RESTORE AMERICA'S ESTUARIES
(a not-for-profit organization)

FINANCIAL STATEMENTS

Year Ended December 31, 2015
(with summarized comparative information for December 31, 2014)

Renner & Company
Certified Public Accountants

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Renner & Company
Certified
Public
Accountants

Renner & Company Certified Public Accountants

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A PROFESSIONAL CORPORATION

INDEPENDENT AUDITORS' REPORT

To Board of Directors
Restore America's Estuaries
Washington, D.C.

Report on the Financial Statements

We have audited the accompanying financial statements of Restore America's Estuaries (the Organization), which comprise the statement of financial position as of December 31, 2015, 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.

Auditors' 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 and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 auditors' 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 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 the Organization as of December 31, 2015, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards,* we have also issued our report dated June 2, 2016 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the Organization's 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 26, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Renner and Company, CPA, P.C.

Alexandria, Virginia
June 2, 2016

RESTORE AMERICA'S ESTUARIES

STATEMENT OF FINANCIAL POSITION
December 31, 2015 (with comparative information as of December 31, 2014)

ASSETS

	2015	2014
CURRENT ASSETS		
Cash	$ 228,945	$ 376,635
Investments	101,322	314,194
Accounts receivable	6,808	75,466
Grants receivable	42,865	100,125
Prepaid expenses	136,379	1,706
TOTAL CURRENT ASSETS	516,319	868,126
OTHER ASSETS		
Long-term investments	553,387	331,939
Security deposit	4,452	4,452
TOTAL OTHER ASSETS	557,839	336,391
TOTAL ASSETS	$ 1,074,158	$ 1,204,517

LIABILITIES AND NET ASSETS

	2015	2014
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 110,143	$ 156,769
Deferred revenue	79,480	-
Deferred rent	3,793	2,252
TOTAL CURRENT LIABILITIES	193,416	159,021
LONG-TERM LIABILITIES		
Deferred rent, net of current portion	6,820	10,613
TOTAL LIABILITIES	200,236	169,634
NET ASSETS		
Unrestricted	539,256	705,953
Temporarily restricted	334,666	328,930
TOTAL NET ASSETS	873,922	1,034,883
TOTAL LIABILITIES AND NET ASSETS	$ 1,074,158	$ 1,204,517

See Notes to Financial Statements.

RESTORE AMERICA'S ESTUARIES

STATEMENT OF ACTIVITIES
Year Ended December 31, 2015
(with summarized comparative information for the year ended December 31, 2014)

	2015			
SUPPORT AND REVENUE	Unrestricted	Temporarily Restricted	Total	2014
Government grants	$ 1,275,136	$ -	$ 1,275,136	$ 2,060,036
Grants and contributions	179,721	297,400	477,121	542,909
Conferences and meetings	37,860	-	37,860	779,435
Affiliate dues	45,000	-	45,000	49,500
Investment income	9,443	-	9,443	7,007
Other income	100	-	100	-
Net assets released from restriction:				
Satisfaction of program restrictions	291,664	(291,664)	-	-
TOTAL SUPPORT AND REVENUE	1,838,924	5,736	1,844,660	3,438,887
EXPENSES				
Program services	1,781,112	-	1,781,112	3,108,981
General and administrative	85,572	-	85,572	55,134
Fundraising	138,937	-	138,937	136,413
TOTAL EXPENSES	2,005,621	-	2,005,621	3,300,528
CHANGE IN NET ASSETS	(166,697)	5,736	(160,961)	138,359
NET ASSETS, beginning of year	705,953	328,930	1,034,883	896,524
NET ASSETS, end of year	$ 539,256	$ 334,666	$ 873,922	$ 1,034,883

See Notes to Financial Statements.

RESTORE AMERICA'S ESTUARIES

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2015
(with summarized comparative information for the year ended December 31, 2014)

	2015				
	Program Services	General and Administrative	Fundraising	Total	2014
Affiliate support	$ 167,000	$ -	$ -	$ 167,000	$ 67,500
NOAA/CRP member support	573,331	-	-	573,331	1,379,310
Payroll related costs	618,200	39,444	128,403	786,047	1,037,314
Professional fees	228,816	19,172	-	247,988	154,599
Office related expense	54,200	9,387	227	63,814	83,703
Travel	63,635	4,557	4,578	72,770	82,929
National conference	-	-	-	-	421,904
Meeting, conference, staff development	54,191	16	1,641	55,848	17,460
Communications	6,769	6,764	210	13,743	18,804
Product production	7,542	1,463	165	9,170	23,786
Business related costs	954	4,514	3,588	9,056	10,082
Postage and delivery	797	230	119	1,146	1,457
Marketing and advertising	-	25	6	31	680
Other expenses	5,677	-	-	5,677	1,000
TOTAL EXPENSES	$ 1,781,112	$ 85,572	$ 138,937	$ 2,005,621	$ 3,300,528

See Notes to Financial Statements.

RESTORE AMERICA'S ESTUARIES

STATEMENT OF CASH FLOWS
Year Ended December 31, 2015
(with comparative information for the year ended December 31, 2014)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from operations		
Support and revenue	$ 2,041,526	$ 3,275,569
Investment income	5,424	9,031
Total cash received from operations	2,046,950	3,284,600
Cash disbursed by operations		
Payments to suppliers and employees	2,189,172	3,074,763
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	(142,222)	209,837
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	208,859	388,000
Purchase of investments	(214,327)	(296,259)
NET CASH (USED) PROVIDED BY INVESTING ACTIVITIES	(5,468)	91,741
NET (DECREASE) INCREASE IN CASH	(147,690)	301,578
CASH, beginning of year	376,635	75,057
CASH, end of year	$ 228,945	$ 376,635

See Notes to Financial Statements.

RESTORE AMERICA'S ESTUARIES

STATEMENT OF CASH FLOWS
Year Ended December 31, 2015

(with comparative information for the year ended December 31, 2014)

RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	2015	2014
CHANGE IN NET ASSETS	$ (160,961)	$ 138,359
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES		
Non-cash occupancy costs	(2,252)	(753)
Unrealized (gain) loss on investments	(3,108)	1,319
NET ADJUSTMENTS	(5,360)	566
CHANGES IN ASSETS AND LIABILITIES AFFECTING OPERATIONS (USING) PROVIDING CASH		
ASSETS		
Accounts receivable	68,658	4,613
Grants receivable	57,260	(45,219)
Prepaid expenses	(134,673)	186,078
	(8,755)	145,472
LIABILITIES		
Accounts payable and accrued expenses	(46,626)	40,440
Deferred revenue	79,480	(115,000)
	32,854	(74,560)
NET CHANGES IN ASSETS AND LIABILITIES	24,099	70,912
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	$ (142,222)	$ 209,837
NON-CASH INVESTING ACTIVITIES		
Increase (decrease) in fair value of investments	$ 3,108	$ (1,319)
Unrealized (gain) loss in fair value of investments	(3,108)	1,319
	$ -	$ -

See Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2015
(with comparative information for the year ended December 31, 2014)

1. SIGNIFICANT ACCOUNT POLICIES, ORGANIZATION, AND PURPOSE

Nature of Activities

Restore America's Estuaries (RAE, the Organization) is a national 501(c)(3) not-for-profit organization established in 1995 as an alliance of community-based conservation organizations working to protect and restore the vital habitats of our nation's estuaries. The Organization is dedicated to working closely with community, private, and governmental organizations to preserve the nation's network of estuaries by protecting and restoring the lands and waters essential to the richness and diversity of coastal life.

Basis of Accounting

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

Cash and Cash Equivalents

As of December 31, 2015 and 2014, cash consisted of two checking accounts and a savings account. Cash held within brokerage accounts are considered as investment holdings. All highly liquid investments available for current use within an initial maturity of three months or less are considered to be cash equivalents. There were no cash equivalents as of December 31, 2015 and 2014.

Accounts and Grants Receivable

Accounts and grants receivable are stated at the amount management expects to collect from outstanding balances. The Organization recognizes bad debts when, in the opinion of management, a specific account becomes uncollectible.

Investments

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

Property and Equipment

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

1. SIGNIFICANT ACCOUNT POLICIES, ORGANIZATION, AND PURPOSE (Continued)

Fair Value Measurements

The Organization applies generally accepted accounting principles (GAAP) for fair value measurements of financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. This application has no material impact on the Organization's financial statements.

Deferred Revenue

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

Net Assets

The net assets of the Organization are divided into three classes: unrestricted, temporarily restricted, and permanently restricted net assets.

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

Temporarily restricted net assets include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statement of activities and change in net assets as net assets released from restrictions.

Permanently restricted net assets includes resources that are invested and held in perpetuity. There were no permanently restricted net assets at December 31, 2015 and 2014.

1. SIGNIFICANT ACCOUNT POLICIES, ORGANIZATION, AND PURPOSE (Continued)

Revenue Recognition

The Organization recognizes all unconditional contributed support in the period in which the commitment is made. When a donor restriction expires (i.e., when a stipulated time restriction ends or purpose restriction is accomplished) temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

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

Income Taxes

The Organization is exempt from federal income taxes under 501(c)(3) of the Internal Revenue Code. The Organization conducts no taxable activities. Accordingly, no provision for income taxes has been provided in the financial statements.

The federal income tax returns of the Organization for the years ended 2013, 2014, and 2015 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

Estimates

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

Government Grants

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

1. SIGNIFICANT ACCOUNT POLICIES, ORGANIZATION, AND PURPOSE (Continued)

Donated Goods and Services

Donated goods and services are recorded at their estimated fair value on the date of receipt.

Allocated Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities and Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Reclassifications

Certain 2014 financial statement amounts have been reclassified to conform to the 2015 presentation.

2. CASH

Cash as of December 31, 2015 and 2014, consisted of the following:

	2015	2014
Checking accounts	$ 227,445	$ 330,114
Savings and money market accounts	1,500	46,521
	$ 228,945	$ 376,635

The balances in a financial institution are insured by the Federal Deposit Insurance Corporation up to $250,000 per depositor. The bank balances as of December 31, 2015 and 2014 not covered by FDIC deposit insurance were $148,251 and $174,319, respectively.

3. ACCOUNTS RECEIVABLE

Receivables as of December 31, 2015 and 2014 consisted of the following:

	2015	2014
Accounts receivable	$ 6,808	$ 75,466
Grants receivable	42,865	100,125
	$ 49,673	$ 175,591

No allowance for uncollectable amounts was considered necessary as of December 31, 2015 and 2014.

4. INVESTMENTS

Investments as of December 31, 2015 and 2014 are comprised of the following:

	2015		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Money market	$ 441	$ 441	$ -
Certificates of deposit	653,800	654,268	468
	$ 654,241	$ 654,709	$ 468

	2014		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Money market	$ 204,714	$ 204,714	$ -
Certificates of deposit	445,000	441,419	(3,581)
	$ 649,714	$ 646,133	$ (3,581)

4. INVESTMENTS (Continued)

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

	2015	2014
Interest and dividends	$ 6,335	$ 8,326
Unrealized gains (losses) on investments	3,108	(1,319)
	$ 9,443	$ 7,007

5. FAIR VALUE MEASUREMENTS

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2015
(with comparative information for the year ended December 31, 2014)

5. FAIR VALUE MEASUREMENTS (Continued)

The following summarizes investments, measured at fair value on a recurring basis, aggregated by the level in the fair value hierarchy within which those measurements fall, as of December 31, 2015 and 2014:

	2015			
	Fair Value	Level 1	Level 2	Level 3
Money market	$ 441	$ 441	$ -	$ -
Certificates of deposit	654,268	-	654,268	-
	$ 654,709	$ 441	$ 654,268	$ -

	2014			
	Fair Value	Level 1	Level 2	Level 3
Money market	$ 204,714	$ 204,714	$ -	$ -
Certificates of deposit	441,419	-	441,419	-
	$ 646,133	$ 204,714	$ 441,419	$ -

6. DEFERRED REVENUE

Certain amounts pertaining to corporate sponsorship for the 2016 biennial conference were received in advance in 2015. The amount of sponsorship received through December 31, 2015 that was related to this conference totaled $79,480. There was no deferred revenue as of December 31, 2014.

7. RELATED PARTIES

The Organization receives contributions from member affiliates for support of advocacy programs. The President, CEO, or other comparable position of these affiliates are members of the Organization's Board of Directors. During the years ended December 31, 2015 and 2014, the Organization received $45,000 and $49,500, respectively, from these member affiliates. In addition, during the years ended December 31, 2015 and 2014, the Organization awarded subgrants to these member affiliates totaling $581,615 and $1,446,810, respectively.

8. REVENUE CONCENTRATION

Approximately 69% and 61% of the Organization's revenue for the years ended December 31, 2015 and 2014, respectively, was derived from grants and contracts awarded by agencies of the United States Government. The Organization has no reason to believe that relationships with these agencies will be discontinued in the foreseeable future. However, any interruption of these relationships (i.e., the failure to renew grant agreements or withholding of funds) would adversely affect the Organization's ability to finance ongoing operations.

9. TEMPORARILY RESTRICTED NET ASSETS

A summary of activity in temporarily restricted net assets for the years ended December 31, 2015 and 2014 is as follows:

	2015			
	Balance Jan 1, 2015	Support and revenue	Net assets released from restrictions	Balance Dec 31, 2015
Purpose restrictions:				
Coastal blue carbon project	$ 25,000	$ -	$ (24,688)	$ 312
Tampa Bay projects	253,100	80,000	(142,037)	191,063
Norcross	1,300	900	(2,200)	-
Accenture-GBF	49,530	-	(49,530)	-
Scotts water quality project	-	50,000	(7,218)	42,782
CEC	-	16,000	(10,777)	5,223
Munson Foundation	-	30,000	(24,772)	5,228
Wildlife Forever Fund	-	8,000	-	8,000
Louis Berger	-	12,500	(12,500)	-
NY Community Trust	-	100,000	(17,942)	82,058
	$ 328,930	$ 297,400	$ (291,664)	$ 334,666

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2015
(with comparative information for the year ended December 31, 2014)

9. TEMPORARILY RESTRICTED NET ASSETS (Continued)

	2014			
	Balance Jan 1, 2014	Support and revenue	Net assets released from restrictions	Balance Dec 31, 2014
Purpose restrictions:				
Coastal blue carbon project	$ 19,966	$ 45,000	$ (39,966)	$ 25,000
Affiliate support	-	67,500	(67,500)	-
Tampa Bay projects	5,000	251,000	(2,900)	253,100
Norcross	-	1,300	-	1,300
Accenture-GBF	-	50,000	(470)	49,530
	$ 24,966	$ 414,800	$ (110,836)	$ 328,930

10. RETIREMENT PLAN

The Organization maintains a qualified retirement plan and a voluntary 401(k) plan. Regular full-time employees are eligible for retirement benefits and the voluntary 401(k) plan upon completion of 90 days of continuous employment. Employees hired prior to March 2, 2009 are fully vested in the 401(k) plan employer contributions after 90 days of continuous employment. Employees hired after March 2, 2009 are fully vested in the 401(k) plan employer contributions after one year of continuous employment. The Organization contributes a percentage of the eligible employee's annual salary. Retirement plan expense of the Organization under this plan was $35,438 and $36,229 for the years ended December 31, 2015 and 2014, respectively.

11. DONATED SERVICES

The Organization received no donated services in 2015. During 2014, the donated services received supported RAE's 7th National Summit on Coastal and Estuarine Restoration and the 24th Biennial Meeting of the Coastal Society. The donated services have been recorded in the financial statements at their estimated fair value in the Statement of Activities. The amount of donated services recognized for the years ended December 31, 2015 and 2014 was $0 and $32,800, respectively.

12. COMMITMENTS AND CONTINGENCIES

Convention Center

The Organization has an agreement with Hilton New Orleans Riverside Hotel for its 2016 conference. Should the Organization decide to cancel the contract at December 31, 2015, the Organization's commitment for possible liquidated damages in the event of cancelation totals $180,000.

12. COMMITMENTS AND CONTINGENCIES (Continued)

Office Lease

The Organization signed a five year office lease on March 11, 2013. The lease expires on March 31, 2018. Under the operating lease agreement, the Organization's rental payment for the first three months was waived. The rent abatement has been deferred and is being amortized over the life of the lease. The Organization delivered to the landlord a security deposit in the amount of $4,452, or the amount of one month's rent for the first year of the lease. The lease provides for annual fixed rent increases of 2.75% and requires the Organization to pay, as additional rent, a proportionate share of any increase over the base year of all taxes assessed on the property and operating expenses. Rent expense for the years ended December 31, 2015 and 2014 were $54,674 and $54,525, respectively.

Future minimum lease payments required under the lease as of December 31, 2015 are as follows:

2016	$ 57,565
2017	59,148
2018	14,887
	$ 131,600

13. SUBSEQUENT EVENTS

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 2, 2016, the date the financial statements were available to be issued.