TURTLE ISLAND RESTORATION NETWORK

Audited Financial Statements

JUNE 30, 2014

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Turtle Island Restoration Network:

Report on the Financial Statements

We have audited the accompanying financial statements of Turtle Island Restoration Network (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses and cash flows for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Turtle Island Restoration Network as of June 30, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Pleasanton, California
December 9, 2015

TURTLE ISLAND RESTORATION NETWORK
Statement of Financial Position
At June 30, 2014

	Unrestricted	Temporarily Restricted	Total 2014
ASSETS			
Cash	$1,036,954	$211,881	$1,248,835
Receivables	162,890		162,890
Prepaid expenses	36,508		36,508
TOTAL CURRENT ASSETS	1,236,352	211,881	1,448,233
OTHER ASSETS			
Certificates of deposit	100,000		100,000
Deposits	1,551		1,551
Property and equipment, net	841,645		841,645
TOTAL ASSETS	$2,179,548	$211,881	$2,391,429
LIABILITIES			
Accounts payable	$25,859		$25,859
Accrued compensation	130,737		130,737
TOTAL CURRENT LIABILITIES	156,596		156,596
NET ASSETS			
Unrestricted	2,022,952		2,022,952
Temporarily restricted		$211,881	211,881
TOTAL NET ASSETS	2,022,952	211,881	2,234,833
TOTAL LIABILITIES AND NET ASSETS	$2,179,548	$211,881	$2,391,429

See Independent Accountant's Audit Report and Notes to the Financial Statements.

TURTLE ISLAND RESTORATION NETWORK
Statement of Activities
For the Year Ended June 30, 2014

	Unrestricted	Temporarily Restricted	Total 2014
SUPPORT AND REVENUE			
Support			
Contributions	$622,340		$622,340
Grants & awards	386,852	$380,495	767,347
In-kind donations	562,155		562,155
Revenue			
Interest income	1,451		1,451
Program events	14,111		14,111
Merchandise sales	11,064		11,064
Net assets released from temporary restrictions			
Expiration of purpose & time restrictions	257,539	(257,539)	
Total Support and Revenue	1,855,512	122,956	1,978,468
EXPENSES			
Program services			
OCEANS	1,221,921		1,221,921
SPAWN	289,527		289,527
Supporting services			
Management and general	146,866		146,866
Fund-raising	123,962		123,962
Total Expenses	1,782,276		1,782,276
INCREASE / (DECREASE) IN NET ASSETS	73,236	122,956	196,192
NET ASSETS AT BEGINNING OF YEAR	1,949,716	88,925	2,038,641
NET ASSETS AT END OF YEAR	$2,022,952	$211,881	$2,234,833

See Independent Accountant's Audit Report and Notes to the Financial Statements.

TURTLE ISLAND RESTORATION NETWORK
Statement of Functional Expenses
For the Year Ended June 30, 2014

	Program Services			Supporting Services			Total
	OCEANS	SPAWN	Total	Management & General	Fund-Raising	Total	2014
Salary	$365,826	$85,810	$451,636	$56,455	$56,455	$112,910	$564,546
Payroll taxes	29,909	7,016	36,925	4,616	4,616	9,232	46,157
Employee benefits	72,761	17,068	89,829	11,229	11,229	22,458	112,287
Subtotal compensation	468,496	109,894	578,390	72,300	72,300	144,600	722,990
Advertising	625		625				625
Conferences / Meetings	3,111	4,511	7,622	1,663		1,663	9,285
Dues, Fees & Other Charges	1,830	2,407	4,237	8,744	175	8,919	13,156
Equipment Lease / Purchase				1,479		1,479	1,479
Insurance	5,953	1,397	7,350	919	919	1,838	9,188
Loss on Asset Sale				691		691	691
Maintenance / Repairs	1,117	262	1,379	172	172	344	1,723
Newsletters	3,187	747	3,934	277	1,330	1,607	5,541
Outside Services	5,929	7,375	13,304	707	707	1,414	14,718
Postage	6,742	1,581	8,323	586	22,117	22,703	31,026
Printing	3,018	708	3,726	262	10,690	10,952	14,678
Professional Services	418,670	70,664	489,334	43,867	355	44,222	533,556
Occupancy Space	49,028	11,501	60,529	7,566	7,566	15,132	75,661
Research Activities	193,046		193,046				193,046
Restoration		64,919	64,919				64,919
Sub-contractors / Grants Out	12,729		12,729				12,729
Supplies	7,363	6,860	14,223	996	3,746	4,742	18,965
Telephone / Internet	14,764	3,463	18,227	2,278	2,278	4,556	22,783
Travel	15,900	795	16,695	2,752		2,752	19,447
Total before depreciation	1,211,508	287,084	1,498,592	145,259	122,355	267,614	1,766,206
Depreciation	10,413	2,443	12,856	1,607	1,607	3,214	16,070
Total Expenses	$1,221,921	$289,527	$1,511,448	$146,866	$123,962	$270,828	$1,782,276

See Independent Accountant's Audit Report and Notes to the Financial Statements.

TURTLE ISLAND RESTORATION NETWORK
Statement of Cash Flows
For the Year Ended June 30, 2014

	Total 2014
CASH FLOWS FROM OPERATING ACTIVITIES	
Increase (decrease) in net assets	$196,192
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation expense	16,070
(Increase) decrease in operating assets	
Receivables	95,403
Prepaid expenses	(38,559)
Deposits	(1,551)
Increase (decrease) in operating liabilities	
Accounts payable	(35,886)
Accrued compensation	539
NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES	232,208
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of capital assets	(18,372)
NET CASH PROVIDED/(USED) BY INVESTING ACTIVITIES	(18,372)
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	213,836
CASH AND CASH EQUIVALENTS, beginning of the year	1,034,999
CASH AND CASH EQUIVALENTS, end of the year	$1,248,835

See Independent Accountant's Audit Report and Notes to the Financial Statements.

NOTE A – SUMMARY OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES:

Turtle Island Restoration Network (Organization) is a California nonprofit public benefit corporation formed in 1997 operating primarily in Olema, California and in a satellite office in Galveston, Texas. Turtle Island Restoration Network was formed to protect populations of endangered marine species such as Sea Turtles, Sharks, Coho Salmon and marine mammals. To fulfill its mission the Organization engages public awareness, grassroots organizing, in-field habitat restoration, educational and policy advocacy activities.

NOTE B – PROGRAMS

Turtle Island Restoration Network mobilizes people to restore oceans, preserve rivers and streams, and protect the marine wildlife that call these blue-green waters home. The Organization works on saving critical ecosystems, improving consumer choices, encouraging government action and inspiring corporate responsibility. The Organization accomplishes this goal through two main programs: OCEANS & SPAWN.

OCEANS: Protecting endangered sea turtles, sharks and marine mammals by educating the public on the damage caused to sea turtles from the use of shrimp nets, driftnets and baited hooks. The Organization conducts research by traveling to Costa Rica and tagging sea turtles and sharks to learn their migratory habits and to provide a protected swimway. In addition the Organization advocates the banning of selling shark fins.

SPAWN: Salmon Protection and Watershed Network – protecting Coho Salmon by educating the public on their native habitat, protecting the waterways and surrounding land allowing for continued spawning. The Organization performs several restoration projects along the Lagunitas creek and the surrounding area.

NOTE C – SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The Organization prepares its financial statements on the accrual basis of accounting in accordance with accounting standards for non-profit organizations. The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

Unrestricted net assets include those assets over which the Board of Directors has discretionary control in carrying out the operations of the Organization. Temporary restricted net assets include those assets, which are subject to a donor restriction and for which the applicable restriction was not met at the end of the current reporting period. Permanently restricted net assets include those assets, which are subject to a non-expiring donor restriction, such as an endowment. The Organization currently does not have any permanently restricted net assets.

Income Taxes

The Organization is not classified as a private foundation and is exempt from federal and state income taxes under section 501(c)3 of the Internal Revenue Code and Section 23701(d) of the California Code. The Organization is considered a publicly supported organization. The Financial Accounting Standards Board prescribes a recognition threshold and a measurement attribute for financial statement recognition of tax positions taken or expected to be taken on a tax return. Management has evaluated its uncertain tax positions and related income tax contingencies and does not believe any material uncertain tax positions exist. The Organization's federal and state informational returns for the years ending June 30, 2011 through June 30, 2014 are subject to examination by regulatory agencies; generally for three years after they have been filed.

NOTE C – SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimates

The preparation of financial statements in conformity with general accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows the Organization considers cash and cash equivalents to include all cash accounts held in financial institutions, with an initial maturity of three months or less.

Contributions

The Organization accounts for contributions received and contributions made in accordance with accounting standards for non-profit organizations. Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence of and, or nature of any donor restrictions. Restricted contributions are reported as an increase in temporarily or permanently restricted net assets are reclassified to unrestricted net assets when donor requirements are met.

Contributions In-Kind

In-kind contributions are recognized as follows: Donated supplies are recorded at their estimated fair market value on the day of donation. Contributed services, which require a specialized skill and which the Organization would have paid for if not donated, are recorded at their estimated fair market value at the time the services are rendered. In addition, the Organization receives donated services that do not require specific expertise but are nonetheless central to the Organization's operations and do not meet the requirements for recognition in the financial statements per generally accepted accounting principles.

Allowance for Doubtful Accounts

The Organization does not maintain an allowance for doubtful accounts on grants and donations receivable as these funding sources are likely to be received.

Property, Equipment and Depreciation

Property and equipment is recorded at cost when purchased or at estimated fair market value when donated. It is the Organization's policy to capitalize items that have a life greater than two years and a cost of $1,000 or more. Depreciation is computed using the straight-line method over the asset’s estimated useful life, which ranges from five to forty years. Depreciation is charged to the activity benefiting from the use of the facilities or equipment.

Revenue Recognition

The Organization recognizes revenue on the accrual basis of accounting. Grants and donations are recognized as revenue in the period in which they are awarded in writing. Restricted grants and donations are recorded as an increase in restricted revenue and are reclassified to unrestricted revenue as restrictions are met. The Organization’s primary revenue sources are grants from local governments, foundations and corporations and contributions from individuals and corporations.

Indirect Expense Allocations

The costs of operating the Organization’s program and supporting services have been summarized in the statement of functional expenses. Accordingly, salaries and related expenses have been allocated among the programs and supporting services benefited based on employee work assignments, as estimated by management. Newsletter expenses (printing and postage) are allocated to program and supporting services based on the content of the individual mailings.

NOTE C – SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Organization uses a fair value hierarchy which is categorized into three levels as follows:

Level 1 – Valuations are based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these balances does not entail a significant degree of judgment. Level 2 – Valuations are based on quoted prices for similar assets or liabilities in active markets from those willing to trade that are not active or for which other inputs can be corroborated by market data. Level 3 – Valuations are based on inputs that are unobservable and significant to the overall fair value measurement and represent the Organization's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

The Organization's assets reported at fair value are as follows: $35,000 of land contributed valued at Level 2 inputs as the value was determined by a valuation specialist using comparable assets and adjusted for the parcel's specific characteristics.

NOTE D – CERTIFICATES OF DEPOSIT

The Organization holds a certificate of deposit, bearing interest at 1% and having a maturity of nine months, with penalties for early withdrawal. Any penalties incurred for early withdrawal would not have a material effect on the financial statements. The certificate is valued at $100,000 at June 30, 2014.

NOTE E – PROPERTY AND EQUIPMENT

Property, equipment and related accumulated depreciation is as follows:

	June 30, 2014
Land	$430,000
Building & Improvements	$466,026
Equipment and Furniture	$40,130
Subtotal	$936,156
Accumulated Depreciation	($94,511)
Net Book Value	$841,645

Depreciation expense is $16,010 for the year ended June 30, 2014.

NOTE F – OPERATING LEASES

The Organization conducts most of their activity in Olema, CA, on property leased from the United States National Park Service. This property consists of two buildings, a shed and land which management is required to maintain in exchange for zero consideration; and as such, management has recognized an in-kind facility donation.

In addition, management conducts some of their program efforts in a facility located in Galveston, TX. The terms of this agreement include rent at $200 per month, effective September 2014. Future minimum lease payments under this agreement are as follows: $2,400 for the year ended June 30, 2015 and $400 for the year ended June 30, 2016.

NOTE G – CONTINGENT LIABILITIES

Conditions contained within the various grants awarded to the Organization are subject to the funding agency's criteria and can be subject to audit. Occasionally, such audits may determine that certain costs incurred against the grants may not comply with the established criteria governing them. In such cases, the Organization could be held responsible for repayments to the funding agency for costs questioned or be subject to reductions of future funding. Management does not anticipate any questioned costs for the grants administered during the period.

NOTE H – TEMPORARILY RESTRICTED NET ASSETS

For the year ended June 30, 2014 the Organization's temporarily restricted net asset activity is as follows:

	Beginning	Additions	Released	Ending
Salmon Protection & Watershed Network	$18,518	$43,100	($40,096)	$21,522
Sea Turtle Restoration Project	$70,407	$337,395	($217,443)	$190,359
Total	$88,925	$380,495	($257,539)	$211,881

NOTE I – CONTRIBUTIONS IN-KIND

In-kind donations are as follows:

	June 30, 2014
Legal Fees	$364,816
Google Adwords	$101,429
Logo Design	$20,250
Facility Occupancy	$75,660
Total	$562,155

Approximately 66% of the in-kind professional legal services were received from the legal firm of Earth Justice.

Donated services are recognized as contributions if the services create or enhance a financial asset or require specialized skills which the donor has and would otherwise be purchased by the Organization. During the year ending June 30, 2014 the Organization received a significant amount of donated services from 875 volunteers donating 12,630 hours, an estimated value of $189,460, accomplishing the following activities: sea turtle nesting, tagging and monitoring, stream habitat restoration, growing native plants in the Organization's nursery, monitoring spawning and out-migrating of endangered salmon, shark tagging and monitoring, photo documentation, public outreach and administrative assistance. These volunteer hours do not satisfy the criteria for recognition under generally accepted accounting principles.

NOTE J – FINANCIAL INSTRUMENTS

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of temporary cash investments exceeding FDIC limits and concentrations in grants awarded.

The Organization maintains a majority of their cash in bank deposit accounts that, at times, may exceed federally insured limits of $250,000. The organization has not experienced any losses in such accounts. At June 30, 2014, the Organization's uninsured cash balance is $161,432.

NOTE J – FINANCIAL INSTRUMENTS (continued)

For the year ended June 30, 2014 approximately 33% of the grants awarded are from the Sandler Foundation. The ability of certain of the Organization's awards to continue to provide amounts comparable with prior years may be dependent upon current and future economic conditions and budget constraints. While the Board of Directors believes the Organization has the resources to continue current and future programs, its ability to do so, and the extent to which it does, may be dependent on the above factors.

NOTE K – RELATED PARTY TRANSACTIONS

For the year ended June 30, 2014 the Organization entered into the following related party transactions: one board member is compensated for services in her capacity as the program coordinator in Galveston, total compensation is $22,750 and another Board Member is the Executive Director of Programma Restauracion de Tortugas Martnas, a nonprofit organization in Costa Rica, whereby the Organization grants awards to further their mission in the performance of saving endangered species, total awarded is $12,729.

NOTE L – JOINT COST ALLOCATION

The Organization produces newsletters and other literature that are partly program / educational and partly management / general and fundraising. These mailings are available to donors, program participants and other interested individuals. The costs of producing and distributing the newsletters and literature have been allocated across functional areas based on newsletters and literature's content, as follows: program is 71%, management / general is 5% and fund-raising is 24%.

	Program	Management	Fund-raising	Total
Newsletters, general	$3,934	$277	$1,330	$5,541
Postage, OCEANS & SPAWN	$8,323	$586	$2,814	$11,723
Printing, OCEANS & SPAWN	$3,727	$262	$1,260	$5,249
Total	$12,050	$849	$4,073	$16,972

NOTE M – SUBSEQUENT EVENTS

Management of the Organization has reviewed the results of operations for the period of time from its year end, June 30, 2014, through December 9, 2015, the date the financial statements were available to be issued, and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.