

GULF RESTORATION NETWORK, INC.

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

December 31, 2015 and 2014

Barry L. Delery CPA
A PROFESSIONAL ACCOUNTING CORPORATION

Table of Contents

Gulf Restoration Network, Inc.

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	2
Statement of Activities - 2015	3
Statement of Activities - 2014	4
Statements of Cash Flows	5
Statement of Functional Expenses – 2015	6
Statement of Functional Expenses – 2014	7
Notes to Financial Statements	8-20

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Gulf Restoration Network, Inc.
New Orleans, Louisiana

I have audited the accompanying financial statements of Gulf Restoration Network, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, 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

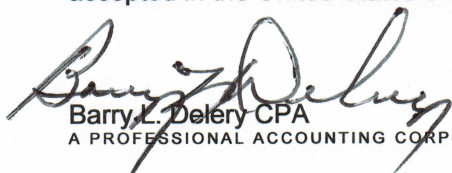
My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Gulf Restoration Network, Inc. as of December 31, 2015 and 2014, 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.



Barry L. Delery CPA
A PROFESSIONAL ACCOUNTING CORPORATION

Metairie, Louisiana

June 16, 2016

Statements of Financial Position

Gulf Restoration Network, Inc.

<i>December 31</i>	<i>2015</i>	<i>2014</i>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 433,587	\$ 428,835
Accounts receivable	42	92
Investments	1,309,649	1,320,677
Prepaid expenses	9,785	19,940
Unconditional promises to give	312,000	41,000
Total current assets	2,065,063	1,810,544
Property and Equipment		
Office furniture and fixtures	23,664	24,024
Computer equipment	58,331	70,483
Leasehold improvements	-	5,642
	81,995	100,149
Less accumulated depreciation	54,625	56,810
Total property and equipment	27,370	43,339
Other Assets		
Deposits	4,413	4,262
Investments - Endowment	21,884	21,958
Total other assets	26,297	26,220
Total assets	\$ 2,118,730	\$ 1,880,103
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 11,360	\$ 9,639
Employee benefits payable	2,562	1,516
Agency funds	54,206	35,515
Accrued vacation and sick time payable	49,397	59,615
Sub-grants payable	15,000	-
Prepaid rental income	600	-
Total current liabilities	133,125	106,285
Net Assets		
Unrestricted	404,710	491,959
Temporarily restricted	1,559,011	1,259,901
Permanently restricted	21,884	21,958
Total net assets	1,985,605	1,773,818
Total liabilities and net assets	\$ 2,118,730	\$ 1,880,103

The accompanying notes are an integral part of these financial statements.

Statement of Activities

Gulf Restoration Network, Inc.

Year Ended December 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT, REVENUE AND RECLASSIFICATIONS				
Contributions and grants				
Support for Defend Our Wetlands Project	\$ -	\$ 310,153	\$ -	\$ 310,153
Support for Water Resources Project	-	578,762	-	578,762
Support for Florida's Nature Coast	-	-	-	-
Support for Fisheries Project	-	14,524	-	14,524
Support for Gulf Future Campaign	-	275	-	275
Support for Coal Project	-	19,125	-	19,125
Support for Gulf Restoration Campaign	-	90,000	-	90,000
Other	225,553	2,500	-	228,053
Membership dues	125,625	-	-	125,625
Program service revenue	2,950	-	-	2,950
Special events and fundraising	24,959	-	-	24,959
Donated services	8,388	-	-	8,388
Other income	7,393	-	-	7,393
Investments				
Interest, dividends and realized gains (losses)	56,550	-	-	56,550
Net unrealized gains (losses)	(67,330)	-	-	(67,330)
Endowment funds				
Interest, dividends and realized gains	-	-	1,027	1,027
Net unrealized gains (losses)	-	-	(1,101)	(1,101)
Net assets released from restrictions	716,229	(716,229)	-	-
Total support, revenue and reclassifications	1,100,317	299,110	(74)	1,399,353
EXPENSES				
<u>Program Services</u>				
Defend our wetlands	263,089	-	-	263,089
Gulf Future Campaign	36,108	-	-	36,108
Gulf Restoration	253,451	-	-	253,451
Florida's Nature Coast	130	-	-	130
Water resources	327,097	-	-	327,097
Coal	121,856	-	-	121,856
Other program service expenses	5,335	-	-	5,335
Total program services	1,007,066	-	-	1,007,066
<u>Support Services</u>				
Management and general	57,383	-	-	57,383
Fund raising	123,117	-	-	123,117
Total support services	180,500	-	-	180,500
Total expenses	1,187,566	-	-	1,187,566
Change in net assets	(87,249)	299,110	(74)	211,787
NET ASSETS - BEGINNING OF YEAR	491,959	1,259,901	21,958	1,773,818
NET ASSETS - END OF YEAR	\$ 404,710	\$ 1,559,011	\$ 21,884	\$ 1,985,605

The accompanying notes are an integral part of these financial statements.

Statement of Activities

Gulf Restoration Network, Inc.

Year Ended December 31, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT, REVENUE AND RECLASSIFICATIONS				
Contributions and grants				
Support for Defend Our Wetlands Project	\$ -	\$ 384,258	\$ -	\$ 384,258
Support for Water Resources Project	-	293,052	-	293,052
Support for Florida's Nature Coast	-	1,000	-	1,000
Support for Gulf Future Campaign	-	156,287	-	156,287
Support for Coal Project	-	95,000	-	95,000
Other	98,829	2,500	-	101,329
Membership dues	184,255	-	-	184,255
Program service revenue	20,625	-	-	20,625
Special events and fundraising	21,976	-	-	21,976
Donated services	11,080	-	-	11,080
Other income	5,691	-	-	5,691
Investments				
Interest, dividends and realized gains (losses)	36,743	-	-	36,743
Net unrealized gains (losses)	35,102	-	-	35,102
Endowment funds				
Interest, dividends and realized gains	-	-	971	971
Net unrealized gains	-	-	18	18
Net assets released from restrictions	787,298	(787,298)	-	-
Total support, revenue and reclassifications	1,201,599	144,799	989	1,347,387
EXPENSES				
<u>Program Services</u>				
Defend our wetlands	520,103	-	-	520,103
Gulf Future Campaign	378,709	-	-	378,709
Gulf Restoration	-	-	-	-
Florida's Nature Coast	120,560	-	-	120,560
Water resources	281,660	-	-	281,660
Coal	83,805	-	-	83,805
Other program service expenses	17,208	-	-	17,208
Total program services	1,402,045	-	-	1,402,045
<u>Support Services</u>				
Management and general	72,459	-	-	72,459
Fund raising	260,498	-	-	260,498
Total support services	332,957	-	-	332,957
Total expenses	1,735,002	-	-	1,735,002
Change in net assets	(533,403)	144,799	989	(387,615)
NET ASSETS - BEGINNING OF YEAR	1,025,362	1,115,102	20,969	2,161,433
NET ASSETS - END OF YEAR	\$ 491,959	\$ 1,259,901	\$ 21,958	\$ 1,773,818

The accompanying notes are an integral part of these financial statements.

Statements of Cash Flows

Gulf Restoration Network, Inc.

<i>Years Ended December 31</i>	<i>2015</i>	<i>2014</i>
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$ 211,787	\$ (387,615)
<i>Adjustments to reconcile change in net assets to net cash provided by operating activities:</i>		
Depreciation	10,974	12,803
Write off of obsolete property and equipment	5,527	40
Write off of accounts receivable	(150)	-
Net unrealized loss (gain) on investments	68,431	(35,120)
Interest, dividends and realized gains - Endowment funds	(1,027)	(971)
(Increase) decrease in current assets		
Accounts receivable	50	1,705
Prepaid expenses	10,155	4,558
Unconditional promises to give	(271,000)	144,972
Increase (decrease) in current liabilities		
Accounts payable	1,721	(2,883)
Employee benefits payable	1,046	730
Agency funds	18,691	31,015
Accrued vacation and sick time payable	(10,218)	11,998
Sub-grants payable	15,000	-
Prepaid rental income	600	-
Net cash provided (used) by operating activities	61,587	(218,768)
Cash Flows From Investing Activities		
(Increase) decrease in investments	(56,302)	(36,298)
Purchases of property and equipment	(533)	(3,843)
Net cash provided (used) by investing activities	(56,835)	(40,141)
Net increase (decrease) in cash and cash equivalents	4,752	(258,909)
Cash and Cash Equivalents - Beginning of Year	428,835	687,744
Cash and Cash Equivalents - End of Year	\$ 433,587	\$ 428,835

Supplemental Disclosures of Cash Flow Information

Cash paid during the year for interest	\$	-	\$	-
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The accompanying notes are an integral part of these financial statements.

Statement of Functional Expenses

Gulf Restoration Network, Inc.

Year Ended December 31, 2015

	PROGRAM SERVICES								SUPPORT SERVICES			
	Defend Our Wetlands	Gulf Future	Gulf Restoration	Florida's Nature Coast	Water Resources	Coal	Gulf Gathering Conference	Total Program Services	Management and General	Fund Raising	Total Support Services	Total Expenses
Salaries and Related Expenses												
Salaries	\$ 118,814	\$ 17,342	\$ 138,910	\$ -	\$ 205,520	\$ 70,819	\$ -	\$ 551,405	\$ 39,286	\$ 67,651	\$ 106,937	\$ 658,342
Contract services	25,810	-	-	-	-	-	-	25,810	-	-	-	25,810
Employee benefits	16,869	2,947	20,750	-	25,908	13,009	-	79,483	5,341	9,233	14,574	94,057
Payroll fees	792	160	965	-	1,214	592	-	3,723	241	432	673	4,396
Payroll taxes	9,361	3,866	12,071	-	10,558	6,578	-	42,434	2,019	4,994	7,013	49,447
Workers compensation insurance	1,298	224	1,616	-	1,997	992	-	6,127	333	713	1,046	7,173
Total Salaries and Related Expenses	172,944	24,539	174,312	-	245,197	91,990	-	708,982	47,220	83,023	130,243	839,225
Accounting fees	2,315	383	2,585	-	3,429	1,727	-	10,439	679	1,232	1,911	12,350
Bank and transaction fees	127	17	127	-	158	76	6	511	33	57	90	601
Board conferences	414	114	561	-	656	291	-	2,036	124	233	357	2,393
Consulting, strategic planning and other professional fees	45	463	106	-	4,468	34	-	5,116	13	24	37	5,153
Donated services	-	560	1,840	-	5,988	-	-	8,388	-	-	-	8,388
Dues and subscriptions	431	31	1,060	-	835	87	-	2,444	99	126	225	2,669
Grants and sub-grants	45,000	-	-	-	-	-	-	45,000	-	-	-	45,000
Insurance	1,071	185	1,333	-	1,648	818	-	5,055	327	588	915	5,970
Legal fees	-	-	16,728	-	490	-	-	17,218	-	-	-	17,218
Licenses and permits	379	71	498	-	599	301	-	1,848	194	213	407	2,255
Meeting rooms	790	-	-	-	-	-	4,300	5,090	-	-	-	5,090
Miscellaneous	2,696	-	-	-	50	-	-	2,746	-	-	-	2,746
Occupancy	9,863	1,696	12,054	-	15,111	7,603	-	46,327	2,995	5,399	8,394	54,721
Office and other supplies	5,849	1,062	7,599	-	9,535	4,341	179	28,565	1,237	3,694	4,931	33,496
Outreach	1,229	59	437	-	602	260	-	2,587	103	723	826	3,413
Postage	405	73	599	130	1,030	350	-	2,587	223	1,286	1,509	4,096
Printing and publications	1,657	361	1,887	-	2,540	1,085	-	7,530	429	1,518	1,947	9,477
Special events and fundraising	-	-	-	-	-	-	-	-	-	16,834	16,834	16,834
Telephone and Utilities	2,749	602	3,575	-	3,849	1,889	-	12,664	733	1,310	2,043	14,707
Training	204	19	139	-	165	83	-	610	33	59	92	702
Travel and Lodging	2,623	3,120	13,754	-	11,405	3,607	850	35,359	174	904	1,078	36,437
Website	7,160	1,390	5,256	-	8,151	3,437	-	25,394	1,473	2,484	3,957	29,351
Workshop and other conferences	3,169	1,023	6,550	-	8,162	2,373	-	21,277	694	2,329	3,023	24,300
Total expenses before depreciation	261,120	35,768	251,000	130	324,068	120,352	5,335	997,773	56,783	122,036	178,819	1,176,592
Depreciation	1,969	340	2,451	-	3,029	1,504	-	9,293	600	1,081	1,681	10,974
Totals	\$ 263,089	\$ 36,108	\$ 253,451	\$ 130	\$ 327,097	\$ 121,856	\$ 5,335	\$ 1,007,066	\$ 57,383	\$ 123,117	\$ 180,500	\$ 1,187,566

The accompanying notes are an integral part of these financial statements.

Statement of Functional Expenses

Gulf Restoration Network, Inc.

Year Ended December 31, 2014

	PROGRAM SERVICES							SUPPORT SERVICES				Total Expenses
	Defend Our Wetlands	Gulf Future	Gulf Restoration	Florida's Nature Coast	Water Resources	Coal	Gulf Gathering Conference	Total Program Services	Management and General	Fund Raising	Total Support Services	
Salaries and Related Expenses												
Salaries	\$ 179,751	\$ 209,297	\$ -	\$ 80,887	\$ 173,200	\$ 54,740	\$ -	\$ 697,875	\$ 49,529	\$ 142,747	\$ 192,276	\$ 890,151
Contract services	-	-	-	-	-	-	-	-	-	27,795	27,795	27,795
Employee benefits	24,411	28,798	-	10,545	23,098	7,207	-	94,059	7,200	12,836	20,036	114,095
Payroll fees	1,004	1,098	-	437	957	299	-	3,795	298	1,398	1,696	5,491
Payroll taxes	11,066	20,456	-	7,114	9,211	5,497	-	53,344	2,869	11,013	13,882	67,226
Workers compensation insurance	1,459	1,517	-	612	1,374	418	-	5,380	418	745	1,163	6,543
Total Salaries and Related Expenses	217,691	261,166	-	99,595	207,840	68,161	-	854,453	60,314	196,534	256,848	1,111,301
Accounting fees	2,591	2,941	-	1,150	2,519	786	-	9,987	785	1,400	2,185	12,172
Bank and transaction fees	19	72	-	7	28	5	52	183	13	10	23	206
Board conferences	1,637	1,663	-	659	1,550	470	-	5,979	469	836	1,305	7,284
Consulting, strategic planning and other professional fees	7,734	5,766	-	728	4,523	497	1,250	20,498	497	886	1,383	21,881
Donated services	533	417	-	-	10,130	-	-	11,080	-	-	-	11,080
Dues and subscriptions	435	295	-	42	989	29	-	1,790	29	51	80	1,870
Grants and sub-grants	177,750	-	-	-	-	-	-	177,750	-	-	-	177,750
Insurance	1,210	1,232	-	507	1,112	347	-	4,408	346	618	964	5,372
Legal fees	-	25,813	-	-	-	-	-	25,813	-	-	-	25,813
Licenses and permits	637	653	-	268	588	183	-	2,329	208	489	697	3,026
Meeting rooms	-	-	-	-	-	-	12,791	12,791	-	-	-	12,791
Miscellaneous	44	-	-	-	-	-	-	44	3	-	3	47
Occupancy	11,133	12,110	-	5,337	10,597	3,302	-	42,479	3,299	10,681	13,980	56,459
Office and other supplies	3,576	5,221	-	1,739	4,292	985	1,954	17,767	1,544	6,117	7,661	25,428
Outreach	327	606	-	185	1,292	58	-	2,468	58	1,446	1,504	3,972
Postage	15,668	748	-	267	1,433	172	-	18,288	210	1,619	1,829	20,117
Printing and publications	30,332	4,209	-	1,471	4,804	1,626	-	42,442	918	4,356	5,274	47,716
Special events and fundraising	-	-	-	-	-	-	-	-	-	16,021	16,021	16,021
Telephone and Utilities	32,144	4,534	-	1,075	2,678	745	-	41,176	890	2,160	3,050	44,226
Training	591	602	-	248	543	169	-	2,153	169	302	471	2,624
Travel and Lodging	3,691	24,152	-	1,955	13,107	3,260	1,161	47,326	79	8,392	8,471	55,797
Website	5,162	5,968	-	2,144	5,194	1,456	-	19,924	1,357	5,284	6,641	26,565
Workshop and other conferences	4,315	17,605	-	1,973	5,792	727	-	30,412	445	1,824	2,269	32,681
Total expenses before depreciation	517,220	375,773	-	119,350	279,011	82,978	17,208	1,391,540	71,633	259,026	330,659	1,722,199
Depreciation	2,883	2,936	-	1,210	2,649	827	-	10,505	826	1,472	2,298	12,803
Totals	\$ 520,103	\$ 378,709	\$ -	\$ 120,560	\$ 281,660	\$ 83,805	\$ 17,208	\$ 1,402,045	\$ 72,459	\$ 260,498	\$ 332,957	\$ 1,735,002

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

Gulf Restoration Network, Inc.

December 31, 2015 and 2014

Note 1 – Nature of Activities and Significant Accounting Policies

Nature of Activities

Gulf Restoration Network, Inc. (GRN) was established in Louisiana in 1999 as a non-profit corporation to promote general awareness and to unite and empower the public to protect and restore the resources of the Gulf of Mexico. GRN's current programs include:

♦ **Water Resources**

GRN works to improve water quality by identifying pollution issues and providing technical assistance, training, and mentoring to numerous communities faced with pollution. GRN also works to improve the development and implementation of watershed and coastal wetlands restoration plans, and to prevent damaging projects that destroy wetlands and/or impact water quality. GRN also works closely with citizen activists by providing frequent updates and action alerts by telephone and e-mail on water quality issues.

♦ **Sustainable Fisheries Management**

GRN works to support activities focused on achieving fishery management plans and regulations that are science-based and promote sustainable fisheries in the Gulf of Mexico. GRN's efforts include targeted outreach to increase the number of concerned citizens taking action to support the implementation of the Sustainable Fisheries Act and sustainable management of fisheries. This program is referred to as "Fisheries" throughout the financial statements.

♦ **Natural Defenses**

GRN works to (1) build an active and engaged constituency to support natural storm protection and restoration efforts for the Gulf Coast region, (2) advocates for the adoption by state and federal agencies of multiple coastal lines of defense to build resiliency and protect communities placed at risk due to the continuing loss of coastal wetlands and increasing sea levels, and (3) advocates for the use of green infrastructure in the Greater New Orleans area to address localized flooding. This program is referred to as "Defend Our Wetlands" throughout the financial statements.

♦ **Gulf Future Campaign**

GRN coordinates and participates in a collaborative "Gulf Future" campaign focused on ensuring ecosystem and coastal community restoration, and works to establish a robust public participation process to make the industry safer and more transparent and accountable to impacted communities.

♦ **Gulf Restoration Campaign**

GRN independently monitors and assesses post BP disaster restoration efforts through the RESTORE Act and the National Resources Damages process of the Oil Pollution Act. The GRN also actively participates in coalitions in Alabama, Mississippi and Texas focused on Post BP restoration in those states.

Notes to Financial Statements

Gulf Restoration Network, Inc.

December 31, 2015 and 2014

Note 1 – Nature of Activities and Significant Accounting Policies (Continued)

Nature of Activities (Continued)

♦ Florida's Nature Coast

Florida's Nature Coast stretches from just north of Tampa to the Big Bend region of Florida. GRN works to protect and preserve this region by working with a strong and vibrant coalition of groups on issues including wildlife and habitat preservation, uncontrolled residential development, water quality and quantity issues and resource extraction. GRN also works in Florida to protect its springs, unique habitats that are threatened by water withdrawals and pollution.

♦ Coal

GRN works to address the environmental and community impact of the growth in coal export facilities along the banks of the Mississippi River and the risks that these facilities pose to local communities. Our work focuses on efforts to reduce coal pollution in our rivers and contamination of coastal restoration projects.

Significant Accounting Policies

Basis of Accounting

GRN prepares its financial statements in accordance with U.S. generally accepted accounting principles, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, GRN considers as cash and cash equivalents cash deposits in checking, savings and money market accounts with initial maturities of three months or less.

Accounts Receivable

Accounts receivable are recorded when invoices are issued at the invoice amount. These receivables are written off when they are deemed to be uncollectible due to the historical infrequency of uncollectible accounts receivable.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Investments in pooled investments are reported at the proportionate share of GRN's investment in the total pool related to the total fair market value of the pool. Unrealized and realized gains and losses are included in the change in net assets. Investment income and gains and losses associated with restricted funds are reported as increases or decreases in restricted net assets in the period the income and gains and losses are recognized while those of unrestricted funds are reported as increases or decreases in unrestricted net assets.

Notes to Financial Statements

Gulf Restoration Network, Inc.

December 31, 2015 and 2014

Note 1 – Nature of Activities and Significant Accounting Policies (Continued)

Significant Accounting Policies (Continued)

Investments (Continued)

Some investments of GRN consist of endowment funds transferred to and administered by The Greater New Orleans Foundation (GNOF), a community foundation, during the year ended December 31, 2010 for the benefit of GRN. These funds are included in an investment pool along with other endowed funds administered by GNOF. These funds are considered permanently restricted since GNOF has complete discretion over the distribution of these funds to GRN. GNOF periodically makes a distribution to GRN based on the spending policy of GNOF. The funds associated with these distributions are considered unrestricted when received by GRN. During the years ended December 31, 2015 and 2014 GNOF distributed no funds to GRN.

Property and Equipment

Property and equipment are stated at cost if purchased. Donations of property and equipment are recorded as contributions at their estimated fair value. GRN capitalizes property and equipment of \$100 and over. Lesser amounts are expensed. Property and equipment are depreciated using the accelerated and straight-line methods over their estimated useful lives, which range from three to fifteen years. Expenditures for repairs and maintenance are charged to the relevant expense account when incurred. Depreciation expense for the years ended December 31, 2015 and 2014 was \$10,974 and \$12,803, respectively.

During the year ended December 31, 2013, the organization received a donation of a work of art with an estimated value of \$12,000 which was capitalized and is included in office furniture and fixtures. No depreciation was recognized on this item.

Income Tax Status

GRN is a not-for-profit organization that is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code. GRN has also been classified as an entity that is not a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code and qualifies for deductible contributions as provided by Section 170(b)(1)(A)(vi).

GRN's Forms 990, *Return of Organization Exempt from Income Tax*, and Forms 990-T, *Exempt Organization Business Income Tax Return*, for the years ending December 31, 2012, 2013, 2014 and 2015 are subject to examination by the IRS, generally for three years after they were filed.

GRN's exempt status is recognized by the State of Louisiana. Accordingly, no provision has been made in the financial statements for federal or state income taxes.

Estimates

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

Notes to Financial Statements

Gulf Restoration Network, Inc.

December 31, 2015 and 2014

Note 1 – Nature of Activities and Significant Accounting Policies (Continued)

Significant Accounting Policies (Continued)

Promises to Give

Contributions are recognized when the donor makes a promise to give to GRN that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Contributions and Grants

GRN reports contributions and grants of cash and other assets as either unrestricted support or temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the contributed assets. When a donor restriction expires, that is, 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.

GRN reports contributions of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Contributions of long-lived assets with explicit restrictions that specify how the assets are to be used and contributions of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, GRN reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. GRN reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Financial Statement Presentation

GRN is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, GRN is required to present a statement of cash flows.

Fair Value Measurements

Fair value is defined as the exchange price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Notes to Financial Statements

Gulf Restoration Network, Inc.

December 31, 2015 and 2014

Note 1 – Nature of Activities and Significant Accounting Policies (Continued)

Significant Accounting Policies (Continued)

Fair Value Measurements (Continued)

Generally accepted accounting principles establishes a fair value hierarchy for inputs used in measuring fair market value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1

Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities as of the reporting date. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2

Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly, as of the reporting date.

Level 3

Valuations based on inputs that are unobservable and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value, requires significant management judgment or estimation.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such instances, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. (See note 13)

GRN's measurements of fair value are made on a recurring basis, and their valuation techniques for assets and liabilities recorded at fair value are as follows:

Investments

The fair value of investments at December 31, 2015 and 2014 (See note 3) is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers or endowment administrators.

Unconditional Promises to Give

The fair value of contributions at December 31, 2015 and 2014 is equal to the carrying value for contributions expected to be collected within one year. Contributions expected to be collected beyond one year are discounted to present value based on management's assumptions.

Other Assets and Liabilities

At December 31, 2015 and 2014, the carrying value of GRN's cash and cash equivalents, accounts receivable, prepaid expenses, deposits, accounts payable, employee benefits payable, agency funds, accrued vacation and sick time payable, sub-grants payable and prepaid rental income approximated their fair values.

Notes to Financial Statements

Gulf Restoration Network, Inc.

December 31, 2015 and 2014

Note 1 – Nature of Activities and Significant Accounting Policies (Continued)

Significant Accounting Policies (Continued)

Advertising Costs

GRN expenses advertising costs as incurred. There was no advertising expense during the years ended December 31, 2015 and 2014.

Note 2 – Concentration of Credit Risk

GRN periodically maintains cash in bank accounts in excess of insured limits. GRN has not experienced any losses and does not believe that significant credit risk exists as a result of this practice. Cash deposits at each bank are insured by the Federal Deposit Insurance Corporation up to \$250,000.

Note 3 – Investments

Investments consist of the following as of December 31, 2015:

	Fair Market Value	Cost or Assigned Amount
<u>Unrestricted</u>		
Mutual Funds	\$1,308,997	\$1,340,330
Equities	652	626
	<u>1,309,649</u>	<u>1,340,956</u>
 <u>Permanently Restricted</u>		
Endowment investments (Administered by GNOF)	<u>21,884</u>	<u>18,873</u>
 Totals	<u>\$1,331,533</u>	<u>\$1,359,829</u>

Investments consist of the following as of December 31, 2014:

	Fair Market Value	Cost or Assigned Amount
<u>Unrestricted</u>		
Mutual Funds	\$1,319,940	\$1,284,028
Equities	737	626
	<u>1,320,677</u>	<u>1,284,654</u>
 <u>Permanently Restricted</u>		
Endowment investments (Administered by GNOF)	<u>21,958</u>	<u>17,846</u>
 Totals	<u>\$1,342,635</u>	<u>\$1,302,500</u>

Notes to Financial Statements

Gulf Restoration Network, Inc.

December 31, 2015 and 2014

Note 3 – Investments (Continued)

The following summarizes the investment return and its classification in the statements of activities for the years ended December 31, 2015 and 2014.

	2015	2014
Unrestricted		
Interest, dividends and realized gains and losses	\$ 56,550	\$ 36,743
Net unrealized gains (losses)	(67,330)	35,102
Total unrestricted investment returns	<u>(10,780)</u>	<u>71,845</u>
Permanently Restricted		
Interest and dividends	259	192
Realized gains	893	904
Less: administrative expenses	(125)	(125)
	<u>1,027</u>	<u>971</u>
Net unrealized gains (losses)	<u>(1,101)</u>	<u>18</u>
Total permanently restricted investment returns	<u>(74)</u>	<u>989</u>
Total investment returns	<u>\$ (10,854)</u>	<u>\$ 72,834</u>

Note 4 – Unconditional Promises to Give Receivable

Unconditional promises to give receivable consisted of the following at December 31, 2015 and 2014.

	2015	2014
Total promises (Net of discount to net present value)	<u>\$ 312,000</u>	<u>\$ 41,000</u>
Amounts due in less than one year	\$ 312,000	\$ 41,000
Amounts due in one to five years	-	-
Gross unconditional promises to give	<u>312,000</u>	<u>41,000</u>
Less: Discount to net present value	<u>(-)</u>	<u>(-)</u>
Net unconditional promises to give	<u>\$ 312,000</u>	<u>\$ 41,000</u>

Unconditional promises to give at December 31, 2015 are considered fully collectible. Accordingly, there is no provision for uncollectible amounts included in the 2015 financial statements.

Unconditional promises to give due in more than one year are recognized at fair value, using present value techniques when a donor makes an unconditional promise to give GRN.

Note 5 – Accrued Absences

GRN employees accrue vacation and sick leave at varying rates based on their full or part time status. At December 31, 2015, staff employees had accumulated a total of \$10,654 of unused vacation leave and \$28,757 of unused sick leave. The executive director had accumulated \$1,732 of unused vacation leave and \$8,254 of unused sick leave.

At December 31, 2014, staff employees had accumulated a total of \$14,824 of unused vacation leave and \$33,373 of unused sick leave. The executive director had accumulated \$3,264 of unused vacation leave and \$8,154 of unused sick leave.

Notes to Financial Statements

Gulf Restoration Network, Inc.

December 31, 2015 and 2014

Note 6 – Agency Funds

Agency funds are funds, which are included in cash and cash equivalents in the statements of financial position, in which GRN acts as a fiscal agent and has a duty to hold and manage assets for the benefit of a specific beneficiary. Activity related to agency funds for the years ended December 31, 2015 and 2014 are as follows:

	2015	2014
Funds received	\$ 59,644	\$ 78,255
Disbursements to or on behalf of beneficiary	(38,610)	(44,242)
Administrative fee	(2,343)	(2,998)
Net change	18,691	31,015
Agency funds		
Beginning of year	35,515	4,500
End of year	<u>\$ 54,206</u>	<u>\$ 35,515</u>

Note 7 – Restrictions on Net Assets

Temporarily restricted net assets as of December 31, 2015 and 2014 are restricted for the following purposes.

	2015	2014
Water Resources Program	\$1,355,173	\$1,097,651
Defend Our Wetlands	174,314	127,250
Fisheries Project	14,524	-
Gulf Future Campaign	-	15,000
Gulf Restoration Campaign	15,000	-
Coal Project	-	20,000
Totals	<u>\$1,559,011</u>	<u>\$1,259,901</u>

Temporarily restricted net assets were released for the following purposes during the respective years by meeting time restrictions or by incurring expenses satisfying the restricted purposes.

	2015	2014
Water Resources Program	\$ 321,240	\$ 271,531
Defend Our Wetlands	263,089	257,008
Florida's Nature Coast	-	1,500
Gulf Future Campaign	15,275	179,759
Gulf Restoration Campaign	75,000	-
Coal Project	39,125	75,000
Gulf Gathering Conference	2,500	2,500
Totals	<u>\$ 716,229</u>	<u>\$ 787,298</u>

Notes to Financial Statements

Gulf Restoration Network, Inc.

December 31, 2015 and 2014

Note 7 – Restrictions on Net Assets (Continued)

Investments – Endowment

During the year ended December 31, 2010, GRN transferred \$10,000 to a permanently restricted endowment fund administered by The Greater New Orleans Foundation (GNOF), a community foundation, for the benefit of GRN. In conjunction with The Richard West Freeman Endowment Challenge for 2009, \$5,000 in matching funds was transferred to the fund by GNOF.

All future donations or transfers to this fund including any net earnings from the fund will be considered permanently restricted. Distributions will be in accordance with the spending policy of GNOF in effect. Distributions received by GRN will be considered unrestricted.

The composition of endowment assets for this fund and the changes in endowment net assets as of December 31, 2015 and 2014 is as follows:

	2015	2014
Endowment net assets, beginning of year	\$ 21,958	\$ 20,969
Investment income (net of expenses)	1,027	971
Unrealized gains (losses)	<u>(1,101)</u>	<u>18</u>
Endowment net assets, end of year	<u>\$ 21,884</u>	<u>\$ 21,958</u>

Note 8– Major Program Funding Concentrations

GRN receives a majority of its support from a limited number of grantors. The following represents a listing of various major funding sources during the year ended December 31, 2015 which includes grants issued prior to December 31, 2015.

Funding Organization	Amount Awarded	2015 Receipts	Estimated 2016 Receipts	Restrictions on Use
The McKnight Foundation (2015 grant)	\$ 290,000	\$ 145,000	\$ 145,000	Water resources
Aveda	288,761	288,761	-	Water Resources
The Kresge Foundation	290,000	145,000	145,000	Defend Our Wetlands
Public Citizen	19,125	19,125	-	Coal
Common Stream (2015 grant)	15,000	-	15,000	Gulf Restoration
Revolutions per Minute	32,500	32,500	-	Unrestricted
Keith Campbell Foundation	25,000	25,000	-	Unrestricted
Walton Family Foundation	75,000	75,000	-	Gulf Restoration

The following represents a listing of various major funding sources during the year ended December 31, 2014 which includes grants issued prior to December 31, 2014.

Notes to Financial Statements

Gulf Restoration Network, Inc.

December 31, 2015 and 2014

Note 8– Major Program Funding Concentrations (Continued)

Funding Organization	Amount Awarded	2014 Receipts	Actual 2015 Receipts	Restrictions on Use
The McKnight Foundation				
(2013 grant)	\$ 290,000	\$ 145,000	\$ -	Water resources
Aveda	292,147	292,147	-	Water Resources
The Kresge Foundation	305,000	305,000	-	Defend Our Wetlands
Public Citizen	70,000	50,000	20,000	Coal
Common Stream				
(2013 grant)	15,000	15,000	-	Gulf Future
Common Stream				
(2014 grant)	15,000	-	15,000	Gulf Future
Jones, Swanson, Huddell & Garrison, LLC	79,000	79,000	-	Gulf Future
Pew Charitable Trusts				
(2013 grant)	93,472	23,472	-	Gulf Future
Rockefeller Family Fund	25,000	25,000	-	Coal
Keith Campbell Foundation	35,000	35,000	-	Gulf Future
Walton Family Foundation	75,000	75,000	-	Gulf Future

Unconditional promises to give at December 31, 2015 include \$305,000 from three funding sources, representing 98% of total unconditional promises to give. Unconditional promises to give at December 31, 2014 include \$35,000 from two funding sources, representing 85% of total unconditional promises to give.

Note 9– Donated Services

During 2015 and 2014 GRN received assistance from volunteers to help with various program services. The total hours volunteered was 799 during 2015 and 1,099 during 2014. The valuation of these services was \$8,388 for 2015 and \$11,080 for 2014. The value of these services was based on the number of hours spent times an estimated hourly wage rate normally paid for similar services. Allocation of these services to the various programs was made based on the relative hours spent towards each program and is detailed as follows.

	2015	2014
Natural Defense	\$ -	\$ 532
Gulf Future	560	418
Gulf Restoration	1,840	-
Water Resources	<u>5,988</u>	<u>10,130</u>
Totals	<u>\$ 8,388</u>	<u>\$ 11,080</u>

Notes to Financial Statements

Gulf Restoration Network, Inc.

December 31, 2015 and 2014

Note 10– Lease Expense

The organization entered into a three year lease commencing December 1, 2012 with a monthly rental of \$4,262. Lease payments under this agreement for the years ended December 31, 2015 and 2014 amounted to \$46,880 and \$51,141, respectively. The organization moved its office location and entered into a four year lease commencing December 1, 2015 with a monthly rental of \$3,500. Lease payments under this agreement for the year ended December 31, 2015 amounted to \$3,500. This new lease provided for a renewal option of one additional four lease term with a 10% increase in the monthly rent.

During the year ended December 31, 2014 GRN incurred rent expense of \$4,800 for a temporary office utilized for fundraising purposes.

Minimum future obligations on leases in effect as of December 31, 2015 are as follows:

2016	\$ 42,000
2017	42,000
2018	42,000
2019	<u>38,500</u>
Total	<u>\$ 164,500</u>

The Organization had various sub-lease agreements for the usage of a portion of their office facilities. Rent collected during the years ended December 31, 2015 and 2014 amounted to \$5,050 and \$2,700, respectively.

Note 11– Related Party Transactions

GRN has entered into an agreement with its executive director, an attorney with extensive experience in environmental issues and activities. The executive director received a salary as compensation for her services of \$107,300 and \$106,000 during 2015 and 2014, respectively. In addition, GRN provides reimbursements to her for expenses incurred on behalf of the Organization on an accountable basis.

Note 12– Functional Allocation of Expenses

The costs of providing the various program services and other activities have been categorized on a functional basis in the statements of activities and statements of functional expenses. Accordingly, costs have been allocated to program services benefited and management and general and fundraising expenses.

Note 13– Fair Value Measurements

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets and liabilities reported at fair value on a recurring basis at December 31, 2015 and 2014 are as follows:

Notes to Financial Statements

Gulf Restoration Network, Inc.

December 31, 2015 and 2014

Note 13– Fair Value Measurements (Continued)

	Fair Value Measurements at Reporting Date Using			
	Level 1	Level 2	Level 3	Fair Value
December 31, 2015				
Assets:				
Unconditional promises to give	\$ -	\$ -	\$ 312,000	\$ 312,000
Investments	1,309,649	-	-	1,309,649
Investments-Endowment	5,380	14,423	2,081	21,884
Totals	\$1,315,029	\$ 14,423	\$ 314,081	\$1,643,533
	Level 1	Level 2	Level 3	Fair Value
December 31, 2014				
Assets:				
Unconditional promises to give	\$ -	\$ -	\$ 41,000	\$ 41,000
Investments	1,320,677	-	-	1,320,677
Investments-Endowment	5,050	14,492	2,416	21,958
Totals	\$1,325,727	\$ 14,492	\$ 43,416	\$1,383,635

The changes during the years ended December 31, 2015 and 2014 in assets and liabilities measured at fair value on a recurring basis for which GRN has used significant unobservable inputs (Level 3) to determine fair value are as follows.

2015

	ASSETS			LIABILITIES
	Unconditional Promises to Give	Investments-Endowment	Totals	Grants Payable
Level 3 - Beginning balance	\$ 41,000	\$ 2,416	\$ 43,416	\$ -
Net Realized and Unrealized Gains (Losses)	-	644	644	-
Net purchases and sales	-	(979)	(979)	-
Collections of unconditional Promises to give	(41,000)	-	(41,000)	-
Additions to unconditional promises to give and grants payable	312,000	-	312,000	15,000
Payments of grants payable	-	-	-	-
Level 3 - Ending balance	<u>\$ 312,000</u>	<u>\$ 2,081</u>	<u>\$ 314,081</u>	<u>\$ 15,000</u>

Notes to Financial Statements

Gulf Restoration Network, Inc.

December 31, 2015 and 2014

Note 13– Fair Value Measurements (Continued)

2014

	<u>ASSETS</u>			<u>LIABILITIES</u>
	<u>Unconditional Promises to Give</u>	<u>Investments- Endowment</u>	<u>Totals</u>	<u>Grants Payable</u>
Level 3 – Beginning balance	\$ 185,972	\$ 2,458	\$ 188,430	\$ -
Net Realized and Unrealized Gains (Losses)	-	325	325	-
Net purchases and sales	-	(367)	(367)	-
Collections of unconditional Promises to give	(185,972)	-	(185,972)	-
Additions to unconditional promises to give and grants payable	41,000	-	41,000	-
Payments of grants payable	-	-	-	-
Level 3 – Ending balance	<u>\$ 41,000</u>	<u>\$ 2,416</u>	<u>\$ 43,416</u>	<u>\$ -</u>

Since the endowment investments are administered by the Greater New Orleans Foundation, fair values, revenues and expenses are provided by them. Accordingly, the allocation of amounts to the various measurement levels is proportionate to the total allocation of all investments of the Greater New Orleans Foundation.

Note 14– Pension Plan

GRN maintains a SIMPLE IRA plan covering substantially all employees. Each year, eligible employees may contribute as an elective deferral, that is, as a pre-tax contribution up to specified limits. GRN matches this deferral on a dollar for dollar basis up to 3% of the compensation of the employee. GRN made matching contributions in the amounts of \$14,809 and \$15,462 for the years ended December 31, 2015 and 2014, respectively.

Note 15– Evaluation of Subsequent Events

GRN has evaluated subsequent events through June 16, 2016, the date which the financial statements were available to be issued.