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# **SAN FRANCISCO BAY BIRD OBSERVATORY**

## **FINANCIAL STATEMENTS**

**December 31, 2014**

**(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2013)**

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**CROSBY & KANEDA**  
Certified Public Accountants

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Dedicated to Nonprofit Organizations

# San Francisco Bay Bird Observatory

## Contents

Independent Accountants' Review Report	1
Financial Statements:	
Statement of Financial Position	2
Statement of Activities	3
Statement of Cash Flows	4
Statement of Functional Expenses	5
Notes to the Financial Statements	6-10

## INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors  
San Francisco Bay Bird Observatory  
Milpitas, California

We have reviewed the accompanying statements of financial position of San Francisco Bay Bird Observatory (a nonprofit organization) as of December 31, 2014, and the related statements of activities, cash flows, and functional expenses for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.



Certified Public Accountants  
Oakland, California  
April 6, 2015

**San Francisco Bay Bird Observatory**  
**Statement of Financial Position**  
**December 31, 2014**  
**(With Comparative Totals as of December 31, 2013)**

	2014	2013
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 89,600	\$ 82,641
Accounts receivable	57,718	20,124
Grants receivable	10,500	41,599
Pledges receivable	15,038	10,854
Prepaid expenses	13,410	12,230
Total Current Assets	186,266	167,448
Property and equipment, net (Note 3)	12,617	3,436
Deposits	2,135	2,115
Total Assets	\$ 201,018	\$ 172,999
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 29,757	\$ 22,666
Total Liabilities	29,757	22,666
<b>Contingencies (Note 4)</b>		
<b>Net Assets</b>		
Board-designated (Note 6)	30,611	30,611
Undesignated	138,650	119,722
Unrestricted	169,261	150,333
Temporarily restricted (Note 5)	2,000	-
Total Net Assets	171,261	150,333
Total Liabilities and Net Assets	\$ 201,018	\$ 172,999

See Independent Accountants' Review Report  
and Notes to the Financial Statements

**San Francisco Bay Bird Observatory**

**Statement of Activities  
For the Year Ended December 31, 2014  
(With Comparative Totals for the Year Ended December 31, 2013)**

	Unrestricted	Temporarily Restricted	Totals	
			2014	2013
<b>Support and Revenue</b>				
Support				
Government	\$ 222,740	\$ -	\$ 222,740	\$ 241,498
Contributions	47,671	19,057	66,728	65,314
Foundation and corporate support	7,841	5,000	12,841	6,495
Membership dues	34,473	-	34,473	24,741
In-kind contributions (Note 8)	209,670	-	209,670	144,909
Total Support	<u>522,395</u>	<u>24,057</u>	<u>546,452</u>	<u>482,957</u>
Revenue				
Program fees	168,842	-	168,842	152,144
Interest	7	-	7	20
Other	-	-	-	2,306
Total Revenue	<u>168,849</u>	<u>-</u>	<u>168,849</u>	<u>154,470</u>
Net assets released from donor restrictions (Note 5)	<u>22,057</u>	<u>(22,057)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>713,301</u>	<u>2,000</u>	<u>715,301</u>	<u>637,427</u>
<b>Expenses</b>				
Program	577,326	-	577,326	538,794
General and administrative	55,058	-	55,058	58,296
Fundraising	61,989	-	61,989	54,241
Total Expenses	<u>694,373</u>	<u>-</u>	<u>694,373</u>	<u>651,331</u>
Change in Net Assets	18,928	2,000	20,928	(13,904)
Net Assets, beginning of year	<u>150,333</u>	<u>-</u>	<u>150,333</u>	<u>164,237</u>
Net Assets, end of year	<u>\$ 169,261</u>	<u>\$ 2,000</u>	<u>\$ 171,261</u>	<u>\$ 150,333</u>

See Independent Accountants' Review Report  
and Notes to the Financial Statements

**San Francisco Bay Bird Observatory**

**Statement of Cash Flows  
For the Year Ended December 31, 2014  
(With Comparative Totals for the Year Ended December 31, 2013)**

	2014	2013
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 20,928	\$ (13,904)
Adjustments to reconcile change in net assets to cash (used) provided by operating activities:		
Depreciation	2,685	4,289
Change in assets and liabilities:		
Accounts receivable	(37,594)	(3,076)
Grants receivable	31,099	(15,102)
Pledges receivable	(4,184)	(954)
Prepaid expenses	(1,180)	618
Deposits	(20)	(365)
Accounts payable and accrued expenses	7,091	(2,736)
Net cash provided (used) by operating activities	18,825	(31,230)
<b>Cash flows from investing activities:</b>		
Purchase of new equipment	(11,866)	(1,117)
Net cash used by investing activities	(11,866)	(1,117)
Net change in cash and cash equivalents	6,959	(32,347)
Cash and cash equivalents, beginning of year	82,641	114,988
Cash and cash equivalents, end of year	\$ 89,600	\$ 82,641

See Independent Accountants' Review Report  
and Notes to the Financial Statements

San Francisco Bay Bird Observatory

Statement of Functional Expenses  
 For the Year Ended December 31, 2014  
 (With Comparative Totals for the Year Ended December 31, 2013)

	Program			Total Program	General and Administrative		Fundraising	Totals	
	Habitats	Avian Science	Outreach		2014	2013			
Salaries	\$ 36,559	\$ 204,802	\$ 31,934	\$ 273,295	\$ 21,600	\$ 20,204	\$ 315,099	\$ 325,386	
Employee benefits	166	16,722	4,348	21,236	152	2,942	24,330	23,292	
Payroll taxes	3,647	19,648	2,957	26,252	2,101	1,760	30,113	30,311	
Total Personnel	40,372	241,172	39,239	320,783	23,853	24,906	369,542	378,989	
Grants	8,750			8,750	-	-	8,750	6,000	
Accounting					5,950		5,950	5,950	
Fees for service	146	64,840	1,114	66,100	3,755	5,139	74,994	108,900	
Supplies	7,945	80,540	12,272	100,757	9,720	13,892	124,369	53,917	
Telephone	198	4,652	955	5,805	181	210	6,196	3,223	
Postage and shipping	158	987	114	1,259	624	3,421	5,304	4,649	
Equipment rental and maintenance	75			75	-	-	75	145	
Information technology	983	9,383	1,169	11,535	913	1,369	13,817	14,468	
Printing and publications	34	448	41	523	1,969	5,561	8,053	7,421	
Occupancy	7,884	29,244	2,321	39,449	2,379	5,164	46,992	38,628	
Travel and meals	1,825	13,713	1,831	17,369	957	1,391	19,717	17,741	
Conferences, conventions, meetings	70	1,175	425	1,670	567	750	2,987	3,128	
Depreciation	400	1,729	209	2,338	161	186	2,685	4,289	
Insurance					3,790		3,790	2,482	
Dues, licenses, service fees					225		225	225	
Miscellaneous		913		913	14		927	1,176	
Total Expenses	\$ 60,090	\$ 457,546	\$ 59,690	\$ 577,326	\$ 55,058	\$ 61,989	\$ 694,373	\$ 651,331	

See Independent Accountants' Review Report  
 and Notes to the Financial Statements

## SAN FRANCISCO BAY BIRD OBSERVATORY

### Notes to the Financial Statements For the Year Ended December 31, 2014 (With Comparative Totals for the Year Ended December 31, 2013)

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#### **NOTE 1: NATURE OF ACTIVITIES**

The San Francisco Bay Bird Observatory is a California nonprofit public benefit corporation, established in 1981. Its mission is to conserve birds and their habitats through science and outreach. The Organization's avian monitoring and habitat restoration activities provide critical data that are used to educate land managers and the public, and contribute to informed conservation decisions.

#### **NOTE 2: SIGNIFICANT ACCOUNTING POLICIES**

##### **Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

##### **Basis of Presentation**

The Organization presents 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. The three classes are differentiated by donor restrictions.

Unrestricted net assets— consist of resources which have not been specifically restricted by a donor. Unrestricted net assets may be designated for specific purposes by the Organization or may be limited by contractual agreements with outside parties.

Temporarily restricted net assets— represent contributions whose use is limited by donor-imposed stipulations that expire by the passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

Permanently restricted net assets – represent contributions whose use is limited by donor-imposed stipulations that require the gift to be invested in perpetuity. The income from such invested assets, including realized and unrealized gains, is generally available to support the activities of the Organization. Donors may also restrict all or part of the income and/or appreciation from these investments to permanently restricted net assets, resulting in increases/decreases to these net assets. There were no permanently restricted net assets as of December 31, 2014.

##### **Contributions**

Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give are not recognized until they become unconditional; that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of contribution. Contributions to be received after one year are discounted at an appropriate rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.



**SAN FRANCISCO BAY BIRD OBSERVATORY**

**Notes to the Financial Statements  
For the Year Ended December 31, 2014  
(With Comparative Totals for the Year Ended December 31, 2013)**

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Unrestricted contributions and grants are recorded as unrestricted revenue when received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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.

**Accounts, Grants and Pledges Receivable**

The Organization considers all accounts, grants and pledges receivable to be fully collectible at December 31, 2014. Accordingly, no allowance for doubtful accounts was deemed necessary. If amounts become uncollectible, they are charged to expense in the period in which that determination is made.

**Income Taxes**

The Internal Revenue Service and the California Franchise Tax Board have determined that the Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501 (c) (3) and the California Revenue and Taxation Code Section 23701(d). The Organization has evaluated its current tax positions as of December 31, 2014 and is not aware of any significant uncertain tax positions for which a reserve would be necessary. The Organization's tax returns are generally subject to examination by federal and state taxing authorities for three and four years, respectively after they are filed.

**Contributed Services**

Contributed services are reflected in the financial statements at the fair value of the services received only if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

**Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

**Cash Equivalents**

For purposes of the statement of cash flows, the Organization considers all money market funds and other highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

**SAN FRANCISCO BAY BIRD OBSERVATORY**

**Notes to the Financial Statements  
For the Year Ended December 31, 2014  
(With Comparative Totals for the Year Ended December 31, 2013)**

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**Fair Value Measurements**

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Organization determines the fair values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the assets or liability. Unobservable inputs reflect the Organization's own assumptions about the assumptions market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the Organization's own data.

The Organization had no assets or liabilities recorded at fair value on December 31, 2014.

**Concentration of Credit Risk**

At times, the Organization may have deposits in excess of federally insured limits. The risk is managed by maintaining all deposits in high quality financial institutions.

**Property and Equipment**

Property and equipment purchased by the Organization is recorded at cost. The Organization capitalizes all expenditures for property and equipment over \$500; the fair value of donated fixed assets is similarly capitalized. Depreciation is computed using the straight-line method over the estimated useful lives on the property and equipment or the related lease terms as follows:

Furniture and equipment	3-7 years
Vehicles	5 years
Leasehold improvements	3 years

Expenditures for major renewals and betterments that extend the useful lives of the property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Management reviews long-lived assets for impairment when circumstances indicate the carrying amount of the asset may not be recoverable. Impairment is recognized if the sum of the undiscounted estimated future cash flows expected to result from the use of the asset is less than the carrying value. When an impairment loss is recognized, the asset's carrying value is reduced to its estimated fair value.

**SAN FRANCISCO BAY BIRD OBSERVATORY**

**Notes to the Financial Statements  
For the Year Ended December 31, 2014  
(With Comparative Totals for the Year Ended December 31, 2013)**

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**Functional Allocation of Expenses**

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

**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 GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2013, from which the summarized information was derived.

**Reclassifications**

Certain accounts in the prior year's summarized information have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

**Subsequent Events**

The Organization has evaluated subsequent events and has concluded that as of April 6, 2015 the date that the financial statements were available to be issued, there were no significant subsequent events to disclose.

**NOTE 3: PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at December 31:

	<u>2014</u>	<u>2013</u>
Furniture and equipment	\$ 49,285	\$ 39,494
Vehicles	18,260	20,160
Leasehold improvements	7,900	7,900
Less accumulated depreciation	<u>(62,828)</u>	<u>(64,118)</u>
Total	<u>\$ 12,617</u>	<u>\$ 3,436</u>

**NOTE 4: CONTINGENCIES**

Grant awards require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of the Organization to the provisions of the grants. The Organization's management is of the opinion that the Organization has complied with the terms of all grants.

**SAN FRANCISCO BAY BIRD OBSERVATORY**

**Notes to the Financial Statements  
For the Year Ended December 31, 2014  
(With Comparative Totals for the Year Ended December 31, 2013)**

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**NOTE 5: TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets were available as follows as of December 31, 2014:

Colonia Waterbirds	\$2,000
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Temporarily restricted net assets were released from donor restriction by incurring expenses satisfying the purposes specified by donors as follows during the year ended December 31:

	<u>2014</u>	<u>2013</u>
Coyote Creek	\$ 8,837	\$ 20,860
Outreach Education	<u>13,220</u>	<u>-</u>
Total	<u>\$ 22,057</u>	<u>\$ 20,860</u>

**NOTE 6: BOARD-DESIGNATED NET ASSETS**

As of December 31, 2014 and 2013, the Organization had \$30,611 of unrestricted net assets designated by the board of directors for capital improvements.

**NOTE 7: CONCENTRATIONS**

**Revenue concentration**

The Organization receives a portion of its support from federal, state, and local governments. A significant reduction in the level of this support, if this were to occur, may have an effect on the Organization's program and activities.

**NOTE 8: IN-KIND CONTRIBUTIONS**

The Organization benefited from in-kind support as follows during the year ended December 31:

	<u>2014</u>	<u>2013</u>
Professional services	\$ 67,418	\$ 79,872
Goods	105,946	37,989
Facility rental	<u>36,306</u>	<u>27,048</u>
Total	<u>\$ 209,670</u>	<u>\$ 144,909</u>