, CPA, P.C.*

Alexandria, Virginia  
August 22, 2022

**RESTORE AMERICA'S ESTUARIES AND ITS SUBSIDIARY****CONSOLIDATED STATEMENT OF FINANCIAL POSITION****December 31, 2021 (with Comparative Information as of December 31, 2020)**

	<b>ASSETS</b>	2021	2020
<b>CURRENT ASSETS</b>		<u>2021</u>	<u>2020</u>
Cash		\$ 525,091	\$ 475,998
Investments		385,293	385,102
Accounts receivable		88,487	25,115
Grants receivable		814,417	1,642,065
Prepaid expenses		<u>80,706</u>	<u>5,336</u>
<b>TOTAL CURRENT ASSETS</b>		<u>1,893,994</u>	<u>2,533,616</u>
<b>OTHER ASSETS</b>			
Security deposit		<u>4,452</u>	<u>4,452</u>
<b>TOTAL ASSETS</b>		<u><u>\$ 1,898,446</u></u>	<u><u>\$ 2,538,068</u></u>
	<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>			
Accounts payable and accrued expenses		\$ 865,284	\$ 1,710,095
Deferred revenue		5,000	-
Deferred rent		<u>6,228</u>	<u>4,798</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u>876,512</u>	<u>1,714,893</u>
<b>LONG-TERM LIABILITIES</b>			
Deferred rent, net of current portion		<u>5,006</u>	<u>11,234</u>
<b>TOTAL LIABILITIES</b>		<u>881,518</u>	<u>1,726,127</u>
<b>NET ASSETS</b>			
Without donor restrictions		522,282	466,518
With donor restrictions		<u>494,646</u>	<u>345,423</u>
<b>TOTAL NET ASSETS</b>		<u>1,016,928</u>	<u>811,941</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>		<u><u>\$ 1,898,446</u></u>	<u><u>\$ 2,538,068</u></u>

See Notes to Financial Statements.

**RESTORE AMERICA'S ESTUARIES AND ITS SUBSIDIARY**

**CONSOLIDATED STATEMENT OF ACTIVITIES**

**Year Ended December 31, 2021 (with Summarized Comparative Information for the year ended December 31, 2020)**

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	
<b>SUPPORT AND REVENUE</b>				
Government grants	\$ 3,134,199	\$ -	\$ 3,134,199	\$ 4,146,978
Grants and contributions	280,686	386,800	667,486	502,709
Conferences and meetings	152,795	-	152,795	469,753
Affiliate dues	45,300	-	45,300	45,000
Investment income	207	-	207	4,907
Other income	3,867	-	3,867	20,284
Net assets released from restriction:				
Satisfaction of program restrictions	237,577	(237,577)	-	-
<b>TOTAL SUPPORT AND REVENUE</b>	<u>3,854,631</u>	<u>149,223</u>	<u>4,003,854</u>	<u>5,189,631</u>
<b>EXPENSES</b>				
Program services	3,520,069	-	3,520,069	4,577,926
General and administrative	164,964	-	164,964	277,366
Fundraising	113,834	-	113,834	113,832
<b>TOTAL EXPENSES</b>	<u>3,798,867</u>	<u>-</u>	<u>3,798,867</u>	<u>4,969,124</u>
<b>CHANGE IN NET ASSETS</b>	55,764	149,223	204,987	220,507
<b>NET ASSETS, beginning of year</b>	<u>466,518</u>	<u>345,423</u>	<u>811,941</u>	<u>591,434</u>
<b>NET ASSETS, end of year</b>	<u>\$ 522,282</u>	<u>\$ 494,646</u>	<u>\$ 1,016,928</u>	<u>\$ 811,941</u>

See Notes to Financial Statements.

**RESTORE AMERICA'S ESTUARIES AND ITS SUBSIDIARY**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**

**Year Ended December 31, 2021 (with Summarized Comparative Information for the year ended December 31, 2020)**

	2021				2020
	Program Services	General and Administrative	Fundraising	Total	
<b>EXPENSES</b>					
Affiliate support	\$ 2,476,056	\$ -	\$ -	\$ 2,476,056	\$ 3,349,210
Payroll and related costs	699,041	59,652	109,454	868,147	980,490
Professional fees	202,108	11,743	2,100	215,951	255,155
Office related expense	16,947	63,681	34	80,662	67,565
NOAA/CRP member support	61,079	-	-	61,079	21,897
Meeting, conference, staff development	38,646	6,513	-	45,159	7,316
Travel	14,840	5,977	5	20,822	10,825
Communications	5,932	10,301	87	16,320	16,049
Business related costs	2,557	6,388	1,988	10,933	26,543
Product production	2,863	-	-	2,863	2,066
Other expenses	-	507	-	507	15,164
Postage and delivery	-	202	166	368	691
National conference	-	-	-	-	212,039
Marketing and advertising	-	-	-	-	4,114
<b>TOTAL EXPENSES</b>	<b>\$ 3,520,069</b>	<b>\$ 164,964</b>	<b>\$ 113,834</b>	<b>\$ 3,798,867</b>	<b>\$ 4,969,124</b>

See Notes to Financial Statements.



**RESTORE AMERICA'S ESTUARIES AND ITS SUBSIDIARY****CONSOLIDATED STATEMENT OF CASH FLOWS****Year Ended December 31, 2021 (with Comparative Information for the year ended December 31, 2020)**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from operations		
Support and revenue	\$ 4,772,923	\$ 3,791,924
Investment income	645	5,145
	<u>4,773,568</u>	<u>3,797,069</u>
Cash disbursed by operations		
Payments to suppliers and employees	<u>4,723,846</u>	<u>3,773,782</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>49,722</u>	<u>23,287</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale and transfer of investments	200,000	333,000
Purchase of investments and reinvested dividends	<u>(200,629)</u>	<u>(338,116)</u>
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<u>(629)</u>	<u>(5,116)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Paycheck Protection Program loan	<u>-</u>	<u>145,300</u>
<b>NET INCREASE IN CASH AND RESTRICTED CASH</b>	49,093	163,471
<b>CASH AND RESTRICTED CASH, beginning of year</b>	<u>475,998</u>	<u>312,527</u>
<b>CASH AND RESTRICTED CASH, end of year</b>	<u><u>\$ 525,091</u></u>	<u><u>\$ 475,998</u></u>

See Notes to Financial Statements.

**RESTORE AMERICA'S ESTUARIES AND ITS SUBSIDIARY**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

**Year Ended December 31, 2021 (with Comparative Information for the year ended December 31, 2020)**

<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>2021</u>	<u>2020</u>
<b>CHANGE IN NET ASSETS</b>	<u>\$ 204,987</u>	<u>\$ 220,507</u>
<b>ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Non-cash occupancy costs	(4,798)	(3,404)
Recognition of Paycheck Protection Program loan forgiveness	-	(145,300)
Unrealized loss on investments	<u>438</u>	<u>238</u>
<b>NET ADJUSTMENTS</b>	<u>(4,360)</u>	<u>(148,466)</u>
<b>CHANGES IN ASSETS AND LIABILITIES AFFECTING OPERATIONS PROVIDING (USING) CASH</b>		
<b>ASSETS</b>		
Accounts receivable	(63,372)	1,534
Grants receivable	827,648	(1,155,194)
Prepaid expenses	<u>(75,370)</u>	<u>86,194</u>
	688,906	(1,067,466)
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	(844,811)	1,112,552
Deferred revenue	<u>5,000</u>	<u>(93,840)</u>
	<u>(839,811)</u>	<u>1,018,712</u>
<b>NET CHANGES IN ASSETS AND LIABILITIES</b>	<u>(150,905)</u>	<u>(48,754)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>\$ 49,722</u>	<u>\$ 23,287</u>
<b>NON-CASH INVESTING ACTIVITIES</b>		
Decrease in fair value of investments	\$ (438)	\$ (238)
Unrealized loss in fair value of investments	<u>438</u>	<u>238</u>
	<u>\$ -</u>	<u>\$ -</u>

See Notes to Financial Statements.

## **RESTORE AMERICA'S ESTUARIES AND ITS SUBSIDIARY**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2021 (with Comparative Information as of and for the year ended December 31, 2020)**

#### **1. SIGNIFICANT ACCOUNTING POLICIES, ORGANIZATION, AND PURPOSE**

##### **Nature of Activities**

Restore America's Estuaries (the Organization) is a national 501(c)(3) nonprofit organization established in 1995 as an alliance of community-based conservation organizations working to protect and restore the vital habitats of our nation's estuaries. The Organization is dedicated to working closely with community, private, and governmental organizations to preserve the nation's network of estuaries by protecting and restoring the lands and waters essential to the richness and diversity of coastal life.

Climate Steward, LLC was formed in 2021 by the Organization to be a vehicle for the secure long-term custody and warehousing of emission allowances as part of the Organization's goal of reducing greenhouse emissions for the benefit of the environment.

##### **Principles of Consolidation**

The accompanying consolidated financial statements include the accounts of Restore America's Estuaries and Climate Steward, LLC. All significant intercompany transactions and accounts have been eliminated in consolidation accordingly.

##### **Basis of Accounting**

The Organization prepares its consolidated financial statements on the accrual basis of accounting. Consequently, revenue is recognized when earned and expenses are recognized when obligations are incurred.

##### **Cash and Cash Equivalents**

As of December 31, 2021 and 2020, cash consisted of two checking accounts and a savings account. Cash held within brokerage accounts is considered as investment holdings. All highly liquid investments available for current use within an initial maturity of three months or less are considered to be cash equivalents. There were no cash equivalents as of December 31, 2021 and 2020.

##### **Accounts and Grants Receivable**

Accounts and grants receivable are stated at the amount management expects to collect from outstanding balances. Receivables are generally due thirty days after they are billed and are considered past due if unpaid within thirty days. The Organization recognizes bad debts when, in the opinion of management, a specific account becomes uncollectible.

## **RESTORE AMERICA'S ESTUARIES AND ITS SUBSIDIARY**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2021 (with Comparative Information as of and for the year ended December 31, 2020)**

#### **1. SIGNIFICANT ACCOUNTING POLICIES, ORGANIZATION, AND PURPOSE (CONTINUED)**

##### **Investments**

Investments are recorded at fair value. Realized and unrealized gains and losses are included in investment income in the accompanying statement of activities.

##### **Property and Equipment**

The Organization has adopted a capitalization policy to capitalize all purchases greater than \$5,000 that meet the criteria for capitalization. Routine repairs and maintenance are expensed as incurred.

##### **Fair Value Measurements**

The Organization applies accounting principles generally accepted in the United States (U.S. GAAP) for fair value measurements of financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis.

##### **Deferred Revenue**

Amounts received in advance for governmental grant activities of the Organization and sponsorships are deferred and recognized in the year to which they apply.

##### **Net Assets**

The net assets of the Organization are divided into two classes: net assets without donor restriction and net assets with donor restriction.

##### **Without donor restrictions**

Net assets without donor restriction include revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of the Organization and include both internally designated and undesignated resources.

##### **With donor restrictions**

Net assets with donor restriction include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of the Organization and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statement of activities and change in net assets as net assets released from restrictions.

## RESTORE AMERICA'S ESTUARIES AND ITS SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021 (with Comparative Information as of and for the year ended December 31, 2020)

#### 1. SIGNIFICANT ACCOUNTING POLICIES, ORGANIZATION, AND PURPOSE (CONTINUED)

##### Revenue Recognition

The Organization provides membership and affiliate membership services to its members located in the United States for the purpose of furthering its mission. The Organization also hosts a biennial National Coastal and Estuarine Summit which gathers coastal professionals who are involved in policy, science, strategy, business, and on-the-ground restoration and management.

The Organization recognizes all unconditional contributed support in the period in which the commitment is made. Grants and cooperative agreements with federal and local government agencies are deemed to be exchange transactions and, accordingly, revenue is recognized when funds are utilized by the Organization to carry out the activity stipulated in the grant or cooperative agreement. Accordingly, amounts received but not recognized as revenue are classified in the statement of financial position as deferred revenue and amounts expended but not yet received are classified as accounts receivable. Conversely, revenue from fixed-price agreements are recorded as costs are incurred in relation to the grant agreements.

##### Disaggregation of Revenue

The Organization disaggregates revenue according to the services it provides. These range from membership dues, sponsorships and conference registrations. Additionally, the Organization disaggregates revenue by source using two categories: governmental and nongovernmental. For the years ended December 31, 2021 and 2020, revenue disaggregated by source is as follows:

	<u>2021</u>	<u>2020</u>
Revenue from governmental sources	\$ 3,134,199	\$ 4,146,978
Revenue from nongovernmental sources	<u>869,655</u>	<u>1,042,653</u>
	<u>\$ 4,003,854</u>	<u>\$ 5,189,631</u>

##### Performance Obligations

Membership dues are recognized over the membership period. The contract for membership dues is established once payment is received, for which the Organization provides membership rights and privileges for one year. The membership rate for the years ended December 31, 2021 and 2020 was \$4,500.

## **RESTORE AMERICA'S ESTUARIES AND ITS SUBSIDIARY**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2021 (with Comparative Information as of and for the year ended December 31, 2020)**

#### **1. SIGNIFICANT ACCOUNTING POLICIES, ORGANIZATION, AND PURPOSE (CONTINUED)**

##### **Revenue Recognition (Continued)**

###### **Performance Obligations (Continued)**

Conference registrations are recognized at the time the conference is held. The contract for conference registrations is established once payment is received, for which the Organization provides access to the biennial summit held on even-numbered years and all rights and privileges of a summit participant. On off-summit years, the Organization holds other events, for which it also provides participant privileges in exchange of consideration. Registration rates for the year ended December 31, 2021 ranged from \$195 to \$265 contingent on the date the participant purchased the registration. Registration rates for the year ended December 31, 2020 ranged from \$75 to \$425 depending on the type of registration selected and the date of purchase. In addition, for participants who selected the Summit Backer rate, there was a \$100 savings off the 2022 Summit Registration and a free Field Session in 2022 valued at \$175.

Sponsorships are recognized at a point in time, when the Summit occurs. The contract for sponsorships is established on payment, for which the Organization provides sponsorship benefits to sponsors in exchange of consideration based on sponsorship level rates. In addition, the Organization provides registrations to sponsor attendees based on sponsorship levels. Sponsorship rates ranged from \$1,200 to \$20,000 and \$500 to \$50,000 for the years ended December 31, 2021 and 2020, respectively.

###### **Significant Judgments**

The Organization's Board of Directors determines the price for its membership dues each year. The price for conferences and for the Summit is determined by management which accounts for all the expenses to be incurred and includes it in the transaction price.

##### **Income Taxes**

The Organization is exempt from federal income taxes under 501(c)(3) of the Internal Revenue Code. However, the Organization is subject to tax on net income generated by activities considered to be unrelated business income. Climate Steward, LLC, is subject to federal and state income taxes. Income taxes are provided on income regardless of when such taxes are payable.

## **RESTORE AMERICA'S ESTUARIES AND ITS SUBSIDIARY**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2021 (with Comparative Information as of and for the year ended December 31, 2020)**

#### **1. SIGNIFICANT ACCOUNTING POLICIES, ORGANIZATION, AND PURPOSE (CONTINUED)**

##### **Income Taxes (Continued)**

In accounting for uncertainty in income taxes, accounting standards require an entity to recognize the financial statement impact of a tax position when it is more-likely-than-not that the position will not be sustained upon examination. Management evaluated the Organization's tax positions and concluded no uncertain tax positions that require adjustment to the consolidated financial statements to comply with the provisions of this guidance were taken.

##### **Estimates**

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions about the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

##### **Government Grants**

The Organization participates in federal grant programs which are subject to financial and compliance audits by the federal agencies or their representatives. As such, there is a possibility that questioned costs might result from such an audit in the future. Management estimates that there are no material unallowable costs.

##### **Allocated Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Statement of Functional Expenses. Accordingly, certain costs including payroll and related costs, professional fees, office related expenses, travel, communications, and business related costs have been allocated among program services, general and administrative, and fundraising costs based on time expended or space occupied. Meeting, conference, staff development expense has been allocated among program services and administrative costs based on time expended or space occupied. Postage and delivery has been allocated among general and administrative and fundraising costs based on time expended or space occupied. Affiliate support, NOAA/CRP member support, and product production have been allocated to program services costs and other expenses to general and administrative costs based on time expended or space occupied.

## RESTORE AMERICA'S ESTUARIES AND ITS SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021 (with Comparative Information as of and for the year ended December 31, 2020)

#### 1. SIGNIFICANT ACCOUNTING POLICIES, ORGANIZATION, AND PURPOSE (CONTINUED)

##### Summarized Comparative Information

The consolidated financial statements include certain summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

##### Liquidity and Availability of Assets

The Organization maintains a liquid cash balance in checking and savings accounts in an amount necessary to meet its anticipated expenditures in the next thirty days. Cash in excess of this amount is invested in short-term investments.

The Organization reconciles the balance of financial assets subject to donor restrictions monthly based on restricted amounts used and received. Restricted cash and investments are separately identified and monitored as part of the Organization's monthly financial reporting process.

The Organization also maintains a \$50,000 credit limit on its credit cards to help manage cash flow.

The Organization's financial assets available within one year to meet cash needs for general expenditures through December 31, 2022 are as follows:

Financial Assets	
Cash	\$ 525,091
Investments	385,293
Accounts receivable	88,487
Grants receivable	814,417
Total financial assets	<u>1,813,288</u>
Less amounts not available within one year	
Purpose restricted net assets	<u>(494,646)</u>
Financial assets available within one year to meet cash needs for general expenditures within one year	<u><u>\$ 1,318,642</u></u>



## RESTORE AMERICA'S ESTUARIES AND ITS SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021 (with Comparative Information as of and for the year ended December 31, 2020)

#### 2. CASH

Cash as of December 31, 2021 and 2020 consisted of the following:

	2021	2020
Checking accounts	\$ 524,941	\$ 475,998
Saving accounts	150	-
	<u>\$ 525,091</u>	<u>\$ 475,998</u>

The balances in financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor. Bank balances as of December 31, 2021 and 2020 not covered by FDIC deposit insurance were \$482,021 and \$326,591, respectively.

The Organization maintained restricted cash in the amounts of \$494,646 and \$345,423 for the years ended December 31, 2021 and 2020, respectively.

#### 3. ACCOUNTS AND GRANTS RECEIVABLE

Receivables as of December 31, 2021 and 2020 consisted of the following:

	2021	2020
Accounts receivable - program and miscellaneous	\$ 88,487	\$ 25,115
Grants receivable		
NOAA	330	35,840
EPA	763,899	1,535,745
TBEP TBERF	50,188	70,480
	<u>814,417</u>	<u>1,642,065</u>
	<u>\$ 902,904</u>	<u>\$ 1,667,180</u>

No allowance for uncollectable amounts was considered necessary as of December 31, 2021 and 2020.

## RESTORE AMERICA'S ESTUARIES AND ITS SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021 (with Comparative Information as of and for the year ended December 31, 2020)

#### 4. INVESTMENTS

Investments as of December 31, 2021 and 2020 are comprised of the following:

	2021		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Money market	<u>\$ 385,293</u>	<u>\$ 385,293</u>	<u>\$ -</u>
	2020		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Money market	\$ 184,664	\$ 184,664	\$ -
Certificates of deposit	200,000	200,438	438
	<u>\$ 384,664</u>	<u>\$ 385,102</u>	<u>\$ 438</u>

Investment income consisted of the following for the years ended December 31:

	2021	2020
Interest and dividends	\$ 645	\$ 5,145
Unrealized loss on investments	(438)	(238)
	<u>\$ 207</u>	<u>\$ 4,907</u>

#### 5. FAIR VALUE MEASUREMENTS

The Organization records investments based on fair value on a recurring basis. Financial accounting and reporting standards define fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the exit price) in an orderly transaction between market participants at the measurement date. The standard emphasizes that fair value is a market-based measurement, not an entity specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, a fair value hierarchy was established that distinguishes between market participant assumptions based on market data obtained from sources independent from the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

## RESTORE AMERICA'S ESTUARIES AND ITS SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021 (with Comparative Information as of and for the year ended December 31, 2020)

#### 5. FAIR VALUE MEASUREMENTS (CONTINUED)

Level 1 - inputs utilize unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2 - inputs are inputs other than quoted prices included in Level 1 that are observable for the assets or liabilities, either directly or indirectly. Level 2 inputs may include quoted prices for similar assets or liabilities in active markets, as well as inputs that are observable for the assets or liabilities (other than quoted prices), such as interest rates, foreign exchange rates and yield curves that are observable at common quoted intervals.

Level 3 - inputs are unobservable inputs for the assets or liabilities, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

The determination of the fair value level within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Organization's assessment of the significance of the particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the assets or liabilities.

The following summarizes investments, measured at fair value on a recurring basis, aggregated by the level in the fair value hierarchy within which those measurements fall, as of December 31, 2021 and 2020:

	2021		
	Fair Value	Level 1	Level 2
Money market	<u>\$ 385,293</u>	<u>\$ 385,293</u>	<u>\$ -</u>
	2020		
	Fair Value	Level 1	Level 2
Money market	\$ 184,664	\$ 184,664	\$ -
Certificates of deposit	200,438	-	200,438
	<u>\$ 385,102</u>	<u>\$ 184,664</u>	<u>\$ 200,438</u>

## **RESTORE AMERICA'S ESTUARIES AND ITS SUBSIDIARY**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2021 (with Comparative Information as of and for the year ended December 31, 2020)**

#### **6. DEFERRED REVENUE**

As of December 31, 2021, deferred revenue related to a sponsorship totaled \$5,000. Certain amounts pertaining to corporate sponsorship for the 2021 biennial conference were received in advance in 2020. The amount of sponsorship received through December 31, 2020 that was related to this conference totaled \$108,405.

#### **7. RELATED PARTIES**

The Organization receives contributions from member affiliates for support of advocacy programs. The President, CEO or other comparable position of these affiliates are members of the Organization's Board of Directors. During the years ended December 31, 2021 and 2020, the Organization received \$45,000 and \$45,000, respectively, from these member affiliates. In addition, during the years ended December 31, 2021 and 2020, the Organization awarded subgrants to these member affiliates totaling \$159,969 and \$218,627, respectively.

#### **8. REVENUE CONCENTRATION**

Approximately 78% and 80% of the Organization's revenue for each of the years ended December 31, 2021 and 2020, respectively, was derived from grants and contracts awarded by agencies of the United States Government. The Organization has no reason to believe that relationships with these agencies will be discontinued in the foreseeable future. However, any interruption of these relationships (i.e., the failure to renew grant agreements or withholding of funds) would adversely affect the Organization's ability to finance ongoing operations.

**RESTORE AMERICA'S ESTUARIES AND ITS SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2021 (with Comparative Information as of and for the year ended December 31, 2020)**

**9. NET ASSETS WITH DONOR RESTRICTION**

A summary of activity in net assets with donor restriction for the years ended December 31, 2021 and 2020 is as follows:

	2021			
	Balance Dec 31, 2020	Support and revenue	Net assets released from restrictions	Balance Dec 31, 2021
Purpose restrictions:				
Packard Foundation	\$ -	\$ 250,000	\$ (28,723)	\$ 221,277
Tampa Bay projects	134,923	75,000	(80,120)	129,803
Scotts CRP	180,000	-	(93,824)	86,176
CITGO	30,000	60,000	(34,910)	55,090
PSDOH Sponsorship	-	1,800	-	1,800
Wilcox Farms	500	-	-	500
	<u>\$ 345,423</u>	<u>\$ 386,800</u>	<u>\$ (237,577)</u>	<u>\$ 494,646</u>
	2020			
	Balance Dec 31, 2019	Support and revenue	Net assets released from restrictions	Balance Dec 31, 2020
Purpose restrictions:				
Scotts CRP	\$ -	\$ 180,000	\$ -	\$ 180,000
Tampa Bay projects	163,436	75,000	(103,513)	134,923
CITGO	448	30,000	(448)	30,000
Wilcox Farms	-	500	-	500
	<u>\$ 163,884</u>	<u>\$ 285,500</u>	<u>\$ (103,961)</u>	<u>\$ 345,423</u>

## RESTORE AMERICA'S ESTUARIES AND ITS SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021 (with Comparative Information as of and for the year ended December 31, 2020)

#### 10. RETIREMENT PLAN

The Organization maintains a qualified retirement plan and a voluntary 401(k) plan. Regular full-time employees are eligible for retirement benefits and the voluntary 401(k) plan upon completion of 90 days of continuous employment. Employees hired prior to March 2, 2009 are fully vested in the 401(k) plan employer contributions after 90 days of continuous employment. Employees hired after March 2, 2009 are fully vested in the 401(k) plan employer contributions after one year of continuous employment. The Organization contributes a percentage of the eligible employee's annual salary. Retirement plan expense of the Organization under this plan was \$38,128 and \$29,109 for the years ended December 31, 2021 and 2020, respectively.

#### 11. COMMITMENTS AND CONTINGENCIES

##### Office Lease

The Organization signed a five year office lease on March 11, 2013 that expired March 31, 2018, but was extended through August 31, 2023 during the fiscal year. The lease contains a provision for annual rent increase of 2.5% and requires the Organization to pay, as additional rent, a proportionate share of any increase over the base year of all taxes assessed on the property and operating expenses. Additionally, the lease extension includes an abatement of rent for the first five months of lease extension. Rent expense for the years ended December 31, 2021 and 2020 was \$53,246 and \$53,413, respectively.

Future minimum lease payments under the lease extension are as follows:

2022	\$	58,609
2023		39,927
	\$	<u>98,536</u>

##### Hotel Commitments

The Organization has entered into agreements with hotels for future meetings. The agreements indicate that the Organization is liable for liquidated damages in the event of cancellations. As of December 31, 2021, the Organization's commitments for these liquidated damages, if meetings had been canceled, totaled approximately \$126,295.

## **RESTORE AMERICA'S ESTUARIES AND ITS SUBSIDIARY**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2021 (with Comparative Information as of and for the year ended December 31, 2020)**

#### **11. COMMITMENTS AND CONTINGENCIES (CONTINUED)**

##### **COVID-19 Coronavirus**

Citizens and economies of the United States and other countries have been significantly impacted by the coronavirus (COVID-19) pandemic. While it is premature to accurately predict how the coronavirus will ultimately affect the Organization's operations because the disease's severity and duration are uncertain, we expect 2022 financial results will be significantly impacted and the implications beyond 2022, while unclear, could also be adversely impacted. No pandemic implications are accounted for in these financial statements.

#### **12. SUBSEQUENT EVENTS**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through August 22, 2022, the date the financial statements were available to be issued.

**SUPPLEMENTARY INFORMATION**



**RESTORE AMERICA'S ESTUARIES AND ITS SUBSIDIARY**

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**

**December 31, 2021**

	<b>ASSETS</b>			
	Restore America's Estuaries	Climate Steward	Eliminating Entries	Consolidated Balance
<b>CURRENT ASSETS</b>				
Cash	\$ 524,091	\$ 1,000	\$ -	\$ 525,091
Investments	385,293	-	-	385,293
Accounts receivable	88,777	-	(290)	88,487
Grants receivable	814,417	-	-	814,417
Prepaid expenses	80,706	-	-	80,706
<b>TOTAL CURRENT ASSETS</b>	<u>1,893,284</u>	<u>1,000</u>	<u>(290)</u>	<u>1,893,994</u>
<b>OTHER ASSETS</b>				
Investment in Climate Steward	1,000	-	(1,000)	-
Security deposit	4,452	-	-	4,452
<b>TOTAL OTHER ASSETS</b>	<u>5,452</u>	<u>-</u>	<u>(1,000)</u>	<u>4,452</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,898,736</u>	<u>\$ 1,000</u>	<u>\$ (1,290)</u>	<u>\$ 1,898,446</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable and accrued expenses	\$ 865,284	\$ 290	\$ (290)	\$ 865,284
Deferred revenue	5,000	-	-	5,000
Deferred rent	6,228	-	-	6,228
<b>TOTAL CURRENT LIABILITIES</b>	<u>876,512</u>	<u>290</u>	<u>(290)</u>	<u>876,512</u>
<b>LONG-TERM LIABILITIES</b>				
Deferred rent, net of current portion	5,006	-	-	5,006
<b>TOTAL LIABILITIES</b>	<u>881,518</u>	<u>290</u>	<u>(290)</u>	<u>881,518</u>
<b>NET ASSETS</b>				
Without donor restrictions	522,572	710	(1,000)	522,282
With donor restrictions	494,646	-	-	494,646
<b>TOTAL NET ASSETS</b>	<u>1,017,218</u>	<u>710</u>	<u>(1,000)</u>	<u>1,016,928</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 1,898,736</u>	<u>\$ 1,000</u>	<u>\$ (1,290)</u>	<u>\$ 1,898,446</u>

See Notes to Financial Statements.

**RESTORE AMERICA'S ESTUARIES AND ITS SUBSIDIARY**

**CONSOLIDATING STATEMENT OF ACTIVITIES**

**Year Ended December 31, 2021**

	Restore America's Estuaries	Climate Steward	Eliminating Entries	Consolidated Balance
<b>SUPPORT AND REVENUE</b>				
Government grants	\$ 3,134,199	\$ -	\$ -	\$ 3,134,199
Grants and contributions	667,486	1,000	(1,000)	667,486
Conferences and meetings	152,795	-	-	152,795
Affiliate dues	45,300	-	-	45,300
Investment income	207	-	-	207
Other income	3,867	-	-	3,867
<b>TOTAL SUPPORT AND REVENUE</b>	<u>4,003,854</u>	<u>1,000</u>	<u>(1,000)</u>	<u>4,003,854</u>
<b>EXPENSES</b>				
Program services	3,520,069	-	-	3,520,069
General and administrative	164,674	290	-	164,964
Fundraising	113,834	-	-	113,834
<b>TOTAL EXPENSES</b>	<u>3,798,577</u>	<u>290</u>	<u>-</u>	<u>3,798,867</u>
<b>CHANGE IN NET ASSETS</b>	205,277	710	(1,000)	204,987
<b>NET ASSETS, beginning of year</b>	<u>811,941</u>	<u>-</u>	<u>-</u>	<u>811,941</u>
<b>NET ASSETS, end of year</b>	<u>\$ 1,017,218</u>	<u>\$ 710</u>	<u>\$ (1,000)</u>	<u>\$ 1,016,928</u>

See Notes to Financial Statements.