



*Report of Independent Auditors and  
Financial Statements*

**Turtle Island Restoration Network**

*June 30, 2019*



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## **Report of Independent Auditors**

To the Board of Directors  
Turtle Island Restoration Network

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Turtle Island Restoration Network (the “Organization”), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities and changes in net assets, 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 misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’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 entity’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, 2019, 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.

***Emphasis of Matter***

As discussed in Note 1 to the financial statements, as of July 1, 2018, the Organization adopted Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The adoption of the standard resulted in additional footnote disclosures and significant changes to the classification of net assets and the disclosures related to net assets. Our opinion is not modified with respect to this matter.

*Moss Adams LLP*

San Francisco, California  
July 15, 2020

## **Financial Statements**

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**Turtle Island Restoration Network**  
**Statement of Financial Position**  
**June 30, 2019**

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**ASSETS**

CURRENT ASSETS

|                               |              |
|-------------------------------|--------------|
| Cash and equivalents          | \$ 2,185,778 |
| Accounts receivable, net      | 119,406      |
| Prepaid expenses and deposits | 36,571       |

Total current assets 2,341,755

|                   |         |
|-------------------|---------|
| Investments       | 495,149 |
| Fixed assets, net | 766,240 |

Total assets \$ 3,603,144

**LIABILITIES AND NET ASSETS**

CURRENT LIABILITIES

|                  |           |
|------------------|-----------|
| Accounts payable | \$ 81,801 |
| Accrued expenses | 135,526   |
| Deferred revenue | 220,602   |

Total current liabilities 437,929

NET ASSETS

|                            |           |
|----------------------------|-----------|
| Without donor restrictions | 2,808,974 |
| With donor restrictions    | 356,241   |

Total net assets 3,165,215

Total liabilities and net assets \$ 3,603,144

**Turtle Island Restoration Network**  
**Statement of Activities and Changes in Net Assets**  
**Year Ended June 30, 2019**

|   | <u>Without</u><br><u>Donor Restrictions</u> | <u>With</u><br><u>Donor Restrictions</u> | <u>Total</u>        |
|---|---|--|---------------------|
| <b>REVENUES, GAINS, AND OTHER SUPPORT</b> |   |  |                     |
| Grants and awards                         | \$ -  | \$ 587,368                               | \$ 587,368          |
| Contributions                             | 970,688                                     | -  | 970,688             |
| Program services income                   | 1,601,028                                   | -  | 1,601,028           |
| In-kind donations                         | 571,023                                     | -  | 571,023             |
| Investment return, net                    | 28,695                                      | -  | 28,695              |
| Other income, net                         | (2,339)                                     | -  | (2,339)             |
| Net assets released from restrictions     | <u>463,784</u>                              | <u>(463,784)</u>                         | <u>-</u>            |
| Total revenues, gains, and other support  | <u>3,632,879</u>                            | <u>123,584</u>                           | <u>3,756,463</u>    |
| <b>EXPENSES</b>                           |   |  |                     |
| Program services:                         |   |  |                     |
| OCEANS                                    | 867,168                                     | -  | 867,168             |
| SPAWN                                     | <u>1,678,665</u>                            | <u>-</u>                                 | <u>1,678,665</u>    |
| Total program expenses                    | <u>2,545,833</u>                            | <u>-</u>                                 | <u>2,545,833</u>    |
| Supporting services:                      |   |  |                     |
| General and administrative                | 673,911                                     | -  | 673,911             |
| Fundraising                               | <u>157,309</u>                              | <u>-</u>                                 | <u>157,309</u>      |
| Total supporting services                 | <u>831,220</u>                              | <u>-</u>                                 | <u>831,220</u>      |
| Total expenses                            | <u>3,377,053</u>                            | <u>-</u>                                 | <u>3,377,053</u>    |
| CHANGE IN NET ASSETS                      | <u>255,826</u>                              | <u>123,584</u>                           | <u>379,410</u>      |
| NET ASSETS, beginning of year             | <u>2,553,148</u>                            | <u>232,657</u>                           | <u>2,785,805</u>    |
| NET ASSETS, end of year                   | <u>\$ 2,808,974</u>                         | <u>\$ 356,241</u>                        | <u>\$ 3,165,215</u> |

**Turtle Island Restoration Network**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2019**

|                              | Program Services  |                     |                     | Supporting Services           |                   |                   | Total Expenses      |
|------------------------------|-------------------|---------------------|---------------------|-------------------------------|-------------------|-------------------|---------------------|
|                              | OCEANS            | SPAWN               | Total               | General and<br>Administrative | Fundraising       | Total             |                     |
| Salaries & wages             | \$ 252,118        | \$ 135,544          | \$ 387,662          | \$ 67,690                     | \$ 94,524         | \$ 162,214        | \$ 549,876          |
| Employee benefits            | 34,224            | 18,400              | 52,624              | 9,189                         | 12,831            | 22,020            | 74,644              |
| Payroll taxes                | 23,234            | 12,491              | 35,725              | 6,238                         | 8,711             | 14,949            | 50,674              |
| Subtotal personnel           | 309,576           | 166,435             | 476,011             | 83,117                        | 116,066           | 199,183           | 675,194             |
| Conferences & meetings       | 3,011             | 1,432               | 4,443               | 1,007                         | -                 | 1,007             | 5,450               |
| Depreciation                 | 5,643             | 10,430              | 16,073              | 512                           | 513               | 1,025             | 17,098              |
| Dues, fees & other charges   | 4,212             | 3,387               | 7,599               | 20,075                        | 1,374             | 21,449            | 29,048              |
| Insurance                    | 3,690             | 6,280               | 9,970               | 2,019                         | 277               | 2,296             | 12,266              |
| Maintenance & repairs        | 739               | 1,365               | 2,104               | 67                            | 67                | 134               | 2,238               |
| Newsletters & communications | 66,666            | 66,666              | 133,332             | 36,923                        | 34,871            | 71,794            | 205,126             |
| Occupancy                    | 15,178            | 14,580              | 29,758              | 718                           | 718               | 1,436             | 31,194              |
| Contracted services          | 59,585            | 27,609              | 87,194              | 1,981                         | 2,766             | 4,747             | 91,941              |
| Postage                      | 1,400             | 2,588               | 3,988               | 127                           | 127               | 254               | 4,242               |
| Professional fees            | 88,544            | 10,157              | 98,701              | 527,143                       | 308               | 527,451           | 626,152             |
| Research activities          | 269,622           | -                   | 269,622             | -                             | -                 | -                 | 269,622             |
| Restoration                  | -                 | 1,343,332           | 1,343,332           | -                             | -                 | -                 | 1,343,332           |
| Supplies                     | 14,033            | 21,597              | 35,630              | 222                           | 222               | 444               | 36,074              |
| Travel                       | 25,269            | 2,807               | 28,076              | -                             | -                 | -                 | 28,076              |
| Total expenses               | <u>\$ 867,168</u> | <u>\$ 1,678,665</u> | <u>\$ 2,545,833</u> | <u>\$ 673,911</u>             | <u>\$ 157,309</u> | <u>\$ 831,220</u> | <u>\$ 3,377,053</u> |



**Turtle Island Restoration Network**  
**Statement of Cash Flows**  
**Year Ended June 30, 2019**

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|  |                     |
|--|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES   |                     |
| Change in net assets   | \$ 379,410          |
| Adjustments to reconcile change in net assets<br>to net cash provided by operating activities: |                     |
| Depreciation   | 17,098              |
| Net realized and unrealized gains on investments   | (28,695)            |
| Changes in   |                     |
| Accounts receivable  | (35,352)            |
| Contribution receivable  | 55,000              |
| Prepaid expenses and deposits  | (16,882)            |
| Accounts payable   | 46,744              |
| Accrued expenses   | (1,205)             |
| Deferred revenue   | (128,169)           |
|  | <u>287,949</u>      |
| Net cash provided by operating activities  | <u>287,949</u>      |
| CASH FLOWS FROM INVESTING ACTIVITIES   |                     |
| Purchases of investment  | (221,027)           |
| Sales of investment  | 251,942             |
|  | <u>30,915</u>       |
| Net cash used in investing activities  | <u>30,915</u>       |
| NET CHANGE IN CASH AND CASH EQUIVALENTS  | 318,864             |
| CASH AND CASH EQUIVALENTS, beginning of year   | <u>1,866,914</u>    |
| CASH AND CASH EQUIVALENTS, end of year   | <u>\$ 2,185,778</u> |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION   |                     |
| Cash paid during the year for taxes  | \$ 3,710            |

# Turtle Island Restoration Network

## Notes to Financial Statements

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### NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Turtle Island Restoration Network (Turtle Island, the “Organization”) is a California nonprofit public benefit corporation formed in 1997. Turtle Island Restoration Network is a leading advocate for the world’s endangered marine wildlife. The Organization’s work is based on science, fueled by people who care, and effective at protecting wildlife and habitats. The Organization focuses on catalyzing long-lasting positive changes that protect endangered species including wild Coho salmon, sea turtles, dolphins, whales and sharks and extend to their watershed and ocean habitats.

Turtle Island preserves and restores critical habitats from the redwood-forested creek banks of West Marin, to the biologically rich waters of Cocos Island, Costa Rica to the shores of the Gulf of Mexico and around the globe. The Organization accomplishes its mission through grassroots empowerment, hands-on conservation, strategic litigation, habitat restoration, environmental education, and by promoting science-based local, national and international marine policies.

Turtle Island is primarily funded by grants and contracts from foundations and government entities as well as donations from individuals.

Turtle Island is headquartered on National Park Service land in Olema, California with offices in Texas. The Organization’s community includes more than 200,000 members, volunteers and activists who power the Organization’s hands-on conservation and policy work around the globe, multiplying its resources and amplifying the work it accomplishes with its relatively modest budget and staff.

#### Program Services

##### *Oceans Protection Programs (“OCEANS”):*

Nationally and internationally, Turtle Island works to recover endangered marine species through hands-on conservation, research and advocacy campaigns. Since 1989, it has worked to protect and restore populations of endangered sea turtles and their habitats. Today the Organization uses its successful strategies to safeguard whales, dolphins, seals, seabirds, sharks, and fish, as well, and all human communities that rely on the oceans for nourishment.

The Organization works to reform fisheries, create marine protected areas, safeguard key sea turtle nesting beach habitats, build community engagement and educate more than 5,000 students each year. These efforts extend from its Northern California headquarters office to the waters of the Pacific off California and Hawaii, to Texas and the Gulf of Mexico, to Costa Rica, Ecuador and the Eastern Tropical Pacific Seascape and beyond to other key ocean habitats.

##### *Salmon Protection and Watershed Network (“SPAWN”):*

Turtle Island’s headquarters are based in Marin County, California where the largest surviving population of the critically endangered wild Coho salmon migrates and spawns. Through SPAWN, the Organization engages hundreds of volunteers each year to raise native plants and restore watershed habitat. It monitors spawning salmon and juvenile survival, assist landowners to protect creeks from erosion and educate the public. It secures major wildlife agency grants for salmon habitat restoration. It also provides field and classroom watershed education to more than 3,500 San Francisco Bay Area students each year.

## Turtle Island Restoration Network

### Notes to Financial Statements

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Through the Organization's residential internship program, it mentors recent college graduates as they begin conservation careers. It also advocates for fish-friendly public policies.

Through its 10,000 Redwoods Project (10000redwoods.org), Turtle Island engages community members in the San Francisco Bay Area, and beyond, to address climate change by adopting and raising native redwood trees. Redwood forests sequester more climate-changing carbon than any other forest and also provide the cool, clear forested streams that salmon need to survive. With its community, SPAWN is raising thousands of native trees in our plant nurseries, and planting them to restore watersheds around the Bay Area.

**Basis of presentation** – The financial statements of the Organization are presented in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). In August 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The Organization has adopted the standard as of July 1, 2018, and has adjusted the presentation in these financial statements accordingly, through inclusion of information about liquidity and availability of resources (Note 2), inclusion of information provided about allocation of functional expenses (Note 1), and changes to the presentation of net asset classification on the financial statements (Note 1).

**Net assets** – Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the Organization classifies our net assets and changes in net assets as follows:

*Without donor restrictions* – Net assets for use in general operations and not subject to donor-imposed restrictions. Other than restrictions designated by the Board of Directors of the Organization, the only limits on net assets without donor restrictions are broad limits resulting from the Organization's purpose specified in its articles of incorporation or bylaws and, perhaps, limits resulting from contractual agreements. Release of funds designated as Board-restricted may only be done by authority of the Board. As of June 30, 2019, there were no net assets with board designation.

*With donor restrictions* – Represent contributions and other assets whose use are limited by donor-imposed restrictions. Some restrictions are temporary in nature, in that they either expire by the passage of time or by the fulfillment of certain actions pursuant to those stipulations or law. Gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Other donor restrictions are permanent as they neither expire by passage of time nor can be fulfilled or otherwise removed. Income from these assets can be with or without restrictions based on donor stipulations or law.

The income from the contributions is available to support activities as designated by the donors.

**Cash and equivalents** – Cash and equivalents consist of cash on hand and highly liquid investments with original or remaining maturities of three months or less at the time of purchase.

**Accounts receivable** – Accounts receivable is valued at net realizable value. The Organization provides various program services to agencies for conservation services. The Organization's management considers all accounts receivable to be fully collectible within one year. Accordingly, no allowance for doubtful accounts has been established at June 30, 2019.

## Turtle Island Restoration Network

### Notes to Financial Statements

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**Investments** – Investments are stated at fair value and consist equity securities, government securities, corporate bonds and notes, certificate of deposits and municipal securities. Realized and unrealized gains and losses on investments, dividends, and interest income are included in interest and dividend income, net of investment expenses, on the statements of activities and changes in net assets. See Note 3 for investments fair value.

**Fixed assets, net** – Fixed assets are recorded at cost when purchased or at estimated fair market value when donated. It is our policy to capitalize items that have a life greater than two years and a cost of \$1,000 or more. Depreciation is calculated using the straight-line method over the asset's estimated useful life, which ranges from five to forty years. As of June 30, 2019, management evaluated fixed assets for impairment as of June 30, 2019, and concluded that the carrying value was recoverable.

**Revenue recognition** – Revenue from program services are recognized to the extent of allowable expenses related to the contract are incurred and performance obligations are satisfied. Contribution revenue from exploration trips are recognized when the trips are complete. In-kind revenue are recognized as services are incurred and recognized at the estimated fair market value. Grant revenue are recognized as grant funding are received or unconditionally promised. Grants initially reported as an increase in net assets without donor restrictions, or with donor restrictions if they are received with stipulations that restricts the use of the assets. When restrictions expire (generally as payments are made to fulfill the grantor-imposed purpose of the grant), net assets with donor restrictions are reclassified to net assets without restrictions and reported in the statement of activities and changes in net assets, as net assets released from restriction. Any excess of expenses over cash received is recorded as accounts receivable, if appropriate; any excess of cash received over expenses is recorded as deferred revenue.

**Functional expenses** – The costs of providing the program services and supporting services have been summarized on a functional basis in the statement of activities and changes in net assets and in the statement of functional expenses. Expenses that can be directly identified with a specific function are allocated directly to that function. Expenses that cannot be directly identified with a specific function are allocated among the program services and the supporting services activities benefited based upon employee time and effort recorded on functions related to the specific activity, or in the case of shared expenses, using an allocation based on personnel costs, space usage, or other relevant bases.

**Use of estimates** – In preparing financial statements in conformity with U.S. GAAP, our management is required to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates under different assumptions or conditions.

**Concentration of credit risk** – Our Organization manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Organization has not experienced losses in any of these accounts. Credit risk associated with contributions receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from donors supportive of our mission. Investments are made by diversified investment managers whose performance is monitored by our management and our Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the board of directors believe that the investment policies and guidelines are prudent for the long-term welfare of the Organization.

## Turtle Island Restoration Network

### Notes to Financial Statements

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**Income taxes** – The Organization is exempt from 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. Accordingly, no provision for federal or California income tax is reflected in the accompanying financial statements.

The Organization recognizes the effects of its income tax positions only if those positions are more likely than not of being sustained. The Organization has evaluated its tax positions and has concluded as of June 30, 2019, that the Organization does not have any significant uncertain tax positions for which a reserve would be necessary.

**Recent accounting pronouncements** – In June 2018, the FASB issued ASU No. 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08). ASU 2018-08 assists entities in (1) evaluation whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of *Topic 958, Not-for-Profit-Entities*, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The adoption of ASU 2018-08 is effective to the Organization beginning July 1, 2019. Management is currently evaluating the impact of the provisions of ASU 2018-08 on its financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. As compared to existing guidance on revenue recognition, ASU 2014-09 will significantly enhance comparability of revenue recognition practices across entities, industries, jurisdictions, and capital markets. The largely principles-based guidance in ASU 2014-09 will provide a framework for addressing revenue recognition issues comprehensively for entities that apply U.S. GAAP in addition to those entities that apply International Financial Reporting Standards. The guidance in ASU 2014-09 also improves U.S. GAAP by reducing the number of requirements to which an entity must consider in recognizing revenue, as well as requires improved disclosures to help users of financial statements better understand the nature, amount, timing, and uncertainty of revenue that is recognized. The effective date of ASU 2014-09 was deferred by ASU No. 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*, to fiscal years beginning after December 15, 2019. Management is currently evaluating the impact of the provisions of these ASUs on its financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which increases transparency and comparability among entities by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements in the financial statements of lessees. The effective date of ASU 2016-02 was deferred by ASU No. 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*, to fiscal years beginning after December 15, 2021. Management is currently evaluating the impact of the provisions of these ASUs on its the financial statements.

**Subsequent events** – Subsequent events are events or transactions that occur after the statement of financial position date, but before the financial statements are available to be issued. The Organization recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The Organization's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position date and before the financial statements were available to be issued.

# Turtle Island Restoration Network

## Notes to Financial Statements

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Subsequent to June 30, 2019, the World Health Organization declared the novel coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, customers, economies, and financial markets globally, potentially leading to an economic downturn. It has also disrupted the normal operations of many businesses and organizations, include the Organization's. The Organization held various investments at June 30, 2019, that have experienced a significant decline in market value through July 2020 as a result of the market's reaction to the pandemic. The Organization will continue to monitor the situation closely, but the market volatility and the continuing situation surrounding the pandemic is uncertain. At this time, management believes that the decline in fair value for these investments is temporary. The Organization will continue to monitor the situation closely, but given the uncertainty and volatility of this continuing situation, management cannot estimate its impact to the Organization's financial statements.

In August 2019, the Organization entered into a promissory note agreement with Bank of Marin for \$250,000, and is fully outstanding. The note bears interest of 4.15% with monthly payments of \$1,556, and matures in August 2020.

In April 2020, the Organization was granted a loan under the Paycheck Protection Program offered by the U.S Small Business Administration ("SBA") under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), section 7(a)(36) of the Small Business Act for \$144,935. The loan bears interest at 1% with no payments for the first 6 months. Monthly payments of principal and interest of \$8,156 begin in November 2020 and continue through maturity in April 2022, if required. The loan is subject to partial or full forgiveness if the Organization: uses all proceeds for eligible purposes; maintains certain employment levels; and maintains certain compensation levels in accordance with and subject to the CARES Act and the rules, regulations and guidance. The Organization plans to apply for the loan forgiveness for the entire amount of the loan when appropriate.

The Organization has evaluated subsequent events through July 15, 2020, which is the date the financial statements were available to be issued.

### NOTE 2 – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditures, that is without donor-imposed restriction or other restrictions limiting their use, within one year of the statement of financial position at June 30, 2019 consist of the following:

|   |                     |
|---|---------------------|
| Cash and equivalents  | \$ 2,185,778        |
| Accounts receivable   | 119,406             |
| Prepaid expenses and deposits   | <u>36,571</u>       |
| Net financial assets available to meet cash needs<br>for general expenditures within one year | <u>\$ 2,341,755</u> |

None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

# Turtle Island Restoration Network

## Notes to Financial Statements

### NOTE 3 – INVESTMENTS

In accordance with generally accepted accounting principles, the Organization uses the following prioritized input levels to measure fair value. The input levels used for valuing instruments are not necessarily an indication of risk.

**Level 1** – Quoted market prices for identical instruments traded in active exchange markets.

**Level 2** – Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable or can be corroborated by observable market data.

**Level 3** – Model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect the Organization's estimates of assumptions that market participants would use on pricing the asset or liability. Valuation techniques include management judgment and estimation which may be significant.

Investments are reported at fair value and consist of the following as of June 30, 2019:

|                           | Total             | Level 1           | Level 2           | Level 3     |
|---------------------------|-------------------|-------------------|-------------------|-------------|
| Equity securities         | \$ 177,233        | \$ 177,233        | \$ -              | \$ -        |
| Government securities     | 64,993            | -                 | 64,993            | -           |
| Corporate bonds and notes | 60,586            | -                 | 60,586            | -           |
| Certificates of deposit   | 141,802           | -                 | 141,802           | -           |
| Municipal securities      | 50,535            | -                 | 50,535            | -           |
| Total investments         | <u>\$ 495,149</u> | <u>\$ 177,233</u> | <u>\$ 317,916</u> | <u>\$ -</u> |

Investment return net of expenses and fees consists of the following for the year ended June 30, 2019:

|                                   |                  |
|-----------------------------------|------------------|
| Interest and dividends            | \$ 14,946        |
| Net realized and unrealized gains | <u>13,749</u>    |
| Total investment return, net      | <u>\$ 28,695</u> |

### NOTE 4 – FIXED ASSETS, NET

Fixed assets, net are comprised of the following as of June 30, 2019:

|                                |                   |
|--------------------------------|-------------------|
| Land                           | \$ 430,000        |
| Building and improvements      | 466,026           |
| Equipment and furniture        | 52,901            |
| Less: accumulated depreciation | <u>(182,687)</u>  |
| Total fixed assets, net        | <u>\$ 766,240</u> |

Depreciation expense was \$17,098 the year ended June 30, 2019.

## Turtle Island Restoration Network Notes to Financial Statements

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### NOTE 5 – COMMITMENTS

Turtle Island leases property in Olema, California from the United States National Park Service to conduct most of its activities. The property consists of two buildings, a shed and land which the Organization is required to maintain in exchange for occupancy; and as such, the management has recognized an in-kind facility donation. In addition, the management conducts some of its program efforts in a facility located in Galveston, Texas. There are no material future lease payments due under these agreements.

### NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

The activities in net assets with donor restrictions for the year ended June 30, 2019 are as follows:

|                            | <u>SPAWN</u>     | <u>OCEANS</u>     | <u>Total</u>      |
|----------------------------|------------------|-------------------|-------------------|
| Balance, beginning of year | \$ 42,123        | \$ 190,534        | \$ 232,657        |
| Grants and awards          | 74,051           | 513,317           | 587,368           |
| Released from restrictions | <u>(37,996)</u>  | <u>(425,788)</u>  | <u>(463,784)</u>  |
| Balance, end of year       | <u>\$ 78,178</u> | <u>\$ 278,063</u> | <u>\$ 356,241</u> |

### NOTE 7 – IN-KIND DONATIONS

In-kind donations for the year ended June 30, 2019 are as follows, and are stated at estimated fair market value:

|                           |                   |
|---------------------------|-------------------|
| Legal fees                | \$ 459,797        |
| Advertising and marketing | 31,362            |
| Facilities                | <u>79,864</u>     |
| Total in-kind donations   | <u>\$ 571,023</u> |

The Organization also received thousands of hours of donated services from a variety of unpaid volunteers assisting in leadership, committees, fundraising activities and program services. The value of this donated time is not reflected in the accompanying financial statements since it does not meet the criteria for recognition and in-kind donations. The corresponding expenses for donated services are recognized as in-kind expenses.

### NOTE 8 – CONTINGENCIES

The Organization is largely funded by government and foundation grants and are subject to financial and compliance audits by those grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies, if any, cannot be determined at this time.



## **Turtle Island Restoration Network**

### **Notes to Financial Statements**

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The Organizations subject to various claims covering a range of matters that arise in the ordinary course of its business activities. In the opinion of the Organization although the outcome of any claims or legal proceedings cannot be predicted with certainty, management has determined that the ultimate liability of the Organization in connection with its claims and legal proceedings will not have a material adverse effect on its financial position or operations.

