



*Report of Independent Auditors and
Financial Statements*

Turtle Island Restoration Network

June 30, 2021 and 2020

Table of Contents

REPORT OF INDEPENDENT AUDITORS	1
--------------------------------------	---

FINANCIAL STATEMENTS

Statements of Financial Position.....	4
Statements of Activities and Changes in Net Assets.....	5
Statements of Functional Expenses	7
Statements of Cash Flows	9
Notes to Financial Statements	10

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 statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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, 2021 and 2020, 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.

Moss Adams LLP

San Francisco, California

March 8, 2022

Financial Statements

Turtle Island Restoration Network
Statements of Financial Position
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 962,147	\$ 1,433,883
Accounts receivable	339,658	364,007
Prepaid expenses and deposits	43,646	60,170
	<u>1,345,451</u>	<u>1,858,060</u>
Total current assets	1,345,451	1,858,060
INVESTMENTS	944,407	469,182
FIXED ASSETS, net	<u>1,787,135</u>	<u>1,742,116</u>
Total assets	<u>\$ 4,076,993</u>	<u>\$ 4,069,358</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 85,002	\$ 66,357
Accrued expenses	152,792	148,923
Deferred revenue	225,296	206,444
Notes payable, current portion	-	18,502
	<u>463,090</u>	<u>440,226</u>
Total current liabilities	463,090	440,226
LONG-TERM LIABILITIES		
Loan payable - PPP	-	144,935
Notes payable, net of current portion	-	223,718
	<u>463,090</u>	<u>808,879</u>
Total liabilities	463,090	808,879
NET ASSETS		
Without donor restrictions	3,421,940	2,730,173
With donor restrictions	191,963	530,306
	<u>3,613,903</u>	<u>3,260,479</u>
Total net assets	3,613,903	3,260,479
Total liabilities and net assets	<u>\$ 4,076,993</u>	<u>\$ 4,069,358</u>

Turtle Island Restoration Network
Statement of Activities and Changes in Net Assets
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Grants and awards	\$ 250,000	\$ 373,999	\$ 623,999
Contributions	798,889	-	798,889
Program services income	1,641,573	-	1,641,573
In-kind donations	1,149,757	-	1,149,757
Investment return, net	83,541	-	83,541
Gain on forgiveness of loan payable - PPP	144,935	-	144,935
Other income, net	1,680	-	1,680
Net assets released from restrictions	712,342	(712,342)	-
Total revenues, gains, and other support	<u>4,782,717</u>	<u>(338,343)</u>	<u>4,444,374</u>
EXPENSES			
Program services:			
OCEANS	1,528,801	-	1,528,801
SPAWN	2,124,654	-	2,124,654
Total program expenses	<u>3,653,455</u>	<u>-</u>	<u>3,653,455</u>
Supporting services:			
General and administrative	360,762	-	360,762
Fundraising	76,733	-	76,733
Total supporting services	<u>437,495</u>	<u>-</u>	<u>437,495</u>
Total expenses	<u>4,090,950</u>	<u>-</u>	<u>4,090,950</u>
CHANGE IN NET ASSETS	<u>691,767</u>	<u>(338,343)</u>	<u>353,424</u>
NET ASSETS, beginning of year	<u>2,730,173</u>	<u>530,306</u>	<u>3,260,479</u>
NET ASSETS, end of year	<u><u>\$ 3,421,940</u></u>	<u><u>\$ 191,963</u></u>	<u><u>\$ 3,613,903</u></u>

Turtle Island Restoration Network
Statement of Activities and Changes in Net Assets
Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Grants and awards	\$ 250,000	\$ 379,974	\$ 629,974
Contributions	740,614	-	740,614
Program services income	986,326	-	986,326
In-kind donations	980,938	-	980,938
Investment return, net	38,406	-	38,406
Other income, net	3,122	-	3,122
Net assets released from restrictions	205,909	(205,909)	-
Total revenues, gains, and other support	<u>3,205,315</u>	<u>174,065</u>	<u>3,379,380</u>
EXPENSES			
Program services:			
OCEANS	1,590,916	-	1,590,916
SPAWN	1,262,017	-	1,262,017
Total program expenses	<u>2,852,933</u>	<u>-</u>	<u>2,852,933</u>
Supporting services:			
General and administrative	317,079	-	317,079
Fundraising	114,104	-	114,104
Total supporting services	<u>431,183</u>	<u>-</u>	<u>431,183</u>
Total expenses	<u>3,284,116</u>	<u>-</u>	<u>3,284,116</u>
CHANGE IN NET ASSETS	<u>(78,801)</u>	<u>174,065</u>	<u>95,264</u>
NET ASSETS, beginning of year	<u>2,808,974</u>	<u>356,241</u>	<u>3,165,215</u>
NET ASSETS, end of year	<u>\$ 2,730,173</u>	<u>\$ 530,306</u>	<u>\$ 3,260,479</u>

Turtle Island Restoration Network
Statement of Functional Expenses
Year Ended June 30, 2021

	Program Services			Supporting Services			Total Expenses
	OCEANS	SPAWN	Total	General and Administrative	Fundraising	Total	
Salaries & wages	\$ 334,027	\$ 256,845	\$ 590,872	\$ 72,524	\$ 53,247	\$ 125,771	\$ 716,643
Employee benefits	47,149	36,254	83,403	10,237	7,516	17,753	101,156
Payroll taxes	29,483	22,670	52,153	6,401	4,700	11,101	63,254
Subtotal personnel	410,659	315,769	726,428	89,162	65,463	154,625	881,053
Conferences & meetings	37	65	102	-	-	-	102
Depreciation	9,025	18,345	27,370	839	617	1,456	28,826
Dues, fees & other charges	17,041	22,107	39,148	31,387	779	32,166	71,314
Insurance	22,099	44,918	67,017	2,054	1,510	3,564	70,581
Maintenance & repairs	2,643	5,372	8,015	246	181	427	8,442
Newsletters & communications	124,592	124,592	249,184	67,959	6,472	74,431	323,615
Occupancy	14,566	16,263	30,829	744	547	1,291	32,120
Contracted services	4,925	8,566	13,491	600	441	1,041	14,532
Postage	1,611	3,274	4,885	150	110	260	5,145
Professional fees	860,098	142,795	1,002,893	166,788	-	166,788	1,169,681
Research activities	52,543	-	52,543	-	-	-	52,543
Restoration	-	1,404,372	1,404,372	-	-	-	1,404,372
Supplies	7,740	15,732	23,472	719	529	1,248	24,720
Travel	1,222	2,484	3,706	114	84	198	3,904
Total expenses	<u>\$ 1,528,801</u>	<u>\$ 2,124,654</u>	<u>\$ 3,653,455</u>	<u>\$ 360,762</u>	<u>\$ 76,733</u>	<u>\$ 437,495</u>	<u>\$ 4,090,950</u>

Turtle Island Restoration Network
Statement of Functional Expenses
Year Ended June 30, 2020

	Program Services			Supporting Services			Total Expenses
	OCEANS	SPAWN	Total	General and Administrative	Fundraising	Total	
Salaries & wages	\$ 305,930	\$ 211,007	\$ 516,937	\$ 79,238	\$ 79,914	\$ 159,152	\$ 676,089
Employee benefits	38,185	26,338	64,523	9,890	9,975	19,865	84,388
Payroll taxes	26,497	18,276	44,773	6,863	6,921	13,784	58,557
Subtotal personnel	370,612	255,621	626,233	95,991	96,810	192,801	819,034
Conferences & meetings	5,798	845	6,643	-	-	-	6,643
Depreciation	8,570	15,842	24,412	779	779	1,558	25,970
Dues, fees, & other charges	10,252	10,671	20,923	15,035	446	15,481	36,404
Insurance	18,716	35,594	54,310	7,192	1,701	8,893	63,203
Maintenance & repairs	1,152	1,186	2,338	105	1,047	1,152	3,490
Newsletters & communications	120,153	120,153	240,306	41,028	11,723	52,751	293,057
Occupancy	13,584	11,670	25,254	574	573	1,147	26,401
Contracted services	13,843	632	14,475	237	239	476	14,951
Postage	2,057	3,802	5,859	187	187	374	6,233
Professional fees	901,074	2,716	903,790	155,532	179	155,711	1,059,501
Research activities	87,677	-	87,677	-	-	-	87,677
Restoration	-	784,354	784,354	-	-	-	784,354
Supplies	22,394	18,931	41,325	419	420	839	42,164
Travel	15,034	-	15,034	-	-	-	15,034
Total expenses	<u>\$ 1,590,916</u>	<u>\$ 1,262,017</u>	<u>\$ 2,852,933</u>	<u>\$ 317,079</u>	<u>\$ 114,104</u>	<u>\$ 431,183</u>	<u>\$ 3,284,116</u>

Turtle Island Restoration Network
Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 353,424	\$ 95,264
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	28,826	25,970
Investment return, net	(83,541)	(38,406)
Gain on forgiveness of loan payable - PPP	(144,935)	-
Donated land	(67,000)	-
Changes in operating assets and liabilities:		
Accounts receivable	24,349	(244,601)
Prepaid expenses and deposits	16,524	(23,599)
Accounts payable	18,645	(15,444)
Accrued expenses	3,869	13,397
Deferred revenue	18,852	(14,158)
Net cash provided by (used in) operating activities	<u>169,013</u>	<u>(201,577)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investment	(391,684)	(185,532)
Sales of investment	-	249,905
Purchases of fixed assets	<u>(6,845)</u>	<u>(1,001,846)</u>
Net cash used in investing activities	<u>(398,529)</u>	<u>(937,473)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on notes payable	(242,220)	(7,780)
Proceeds from the issuance of loan payable - PPP	-	144,935
Proceeds from the issuance of notes payable	<u>-</u>	<u>250,000</u>
Net cash (used in) provided by financing activities	<u>(242,220)</u>	<u>387,155</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(471,736)	(751,895)
CASH AND CASH EQUIVALENTS, beginning of year	<u>1,433,883</u>	<u>2,185,778</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 962,147</u>	<u>\$ 1,433,883</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for taxes	\$ 30,987	\$ 13,292
Cash paid during the year for interest	\$ 14,019	\$ 9,219

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, biological research and monitoring, 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 3,000 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, assists landowners to protect creeks from erosion, and educates the public. It secures major wildlife agency grants for salmon habitat restoration. It also acquires land to protect watersheds and provides field and classroom watershed education to more than 500 San Francisco Bay Area students each year.

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.

Turtle Island Restoration Network

Notes to Financial Statements

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 its 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”).

Net assets – Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the Organization classifies 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, 2021 and 2020, 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.

Cash and cash equivalents – Cash and cash 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, 2021 and 2020.

Investments – Investments are stated at fair value and consist of equity securities, government securities, corporate bonds and notes, certificates of deposit, and municipal securities. Realized and unrealized gains and losses on investments, dividends, and interest income are included in investment return, net, 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 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 calculated using the straight-line method over the asset’s estimated useful life, which ranges from five to forty years. As of June 30, 2021 and 2020, management evaluated fixed assets for impairment, and concluded that the carrying value was recoverable.

Turtle Island Restoration Network

Notes to Financial Statements

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 research expeditions utilizing citizen scientists 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 statements 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. Advance payments and signed agreements are classified as deferred revenue and recognized as revenue upon the expenditure of allowable costs or completion of the stages of the projects.

Functional expenses – The costs of providing the program services and supporting services have been summarized on a functional basis in the statements of activities and changes in net assets and in the statements 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, the Organization's 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 – The 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 the Organization's mission. Investments are made by diversified investment managers whose performance is monitored by management and the 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.

Accounts receivable consist primarily of unsecured amounts due from individuals, corporations, foundations, and government agencies. As of June 30, 2021 and 2020, approximately 59% and 67%, respectively, of accounts receivable were from three and two organizations, respectively.

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.

Turtle Island Restoration Network

Notes to 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, 2021 and 2020, that the Organization does not have any significant uncertain tax positions for which a reserve would be necessary.

COVID-19 pandemic – In March 2020, the World Health Organization declared the novel coronavirus (“COVID-19”) a global pandemic and recommended containment and mitigation measures worldwide. The related adverse public health developments, including orders to shelter-in-place, travel restrictions, and mandated business closures, have adversely affected workforces, organizations, their clients, economies, and financial markets globally, leading to increased market volatility and disruptions in normal business operations, including the Organization’s operations.

The Organization’s management has been closely monitoring the impact of COVID-19 on the Organization’s operations, including the impact on its funding, contracts, and staff. The duration of the pandemic is uncertain but may influence its funding and contributions.

Recent accounting pronouncements – In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 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 No. 2016-02 was deferred for the Organization 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 financial statements.

In September 2020, the FASB issued ASU No. 2020-07, *Not-For-Profit Entities (Topic 958): Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets*, which increases the transparency of contributed nonfinancial assets for not-for-profit organizations through enhancements to presentation and disclosure. The update addresses certain stakeholders’ concerns about the lack of transparency about the measurement of contributed nonfinancial assets recognized by not-for-profit organizations, as well as the amount of those contributions used in a not-for-profit organization’s programs and other activities. ASU No. 2020-07 is effective for the Organization for fiscal year beginning after June 15, 2021. Management is currently evaluating the impact of the provisions of ASU No. 2020-07 on the financial statements.

Recently adopted accounting pronouncements – Effective July 1, 2020, the Organization adopted FASB ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which provides that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services by identifying the contract(s) with a customer, identifying the performance obligations in the contract, determining the transaction price, allocating the transaction price to the performance obligations in the contract, and recognizing revenue when (or as) the entity satisfies a performance obligation. The Organization adopted ASU 2014-09 using the modified retrospective method. The Organization elected to apply Accounting Standards Codification (“ASC”) Topic 606 to all active contracts as of the adoption date. Application of the modified retrospective method did not impact amounts previously reported by the Organization, nor did it require a cumulative effect adjustment upon adoption, as the Organization’s method of recognizing revenue under ASC Topic 606 yielded similar results to the method utilized immediately prior to adoption. Accordingly, there was no effect to any financial statement line item as a result of applying this new revenue recognition standard.

Turtle Island Restoration Network

Notes to Financial Statements

Subsequent events – Subsequent events are events or transactions that occur after the statements 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 statements 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 statements of financial position but arose after the statements of financial position date and before the financial statements were available to be issued.

On November 16, 2021, the Organization obtained a line of credit for \$450,000 from UBS Bank USA, and on November 24, 2021, the Organization drew \$450,000 from that line of credit. The amount drawn was used to fund the purchase of property in Galveston, Texas, effective December 14, 2021, for a total sales price of \$525,000.

The Organization has evaluated subsequent events through March 8, 2022, 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 statements of financial position at June 30, 2021 and 2020, consist of the following:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 962,147	\$ 1,433,883
Accounts receivable	<u>339,658</u>	<u>364,007</u>
Net financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,301,805</u>	<u>\$ 1,797,890</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 statements 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.

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.

Turtle Island Restoration Network

Notes to Financial Statements

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, 2021 and 2020:

	2021			
	Total	Level 1	Level 2	Level 3
Equity securities	\$ 402,436	\$ 402,436	\$ -	\$ -
Government securities	34,896	-	34,896	-
Corporate bonds and notes	183,238	-	183,238	-
Certificates of deposit	118,458	-	118,458	-
Municipal securities	205,379	-	205,379	-
Total investments	<u>\$ 944,407</u>	<u>\$ 402,436</u>	<u>\$ 541,971</u>	<u>\$ -</u>

	2020			
	Total	Level 1	Level 2	Level 3
Equity securities	\$ 167,211	\$ 167,211	\$ -	\$ -
Government securities	23,027	-	23,027	-
Corporate bonds and notes	37,372	-	37,372	-
Certificates of deposit	163,949	-	163,949	-
Municipal securities	77,623	-	77,623	-
Total investments	<u>\$ 469,182</u>	<u>\$ 167,211</u>	<u>\$ 301,971</u>	<u>\$ -</u>

Investment return net of expenses and fees consists of the following for the years ended June 30, 2021 and 2020:

	2021	2020
Interest and dividends	\$ 9,361	\$ 11,376
Net realized and unrealized gains	74,180	27,030
Total investment return, net	<u>\$ 83,541</u>	<u>\$ 38,406</u>

Turtle Island Restoration Network Notes to Financial Statements

NOTE 4 – FIXED ASSETS, NET

Fixed assets, net are comprised of the following as of June 30, 2021 and 2020:

	2021	2020
Land	\$ 1,147,000	\$ 1,080,000
Building and improvements	816,026	816,026
Equipment and furniture	22,613	15,768
	1,985,639	1,911,794
Less: accumulated depreciation	(198,504)	(169,678)
Total fixed assets, net	\$ 1,787,135	\$ 1,742,116

Depreciation expense were \$28,826 and \$25,970 the years ended June 30, 2021 and 2020, respectively.

NOTE 5 – LONG-TERM LIABILITIES

Paycheck Protection Program Loan – In April 2020, the Organization was granted a loan payable under the Paycheck Protection Program (“PPP”) 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 Organization received full forgiveness of the SBA PPP loan in the amount of \$144,935. As a result, the Organization was released from being the primary obligor and the loan is considered paid in full, along with any accrued interest. The outstanding balance has been derecognized as long-term debt at June 30, 2021, and recognized as gain on forgiveness of loan payable – PPP during the year ended June 30, 2021 on the statement of activities and changes in net assets.

Bank of Marin note payable – In August 2019, the Organization entered into a note payable agreement with Bank of Marin for \$250,000 bearing an interest rate of 4.150%. As of June 30, 2021, the note was fully paid off.

NOTE 6 – 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, as the Organization purchased property in Galveston, Texas (See Note 1).

Turtle Island Restoration Network

Notes to Financial Statements

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

The activities in net assets with donor restrictions for the years ended June 30, 2021 and 2020, were as follows:

	<u>SPAWN</u>	<u>OCEANS</u>	<u>Total</u>
BALANCE, June 30, 2019	\$ 78,178	\$ 278,063	\$ 356,241
Grants and awards	61,500	318,474	379,974
Released from restrictions	<u>(24,050)</u>	<u>(181,859)</u>	<u>(205,909)</u>
BALANCE, June 30, 2020	115,628	414,678	530,306
Grants and awards	130,870	243,129	373,999
Released from restrictions	<u>(219,537)</u>	<u>(492,805)</u>	<u>(712,342)</u>
BALANCE, June 30, 2021	<u>\$ 26,961</u>	<u>\$ 165,002</u>	<u>\$ 191,963</u>

All net assets with donor restrictions as of June 30, 2021 and 2020, are expected to be released from restriction within one year.

NOTE 8 – IN-KIND DONATIONS

In-kind donations for the years ended June 30, 2021 and 2020, are as follows and are stated at estimated fair market value:

	<u>2021</u>	<u>2020</u>
Facilities	\$ 79,864	\$ 79,864
Land	67,000	-
Legal fees	948,969	830,357
Advertising and marketing	<u>53,924</u>	<u>70,717</u>
Total in-kind donations	<u>\$ 1,149,757</u>	<u>\$ 980,938</u>

Land donated to the Organization is capitalized as fixed assets at the estimated fair market value when donated. 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, but the organization relies upon and celebrates the 503 volunteers who contributed 13,402 volunteer hours to the organization at a total value of \$439,688 (unaudited) based on analysis of hourly value by Independent Sector. The corresponding expenses for donated services are recognized as in-kind expenses.

NOTE 9 – CONTINGENCIES

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

The Organization is 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.

