
SAN FRANCISCO BAY BIRD OBSERVATORY

FINANCIAL STATEMENTS

December 31, 2015

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2014)

CROSBY & KANEDA
Certified Public Accountants

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 statement of financial position of San Francisco Bay Bird Observatory (a nonprofit organization) as of December 31, 2015, 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.

We previously reviewed San Francisco Bay Bird Observatory's 2014 financial statements and in our report dated April 6, 2015, stated that based on our procedures, we were not aware of any material modifications that should be made to the 2014 financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. We are not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended December 31, 2014, for it to be consistent with the reviewed financial statements from which it has been derived.


Certified Public Accountants
Oakland, California
April 18, 2016

SAN FRANCISCO BAY BIRD OBSERVATORY

**Statement of Financial Position
December 31, 2015
(With Comparative Totals as of December 31, 2014)**

	<u>2015</u>	<u>2014</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 91,160	\$ 89,600
Accounts receivable	96,849	57,718
Grants receivable	5,500	10,500
Pledges receivable	11,567	15,038
Prepaid expenses	16,937	13,410
Total Current Assets	<u>222,013</u>	<u>186,266</u>
Property and equipment, net (Note 3)	18,045	12,617
Deposits	<u>2,518</u>	<u>2,135</u>
Total Assets	<u>\$ 242,576</u>	<u>\$ 201,018</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 65,613	\$ 29,757
Deferred revenue	18,354	-
Total Liabilities	<u>83,967</u>	<u>29,757</u>
Contingencies (Note 4)		
Net Assets		
Unrestricted		
Board-designated (Note 6)	30,611	30,611
Undesignated	127,998	138,650
Total unrestricted	<u>158,609</u>	<u>169,261</u>
Temporarily restricted (Note 5)	<u>-</u>	<u>2,000</u>
Total Net Assets	<u>158,609</u>	<u>171,261</u>
Total Liabilities and Net Assets	<u>\$ 242,576</u>	<u>\$ 201,018</u>

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, 2015
(With Comparative Totals for the Year Ended December 31, 2014)**

	Unrestricted	Temporarily Restricted	Totals	
			2015	2014
Support and Revenue				
Support				
Government	\$ 335,915	\$ -	\$ 335,915	\$ 222,740
Contributions	41,316	20,316	61,632	66,728
Foundation and corporate support	2,398	1,250	3,648	12,841
Membership dues	32,804	-	32,804	34,473
In-kind contributions (Note 8)	152,799	-	152,799	209,670
Total Support	<u>565,232</u>	<u>21,566</u>	<u>586,798</u>	<u>546,452</u>
Revenue				
Program fees	259,322	-	259,322	168,842
Interest	6	-	6	7
Other	168	-	168	-
Total Revenue	<u>259,496</u>	<u>-</u>	<u>259,496</u>	<u>168,849</u>
Net assets released from donor restrictions (Note 5)	<u>23,566</u>	<u>(23,566)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>848,294</u>	<u>(2,000)</u>	<u>846,294</u>	<u>715,301</u>
Expenses				
Program	754,402	-	754,402	577,326
Management and general	62,640	-	62,640	55,058
Fundraising	41,904	-	41,904	61,989
Total Expenses	<u>858,946</u>	<u>-</u>	<u>858,946</u>	<u>694,373</u>
Change in Net Assets	(10,652)	(2,000)	(12,652)	20,928
Net Assets, beginning of year	<u>169,261</u>	<u>2,000</u>	<u>171,261</u>	<u>150,333</u>
Net Assets, end of year	<u>\$ 158,609</u>	<u>\$ -</u>	<u>\$ 158,609</u>	<u>\$ 171,261</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, 2015
(With Comparative Totals for the Year Ended December 31, 2014)**

	2015	2014
Cash flows from operating activities:		
Change in net assets	\$ (12,652)	\$ 20,928
Adjustments to reconcile change in net assets to cash (used) provided by operating activities:		
Depreciation	4,623	2,685
Donated fixed assets	(5,006)	-
Change in assets and liabilities:		
Accounts receivable	(39,131)	(37,594)
Grants receivable	5,000	31,099
Pledges receivable	3,471	(4,184)
Prepaid expenses	(3,527)	(1,180)
Deposits	(383)	(20)
Accounts payable and accrued expenses	35,856	7,091
Deferred revenue	18,354	-
Net cash provided (used) by operating activities	6,605	18,825
Cash flows from investing activities:		
Purchase of new equipment	(5,045)	(11,866)
Net cash provided (used) by investing activities	(5,045)	(11,866)
Net change in cash and cash equivalents	1,560	6,959
Cash and cash equivalents, beginning of year	89,600	82,641
Cash and cash equivalents, end of year	\$ 91,160	\$ 89,600
Supplemental Disclosure:		
Donated fixed assets	\$ 5,006	\$ -

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, 2015
(With Comparative Totals for the Year Ended December 31, 2014)**

	Program			Total Program	Management and general	Fundraising	Totals	
	Habitats	Avian Science	Outreach				2015	2014
Salaries	\$ 126,792	\$ 260,699	\$ 35,912	\$ 423,403	\$ 28,739	\$ 14,681	\$ 466,823	\$ 315,099
Employee benefits	683	19,036	5,051	24,770	225	2,182	27,177	24,330
Payroll taxes	11,841	26,831	3,336	42,008	3,097	1,259	46,364	30,113
Total Personnel	<u>139,316</u>	<u>306,566</u>	<u>44,299</u>	<u>490,181</u>	<u>32,061</u>	<u>18,122</u>	<u>540,364</u>	<u>369,542</u>
Grants		14,000		14,000	-	-	14,000	8,750
Accounting				-	6,300	-	6,300	5,950
Fees for service	14,764	75,863	1,473	92,100	4,455	4,371	100,926	74,994
Supplies	23,040	35,331	2,953	61,324	3,547	6,065	70,936	124,369
Telephone	1,768	6,023	919	8,710	207	102	9,019	6,196
Postage and shipping	205	738	610	1,553	396	2,302	4,251	5,304
Equipment rental and maintenance				-	-	-	-	75
Information technology	2,407	7,487	763	10,657	868	749	12,274	13,817
Printing and publications	124	174	757	1,055	2,262	4,884	8,201	8,053
Occupancy	10,768	28,166	1,696	40,630	1,767	2,165	44,562	46,992
Travel and meals	7,139	16,882	2,324	26,345	1,737	2,753	30,835	19,717
Conferences, conventions, meetings	410	263	651	1,324	764	300	2,388	2,987
Depreciation	700	3,538	151	4,389	157	77	4,623	2,685
Insurance		184		184	6,243	-	6,427	3,790
Dues, licenses, service fees	339	1,223	28	1,590	566	14	2,170	225
Staff development		360		360	960	-	1,320	-
Miscellaneous				-	350	-	350	927
Total Expenses	<u>\$ 200,980</u>	<u>\$ 496,798</u>	<u>\$ 56,624</u>	<u>\$ 754,402</u>	<u>\$ 62,640</u>	<u>\$ 41,904</u>	<u>\$ 858,946</u>	<u>\$ 694,373</u>

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, 2015 (With Comparative Totals for the Year Ended December 31, 2014)

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. There were no temporarily restricted net assets as of December 31, 2015.

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, 2015.

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, 2015 (With Comparative Totals for the Year Ended December 31, 2014)

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, 2015. 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, 2015 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, 2015
(With Comparative Totals for the Year Ended December 31, 2014)**

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 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

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

Level 3 - Unobservable inputs for the assets or liability.

The Organization had no assets or liabilities recorded at fair value on December 31, 2015.

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.

Deferred Revenue

Deferred revenue represents funds received in advance of the period in which services will be performed.

SAN FRANCISCO BAY BIRD OBSERVATORY

**Notes to the Financial Statements
For the Year Ended December 31, 2015
(With Comparative Totals for the Year Ended December 31, 2014)**

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, 2014, 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 18, 2016 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>2015</u>	<u>2014</u>
Furniture and equipment	\$ 54,330	\$ 49,285
Vehicles	23,266	18,260
Leasehold improvements	7,900	7,900
Less accumulated depreciation	<u>(67,451)</u>	<u>(62,828)</u>
Total	<u>\$ 18,045</u>	<u>\$ 12,617</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, 2015
(With Comparative Totals for the Year Ended December 31, 2014)**

NOTE 5: TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2015</u>	<u>2014</u>
Colonial Waterbirds	\$ -	\$ 2,000

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>2015</u>	<u>2014</u>
Coyote Creek	\$ 6,485	\$ 8,837
Colonial Waterbirds	3,250	-
Executive Director search	100	-
Outreach Education	<u>13,731</u>	<u>13,220</u>
Total	<u>\$ 23,566</u>	<u>\$ 22,057</u>

NOTE 6: BOARD-DESIGNATED NET ASSETS

As of December 31, 2015 and 2014 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>2015</u>	<u>2014</u>
Professional services	\$ 71,858	\$ 67,418
Goods	46,205	105,946
Facility rental	<u>34,736</u>	<u>36,306</u>
Total	<u>\$ 152,799</u>	<u>\$ 209,670</u>