
SAN FRANCISCO BAY BIRD OBSERVATORY FINANCIAL STATEMENTS

December 31, 2013

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2012)

CROSBY & KANEDA
Certified Public Accountants

Dedicated to Nonprofit Organizations

San Francisco Bay Bird Observatory

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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, 2013, 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 17, 2014

San Francisco Bay Bird Observatory

Statement of Financial Position

December 31, 2013

(With Comparative Totals for December 31, 2012)

	<u>2013</u>	<u>2012</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 82,641	\$ 114,988
Accounts receivable	20,124	17,048
Grants receivable	41,599	26,497
Pledges receivable	10,854	9,900
Prepaid expenses	12,230	12,848
Total Current Assets	<u>167,448</u>	<u>181,281</u>
Property and equipment, net (Note 3)	3,436	6,608
Deposits	<u>2,115</u>	<u>1,750</u>
Total Assets	<u>\$ 172,999</u>	<u>\$ 189,639</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 22,666	\$ 25,402
Total Liabilities	<u>22,666</u>	<u>25,402</u>
Contingencies (Note 4)		
Net Assets		
Board-designated (Note 6)	30,611	30,611
Undesignated	<u>119,722</u>	<u>118,240</u>
Unrestricted	150,333	148,851
Temporarily restricted	-	15,386
Total Net Assets	<u>150,333</u>	<u>164,237</u>
Total Liabilities and Net Assets	<u>\$ 172,999</u>	<u>\$ 189,639</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, 2013

(With Comparative Totals for the Year Ended December 31, 2012)

	Unrestricted	Temporarily Restricted	Totals	
			2013	2012
Support and Revenue				
Support				
Government	\$ 241,498	\$ -	\$ 241,498	\$ 264,951
Contributions	59,840	5,474	65,314	49,212
Foundation and corporate support	6,495	-	6,495	48,115
Membership dues	24,741	-	24,741	27,790
In-kind contributions (Note 8)	144,909	-	144,909	93,437
Total Support	<u>477,483</u>	<u>5,474</u>	<u>482,957</u>	<u>483,505</u>
Revenue				
Program fees	152,144	-	152,144	113,135
Interest	20	-	20	38
Other	2,306	-	2,306	143
Total Revenue	<u>154,470</u>	<u>-</u>	<u>154,470</u>	<u>113,316</u>
Net assets released from donor restrictions (Note 5)	20,860	(20,860)	-	-
Total Support and Revenue	<u>652,813</u>	<u>(15,386)</u>	<u>637,427</u>	<u>596,821</u>
Expenses				
Program	538,794	-	538,794	522,760
General and administrative	58,296	-	58,296	49,980
Fundraising	54,241	-	54,241	34,405
Total Expenses	<u>651,331</u>	<u>-</u>	<u>651,331</u>	<u>607,145</u>
Change in Net Assets	1,482	(15,386)	(13,904)	(10,324)
Net Assets, beginning of year	148,851	15,386	164,237	174,561
Net Assets, end of year	<u>\$ 150,333</u>	<u>\$ -</u>	<u>\$ 150,333</u>	<u>\$ 164,237</u>

See Independent Accountants' Review Report
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San Francisco Bay Bird Observatory

Statement of Cash Flows

For the Year Ended December 31, 2013

(With Comparative Totals for the Year Ended December 31, 2012)

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Change in net assets	\$ (13,904)	\$ (10,324)
Adjustments to reconcile change in net assets to cash (used) provided by operating activities:		
Depreciation and loss on disposition	4,289	7,036
Loss on disposition of fixed assets	-	31
Change in assets and liabilities:		
Accounts receivable	(3,076)	(2,227)
Grants receivable	(15,102)	134,267
Pledges receivable	(954)	306
Prepaid expenses	618	(1,886)
Deposits	(365)	(400)
Accounts payable and accrued expenses	(2,736)	(84,815)
Net cash provided (used) by operating activities	<u>(31,230)</u>	<u>41,988</u>
Cash flows from investing activities:		
Purchase of new equipment	<u>(1,117)</u>	
Net cash used by investing activities	<u>(1,117)</u>	<u>-</u>
 Net change in cash and cash equivalents	 <u>(32,347)</u>	 <u>41,988</u>
 Cash and cash equivalents, beginning of year	 <u>114,988</u>	 <u>73,000</u>
 Cash and cash equivalents, end of year	 <u>\$ 82,641</u>	 <u>\$ 114,988</u>
 Supplemental Disclosure:		
Interest paid	<u>\$ -</u>	<u>\$ 14</u>

See Independent Accountants' Review Report
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San Francisco Bay Bird Observatory

Statement of Functional Expenses
For the Year Ended December 31, 2013
(With Comparative Totals for the Year Ended December 31, 2012)

	Program		Outreach	Total Program	General and Administrative	Fundraising	Totals	
	Habitats	Science					2013	2012
Salaries	\$ 69,391	\$ 181,855	\$ 28,585	\$ 279,831	\$ 22,887	\$ 22,668	\$ 325,386	\$ 360,332
Employee benefits	411	15,659	3,528	19,598	203	3,491	23,292	20,587
Payroll taxes	6,243	16,878	2,755	25,876	2,452	1,983	30,311	34,899
Total Personnel	76,045	214,392	34,868	325,305	25,542	28,142	378,989	415,818
Grants		6,000		6,000	-	-	6,000	1,750
Accounting					5,950		5,950	4,550
Fees for service	21,289	67,592	4,377	93,258	12,864	2,778	108,900	70,613
Supplies	6,657	29,087	5,805	41,549	3,302	9,066	53,917	19,904
Telephone	312	2,285	310	2,907	154	162	3,223	2,011
Postage and shipping	167	655	90	912	505	3,232	4,649	4,498
Equipment rental and maintenance	9	38	6	53	5	87	145	66
Information technology	2,065	8,660	1,257	11,982	1,029	1,457	14,468	6,471
Printing and publications	79	333	48	460	1,808	5,153	7,421	6,480
Occupancy	9,277	22,195	2,351	33,823	2,808	1,997	38,628	35,656
Travel and meals	2,015	11,692	1,796	15,503	993	1,245	17,741	26,192
Conferences, conventions, meetings	643	897	604	2,144	331	653	3,128	2,384
Interest								14
Depreciation	613	2,835	316	3,764	256	269	4,289	7,036
Insurance					2,482		2,482	2,488
Dues, licenses, service fees					225		225	1,183
Loss on disposition								31
Miscellaneous		1,134		1,134	42		1,176	-
Total Expenses	\$ 119,171	\$ 367,795	\$ 51,828	\$ 538,794	\$ 58,296	\$ 54,241	\$ 651,331	\$ 607,145

See Independent Accountants' Review Report
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SAN FRANCISCO BAY BIRD OBSERVATORY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2012)

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, 2013.

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, 2013.

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, 2013**

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2012)

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, 2013. 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, 2013 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, 2013

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2012)

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, 2013.

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, 2013**

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2012)

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, 2012, 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 17, 2014 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>2013</u>	<u>2012</u>
Furniture and equipment	\$ 39,494	\$ 39,512
Vehicles	20,160	20,160
Leasehold improvements	7,900	7,900
Less accumulated depreciation	<u>(64,118)</u>	<u>(60,964)</u>
Total	<u>\$ 3,436</u>	<u>\$ 6,608</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, 2013**

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2012)

NOTE 5: TEMPORARILY RESTRICTED NET ASSETS

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>2013</u>	<u>2012</u>
Coyote Creek	\$ 20,860	\$ 4,233
San Jose Watershed	-	603
Chile Bird Taxonomy	-	245
Snowy Plover	-	20,000
Gull Hazing	-	<u>22,936</u>
Total	<u>\$ 20,860</u>	<u>\$ 48,017</u>

NOTE 6: BOARD-DESIGNATED NET ASSETS

As of December 31, 2013 and 2012, 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>2013</u>	<u>2012</u>
Professional services	\$ 79,872	\$ 58,834
Goods	37,989	8,485
Facility rental	<u>27,048</u>	<u>26,118</u>
Total	<u>\$ 144,909</u>	<u>\$ 93,437</u>

NOTE 9: RELATED PARTY TRANSACTIONS

During the year ended December 31, 2013, the Organization paid \$21,875 to a board member for professional services rendered in support of the Organization's research.