

**RESTORE NATIVE PLANTS,
WILDLIFE, AND LANDMARK
STRUCTURES, INC.**

Independent Auditors' Report and
Financial Statements
for the Year Ended December 31, 2019 (with
Comparative Totals for the Year Ended
December 31, 2018)

RESTORE NATIVE PLANTS, WILDLIFE AND LANDMARK STRUCTURES, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Restore Native Plants, Wildlife, and Landmark Structures, Inc.

We have audited the accompanying financial statements of Restore Native Plants, Wildlife, and Landmark Structures, Inc. (a nonprofit organization), which comprise the statement of assets and net assets - modified cash basis as of December 31, 2019, and the related statements of revenues and expenses and changes in net assets, functional expenses and cash flows - modified cash basis 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 the modified cash basis of accounting as described in Note 2; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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. 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 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, 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 assets, liabilities, and net assets of Restore Native Plants, Wildlife, and Landmark Structures, Inc., as of December 31, 2019, and its revenues and expenses and its cash flows for the year then ended in accordance with the modified cash basis of accounting as described in Note 2.

Restatement of Financial Statements

Without modifying our opinion, we draw attention to Note 10 which explains that the financial statement for the year ended December 31, 2018 has been restated from those which we originally reported on April 15, 2019.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited Restore Native Plants, Wildlife, and Landmark Structures, Inc.'s 2018 financial statements, and our report dated April 15, 2019, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Fairfield, New Jersey
July 20, 2020

RESTORE NATIVE PLANTS, WILDLIFE, AND LANDMARK STRUCTURE, INC.

**STATEMENTS OF ASSETS AND NET ASSETS - MODIFIED CASH BASIS
DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>Restated 2018</u>
ASSETS		
CASH	\$ 149,091	\$ 80,157
PROPERTY AND EQUIPMENT, NET	<u>5,200,654</u>	<u>5,335,237</u>
TOTAL ASSETS	<u>\$ 5,349,745</u>	<u>\$ 5,415,394</u>
 NET ASSETS WITHOUT DONOR RESTRICTIONS	 <u>\$ 5,349,745</u>	 <u>\$ 5,415,394</u>

RESTORE NATIVE PLANTS, WILDLIFE, AND LANDMARK STRUCTURE, INC.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - MODIFIED CASH BASIS FOR THE YEAR ENDED DECEMBER 31, 2019 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2018)

	<u>2019</u>	<u>Restated 2018</u>
PUBLIC SUPPORT AND REVENUE:		
Non-cash contributions	\$ -	\$ 4,070,000
Contributions	<u>248,071</u>	<u>12,246</u>
Total public support and revenue	<u>248,071</u>	<u>4,082,246</u>
EXPENSES AND LOSSES:		
Program expenses:		
Preservation and restoration of natural resources	230,582	152,890
Supporting services:		
Management and general	<u>83,788</u>	<u>88,743</u>
Total expenses and losses	<u>314,370</u>	<u>241,633</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS BEFORE NON-OPERATING INCOME	(66,299)	3,840,613
NON-OPERATING INCOME:		
Rental Income	<u>650</u>	<u>600</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(65,649)	3,841,213
NET ASSETS WITHOUT DONOR RESTRICTIONS, BEGINNING OF YEAR	<u>5,415,394</u>	<u>1,574,181</u>
NET ASSETS WIHTOUT DONOR RESTRICTIONS, END OF YEAR	<u>\$ 5,349,745</u>	<u>\$ 5,415,394</u>

RESTORE NATIVE PLANTS, WILDLIFE, AND LANDMARK STRUCTURE, INC.

**STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2018)**

	<u>Program Services</u>	<u>Supporting Services</u>		
	<u>Preservation and Restoration</u>	<u>Management & General</u>	<u>2019</u>	<u>Restated 2018</u>
Personnel costs:				
Salaries and wages	\$ 22,483	\$ -	\$ 22,483	\$ -
Payroll taxes	1,697	-	1,697	-
Total personnel costs	<u>24,180</u>	<u>-</u>	<u>24,180</u>	<u>-</u>
Professional fees	8,501	6,248	14,749	28,061
Occupancy	5,670	5,901	11,571	15,803
Insurance	3,892	-	3,892	2,783
Property tax	109,680	-	109,680	57,452
Repairs and maintenance	4,812	-	4,812	-
Education	999	-	999	-
Supplies	<u>6,903</u>	<u>3,001</u>	<u>9,904</u>	<u>3,493</u>
Total expenses before depreciation	164,637	15,150	179,787	107,592
Depreciation	<u>65,946</u>	<u>68,637</u>	<u>134,583</u>	<u>134,041</u>
Total expenses	<u>\$ 230,582</u>	<u>\$ 83,788</u>	<u>\$ 314,370</u>	<u>\$ 241,633</u>

RESTORE NATIVE PLANTS, WILDLIFE, AND LANDMARK STRUCTURE, INC.

STATEMENTS OF CASH FLOWS - MODIFIED CASH FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>Restated 2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets without donor restrictions	\$ (65,649)	\$ 3,841,213
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation expense	134,583	134,041
Donations of property and equipment	-	(4,070,000)
Increase (decrease) in operating liabilities:		
Accrued expenses	-	(14,154)
Net cash provided by (used in) operating activities	<u>68,934</u>	<u>(108,900)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	-	(9,278)
Net cash (used in) investing activities	<u>-</u>	<u>(9,278)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	68,934	(118,178)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>80,157</u>	<u>198,335</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 149,091</u>	<u>\$ 80,157</u>

RESTORE NATIVE PLANTS, WILDLIFE AND LANDMARK STRUCTURES, INC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

1. NATURE OF ACTIVITIES

Restore Native Plants, Wildlife and Landmark Structures, Inc. (the “Organization”), a nonprofit corporation, was established on October 2, 2017. The Organization commenced operations on this date and exists to protect, enhance, and restore native plants, wildlife, ecosystems, natural resources, and historic landmarks for the benefit of all. Additionally, the Organization provides unique programs for the advancement of society so that others may learn about the importance of such conservation and preservation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting --- The financial statements are prepared on the modified cash basis of accounting, a special purpose framework of accounting other than accounting principles generally accepted in the United States of America. Accordingly, revenues are recognized when received and expenditures are recorded when paid.

Basis of presentation --- The Organization prepares its financial statements utilizing the American Institute of Certified Public Accountants’ Audit and Accounting Guide, *Nonprofit Organizations*, and other pronouncements applicable to not-for-profit organizations. The Organization presents its financial statements in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Paragraphs 958-205-45-2(a) through (d), which establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into two net asset categories according to the existence or absence of donor imposed restrictions; net assets with donor restrictions and net assets without donor restrictions.

ASC Paragraphs 958-605-45-3 through 7, *Contributions Received*, requires that unconditional promises to give be recorded as receivables and revenue and requires the Organization to distinguish between contributions received for each net asset category in accordance with donor imposed restrictions.

Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

With donor restriction – Net assets that are subject to donor-imposed stipulations. This represents the portion of expendable funds available to meet donor specified purposes.

Without donor restriction – Net assets that are not subject to donor-imposed stipulations. This represents the portion of expendable funds available to support the Organization’s programs and activities.

Cash and cash equivalents --- The Organization considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

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

RESTORE NATIVE PLANTS, WILDLIFE AND LANDMARK STRUCTURES, INC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Fair value (Hierarchy) of financial instruments --- The Organization measures fair value of its assets and liabilities as defined by FASB ASC Topic 820, *Fair Value Measurement and Disclosure*. This ASC Topic defines fair value, establishes a framework for measuring fair value, establishes a three-level fair value hierarchy based on the quality of inputs used to measure fair value and enhances disclosure requirements for fair value measurements. The three fair value hierarchy levels are defined as follows:

Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical assets and liabilities that the reporting entity has the ability to access at the measurement date. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. A quoted price in an active market provides the most reliable evidence of fair value and shall be used to measure fair value whenever available.

Level 2 – Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability.

Level 3 – Inputs are unobservable inputs for the assets and liabilities. Unobservable inputs shall be used to measure fair value to the extent that the observable inputs are not available. Unobservable inputs shall be developed based on the best information available in the circumstances, which might include the reporting entity's own data.

Unless otherwise noted, the fair values of financial instruments approximate their carrying values. The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

FASB ASC 820 requires the use of observable market data, when available, in making fair value measurements. When inputs used to measure fair value within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value.

As of December 31, 2019 and 2018, none of the assets and liabilities were required to be reported at fair value on a recurring basis. Carrying values of non-derivative financial instruments, including cash approximate fair value due to the short-term nature of these financial instruments. There are no changes in methods or assumptions during the years ended December 31, 2019 and 2018.

Property and equipment --- Property and equipment are recorded at cost and are depreciated using the straight-line method over the estimated useful lives of the assets. Expenditures for maintenance, repairs and renewals of minor items are charged to activities as incurred. The cost of assets retired or otherwise disposed of and the related accumulated depreciation are eliminated from the accounts and any resulting gain or loss is reflected in the statement of revenues, expenses and changes in net assets

RESTORE NATIVE PLANTS, WILDLIFE AND LANDMARK STRUCTURES, INC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Property and equipment (cont.) --- The Organization's policy is to capitalize Property and Equipment with a purchase price of \$5,000 or more and a useful life of one year or more based on the following schedule:

<u>Asset Class</u>	<u>Years</u>
Building	27.5
Building improvements	15-27.5

Impairment of long-lived assets --- The Organization continually evaluates whether current events or circumstances warrant adjustments to the carrying value or estimated useful lives of property and equipment in accordance with the provisions of ASC 360-10-05, *Impairment or Disposals of Long-Lived Assets*.

Revenue and support recognition --- Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using interest rates consistent with unsecured individual credit rates that management approximates, applicable to the years in which the promises are to be received.

Donated property --- Donated property including land, buildings, equipment, investments, and other noncash donations are recorded as non-cash contributions in the statement of activities at their fair market value at the date of donation.

Income taxes --- The Organization is a not-for-profit organization described under Section 501(c)(3) of the Internal Revenue Code ("I.R.C.") and is therefore exempt from federal income taxes under Section 501(a) of the I.R.C. The Organization is also exempt under Title 15 of the State of New Jersey *Corporations and Associations Not for Profit Act*. Accordingly, no provision for Federal or State income taxes has been presented in the accompanying financial statements.

The Organization adheres to FASB ASC Topic 740, *Income Taxes*, which provides guidance and clarification on accounting for uncertainty in income taxes recognized in the Organization's financial statements. The guidance prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, and also provides guidance on de-recognition, classification, interest and penalties, disclosure and transition. For the years ended December 31, 2019 and 2018, the Organization has no material uncertain tax positions to be accounted for in the financial statements.

Annually the Organization files an informational tax return with the Internal Revenue Service and registers in states in which it solicits contributions. The Organization also files an annual charitable registration with the State of New Jersey, Division of Consumer Affairs.

RESTORE NATIVE PLANTS, WILDLIFE AND LANDMARK STRUCTURES, INC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Income taxes (cont.) --- Management has stated that all required tax returns have been filed and taxes have been paid. The Organization is generally subject to tax examinations for three years after its latest filing.

Functional allocation of expenses --- Expenses are charged to each program based on direct expenditures incurred. Program expenses are those related to the Organization's activities for preservation and restoration. Any program or supporting service expenditure not directly chargeable are allocated to programs based on square footage of the buildings.

Reclassifications --- Certain amounts from prior year financial statements have been reclassified to conform to current year presentations.

Prior year summarized information --- The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the U.S. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

Subsequent events --- Management has evaluated subsequent events through July 20, 2020, the date on which the financial statements were available to be issued, and have determined that except as detailed in Note 9, there are no subsequent events that require disclosure.

3. CONCENTRATIONS OF CREDIT RISK

Arising from cash deposits in excess of insured limits --- The Organization maintains the majority of its cash in one financial institution located in New Jersey. During the year, cash balances can exceed federally insured limits of \$250,000. Management believes that the Organization has no significant risk of loss on these amounts due to the failure of the institution.

Funding dependence – During the years ended December 31, 2019 and 2018, one major donor accounted for 81% and 100%, respectively of the Organization's public support. Currently the Organization is dependent upon monies from major donors. Major donors have expressed an intent to continue to fund the operations of the Organization and management believes that this funding will continue.

4. PROPERTY AND EQUIPMENT

A summary of the Organization's fixed assets as of December 31, 2019 and 2018 are as follows:

	<u>2019</u>	<u>Restated 2018</u>
Land	\$ 1,776,000	\$ 1,776,000
Building	3,684,000	3,684,000
Leasehold improvements	9,278	9,278
Total fixed assets	<u>5,469,278</u>	<u>5,469,278</u>
Less: accumulated depreciation	268,624	134,041
Property and equipment, net	<u>\$ 5,200,654</u>	<u>\$ 5,335,237</u>

RESTORE NATIVE PLANTS, WILDLIFE AND LANDMARK STRUCTURES, INC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (CONTINUED)

4. PROPERTY AND EQUIPMENT (CONT.)

The total depreciation expensed for the years ended December 31, 2019 and 2018 was \$134,583 and \$134,041, respectively.

5. NON-CASH CONTRIBUTIONS

In 2018, the Organization received three donations of undeveloped land and buildings. The land and buildings was appraised by a third party independent appraiser utilizing either the cost or sales comparison approach. There were no non-cash contributions during the year ended December 31, 2019. The value of the land and buildings are summarized as follows:

	<u>2018</u>
<i>Wanaque, New Jersey:</i>	
Eagle's Nest Ramapo Estate, LLC.	\$ 1,370,000
Foxcroft Ramapo Estate, LLC.	480,000
<i>Oakland, New Jersey:</i>	
Rye Cliff Ramapo Estate, LLC.	<u>2,220,000</u>
Total non-cash contributions	<u>\$ 4,070,000</u>

6. NON-OPERATING INCOME

The Organization leases a small tract of land on one of its properties to a tenant. The agreement originated on February 1, 2017 and automatically renews annually until cancellation. The tenant is not a related party.

7. RELATED PARTY TRANSACTIONS

Land and buildings were donated to the Organization by other entities that are wholly owned by a board member.

8. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Management anticipates meeting general expenditures within one year of the date of the statement of financial position with the funding provided by contributions from the general public. Financial assets available to meet cash needs within one year at December 31, 2019 and 2018 were \$149,091 and \$80,157, respectively.

9. SUBSEQUENT EVENT

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. As a result, economic uncertainties have arisen which have caused a negative impact on the financial markets. The Organization is evaluating the impact of COVID-19 and its pervasive impact to the overall economy and has determined it cannot reasonably estimate the financial impact, if any, on its operations, assets and material accounting estimates at this time.

RESTORE NATIVE PLANTS, WILDLIFE AND LANDMARK STRUCTURES, INC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (CONTINUED)

10. PRIOR PERIOD ADJUSTMENT AND RESTATEMENT

The Organization has restated prior year financial statements to correct for the omission of depreciation expense for its buildings. The following table reflects the impact of the correction on the financial statements.

	<u>As previously reported</u>	<u>As restated</u>	<u>Adjustment</u>
Depreciation	\$ <u>77</u>	\$ <u>134,041</u>	\$ <u>133,964</u>
Change in net assets without donor restrictions	\$ <u>3,975,177</u>	\$ <u>3,841,213</u>	\$ <u>133,964</u>
Accumulated depreciation	\$ <u>77</u>	\$ <u>134,041</u>	\$ <u>133,964</u>
Net assets without donor restrictions	\$ <u>5,549,358</u>	\$ <u>5,415,394</u>	\$ <u>133,964</u>