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

Independent Auditors' Report
and Financial Statement for
the Three Month Period Ended December 31, 2017

RESTORE NATIVE PLANTS, WILDLIFE AND LANDMARK STRUCTURES, INC.

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS:	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to the Financial Statement	6-10

CULLARI CARRICO LLC
Certified Public Accountants & Advisors
Committed to Your Financial Well Being

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 financial position as of December 31, 2017, and the related statements of activities, cash flows and functional expenses for the three month period 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. 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 financial position of Restore Native Plants, Wildlife, and Landmark Structures, Inc. as of December 31, 2017, and the changes in its net assets and its cash flows for the three month period then ended in accordance with accounting principles generally accepted in the United States of America.

Cullari Carrico LLC

Fairfield, New Jersey
June 4, 2018

P 973.406.3955 | F 973.406.3960 | W cullaricarrico.com | 55 Lane Road, Suite 300, Fairfield, NJ 07004

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

STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2017

ASSETS		
CURRENT ASSETS:		
Cash	$	198,335
Prepaid assets		800
Total current assets		199,135
PROPERTY		1,390,000
TOTAL ASSETS	$	1,589,135
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accrued Expenses	$	14,954
NET ASSETS:		
Unrestricted net assets		1,574,181
TOTAL LIABILITIES AND NET ASSETS	$	1,589,135

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

STATEMENT OF ACTIVITIES
FOR THE THREE MONTH PERIOD ENDED DECEMBER 31, 2017

	Unrestricted Net Assets
PUBLIC SUPPORT AND REVENUE:	
Contributions	$ 189,600
Non-cash contributions	1,390,000
Total unrestricted public support and revenue	1,579,600
EXPENSES AND LOSSES:	
Program expenses	954
Management and general	4,465
Total expenses and losses	5,419
CHANGE IN NET ASSETS	1,574,181
NET ASSETS, BEGINNING OF YEAR	-
NET ASSETS, END OF YEAR	$ 1,574,181

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

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE THREE MONTH PERIOD ENDED DECEMBER 31, 2017

	Program Services	Management & General	Fundraising	Total
Professional fees	$ 954	$ 4,429	$ -	$ 5,383
Office expense	-	36	-	36
Total expenses	$ 954	$ 4,465	$ -	$ 5,419

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

STATEMENT OF CASH FLOWS
FOR THE THREE MONTH PERIOD ENDED DECEMBER 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	$ 1,574,181
Donated property	(1,390,000)
(Increase) in operating assets	
Prepaid assets	(800)
Increase in operating liabilities	
Accrued expenses	14,954
Net cash provided by operating activities	198,335
INCREASE IN CASH AND CASH EQUIVALENTS	198,335
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	-
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 198,335

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 conserve, protect, maintain, rehabilitate and preserve native plants and ecology, wildlife, natural resources and historic places and landmarks, for the benefit of all. Additionally, to provide and support educational programs and activities for the moral and mental improvement of people and society, and so that others may learn about the importance of such conservation and preservation for the longevity of the world.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting --- The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, revenues are recognized when received and expenses are recognized when incurred.

Basis of Presentation --- The Organization presents its financial statements using guidance provided by the American Institute of Certified Public Accountants' Audit & Accounting Guide for *Not-for-Profit Entities.* The Organization follows Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) in preparing and presenting their financial statements. ASC Paragraphs 958-205-45-2(a) through (d) establish standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into three net asset categories according to externally (donor) imposed restrictions; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

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 would be classified and reported as follows:

> <u>Unrestricted net assets</u> - 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.
>
> <u>Temporarily restricted net assets</u> - Net assets subject to donor-imposed stipulations that may or will be met, either by 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 statement of activities as net assets released from restrictions.
>
> <u>Permanently restricted net assets</u> - Net assets subject to donor-imposed restrictions stipulate that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Basis of Presentation (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 – Financial assets and liabilities that use inputs which 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 – Financial assets and liabilities that use inputs to the valuation methodology which 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; inputs that are derived principally from or corroborated by observable market data by correlation or other means.
>
> Level 3 – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable in the market and significant to the overall fair value measurement. These inputs reflect management’s judgment about the assumptions that a market participant would use in pricing the asset or liability, and are based on the best available information, some of which is internally developed.

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.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

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 activities. 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. As of December 31, 2017, land is the sole property on the balance sheet and as a result no depreciation was expensed.

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 assets in accordance with the provisions of ASC 360-10-05, *Impairment or Disposals of Long-Lived Assets.*

Donated services --- Individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition under accounting principles generally accepted in the United States of America.

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

Revenue and support recognition --- Contributions, including unconditional promises to give, are recorded as received. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promise to give are recorded at their net realizable value. Unconditional promises to give due in subsequent periods are reported at the present value of their net realizable value, using interest rates consistent with unsecured individual interest rates applicable to the years in which promise to give are to be received. 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 restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions.

Income taxes --- 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 three month period ended December 31, 2017, the Organization has no material uncertain tax positions to be accounted for in the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Income taxes (cont.) --- Annually, the Organization files an informational return with the United States Internal Revenue Service. The Organization also files an annual charitable registration with the State of New Jersey, Division of Consumer Affairs. All required tax returns have been filed. The Organization is subject to tax examinations since its inception .

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 that are donated to the Organization for the conservation of the environment and it's educational programs. Management and general and fundraising include direct and indirect costs of the operation of the program and marketing activities based on allocation methods considered by management to be reasonable.

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.

Subsequent events --- Management has evaluated subsequent events through June 4, 2018, the date on which the financial statements were available to be issued, and have determined that 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 – One major donor accounts for all of the Organization's contributions. Currently the Foundation 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. DONATED LAND

The Organization received two donations of undeveloped land from XXXXX and XXXXX located in West Milford at $958,000 and $432,000, respectively. The intended use of both pieces of land is to assist the Organization in establishing a 501(c)(3) not-for-profit land trust. In November of 2017, the land was appraised by a third party independent appraisal utilizing the cost, the sales comparison and the income capitalization approach. The value indications derived by the three approaches was reconciled and the land was valued at $1,390,000.

5. RELATED PARTY TRANSACTIONS

The donated undeveloped land was owned and donated to the Organization by two separate limited liability corporations that are 100% owned by a member of the Board.