
SAN FRANCISCO BAY BIRD OBSERVATORY

FINANCIAL STATEMENTS

December 31, 2018

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2017)

CROSBY & KANEDA

Certified Public Accountants
for 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 financial statements of San Francisco Bay Bird Observatory (the Organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements. 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'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.

Accountants' Responsibility


Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

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 accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

The accompanying summarized comparative information as of and for the year ended December 31, 2017 is derived from financials that were previously reviewed by us and we stated that we were not aware of any material modifications that should be made to those financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America in our report dated April 13, 2018. We have not performed procedures in connection with that review engagement since that date.


Oakland, California
April 12, 2019

SAN FRANCISCO BAY BIRD OBSERVATORY

Statement of Financial Position

December 31, 2018

(With Comparative Totals as of December 31, 2017)

	<u>2018</u>	<u>2017</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 108,351	\$ 139,322
Accounts receivable	129,873	154,407
Pledges receivable	8,048	8,754
Prepaid expenses	22,870	27,313
Total Current Assets	<u>269,142</u>	<u>329,796</u>
Property and equipment, net (Note 3)	15,121	23,290
Deposits	<u>2,155</u>	<u>2,455</u>
Total Assets	<u>\$ 286,418</u>	<u>\$ 355,541</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 51,372	\$ 115,242
Deferred revenue	55,705	44,256
Total Liabilities	<u>107,077</u>	<u>159,498</u>
Commitments and Contingencies (Notes 4 and 5)		
Net Assets		
Without donor restrictions	171,426	173,872
With donor restrictions (Note 6)	7,915	22,171
Total Net Assets	<u>179,341</u>	<u>196,043</u>
Total Liabilities and Net Assets	<u>\$ 286,418</u>	<u>\$ 355,541</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, 2018
(With Comparative Totals for the Year Ended December 31, 2017)**

	Without donor restrictions	With donor restrictions	Totals	
			2018	2017
Support and Revenue				
Support				
Government	\$ 344,581		\$ 344,581	\$ 639,490
Contributions	72,272	22,867	95,139	79,353
Foundation and corporate support	30,542	18,750	49,292	8,172
Membership dues	32,465		32,465	29,670
In-kind contributions (Note 8)	157,267		157,267	141,312
Total Support	<u>637,127</u>	<u>41,617</u>	<u>678,744</u>	<u>897,997</u>
Revenue				
Program fees	227,328		227,328	178,112
Interest	526		526	13
Other	398		398	-
Total Revenue	<u>228,252</u>	<u>-</u>	<u>228,252</u>	<u>178,125</u>
Support provided by expiring time and purpose restrictions (Note 6)	<u>55,873</u>	<u>(55,873)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>921,252</u>	<u>(14,256)</u>	<u>906,996</u>	<u>1,076,122</u>
Expenses				
Program	816,203		816,203	981,321
Management and general	52,020		52,020	48,014
Fundraising	55,475		55,475	49,354
Total Expenses	<u>923,698</u>	<u>-</u>	<u>923,698</u>	<u>1,078,689</u>
Change in Net Assets	(2,446)	(14,256)	(16,702)	(2,567)
Net Assets, beginning of year	<u>173,872</u>	<u>22,171</u>	<u>196,043</u>	<u>198,610</u>
Net Assets, end of year	<u>\$ 171,426</u>	<u>\$ 7,915</u>	<u>\$ 179,341</u>	<u>\$ 196,043</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, 2018
(With Comparative Totals for the Year Ended December 31, 2017)**

	2018	2017
Cash flows from operating activities:		
Change in net assets	\$ (16,702)	\$ (2,567)
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Depreciation	8,352	8,496
Loss on disposition	3,522	-
Donated fixed assets	(3,705)	(4,193)
Change in assets and liabilities:		
Accounts receivable	24,534	93,850
Grants receivable	-	500
Pledges receivable	706	625
Prepaid expenses	4,443	(3,970)
Deposits	300	(300)
Accounts payable and accrued expenses	(63,870)	(68,806)
Deferred revenue	11,449	4,960
Net cash provided (used) by operating activities	(30,971)	28,595
Net change in cash and cash equivalents	(30,971)	28,595
Cash and cash equivalents, beginning of year	139,322	110,727
Cash and cash equivalents, end of year	\$ 108,351	\$ 139,322
Supplemental Disclosure:		
Donated fixed assets	\$ 3,705	\$ 4,193

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SAN FRANCISCO BAY BIRD OBSERVATORY

**Statement of Functional Expenses
For the Year Ended December 31, 2018
(With Comparative Totals for the Year Ended December 31, 2017)**

	Program			Total Program	Management and general	Fundraising	Totals	
	Avian	Habitats	Outreach				2018	2017
Salaries	\$ 239,373	\$ 178,751	\$ 41,398	\$ 459,522	\$ 30,330	\$ 30,088	\$ 519,940	\$ 516,878
Employee benefits	16,389	2,209	5,037	23,635	253	2,784	26,672	35,215
Payroll taxes	20,725	15,425	3,435	39,585	2,667	2,466	44,718	48,525
Total Personnel	<u>276,487</u>	<u>196,385</u>	<u>49,870</u>	<u>522,742</u>	<u>33,250</u>	<u>35,338</u>	<u>591,330</u>	<u>600,618</u>
Grants	5,950			5,950	-	-	5,950	11,850
Fees for service	37,408	11,993	450	49,851	9,340	2,318	61,509	220,868
Office expenses	7,792	21,431	1,411	30,634	314	8,507	39,455	44,250
Information technology	6,580	4,074	965	11,619	566	856	13,041	12,965
Occupancy	5,335	2,598	1,982	9,915	347	495	10,757	9,822
Travel	12,787	8,804	2,151	23,742	656	2,459	26,857	23,150
Conferences and meetings	55	200	85	340	20	605	965	3,595
Depreciation	5,590	1,769	419	7,778	237	337	8,352	8,496
Insurance				-	4,526	-	4,526	4,098
Loss on asset disposal	2,224	832	197	3,253	111	158	3,522	-
Donated goods	13,000	8,986	2,820	24,806	1,358	1,967	28,131	22,810
Donated facilities and service	106,190	12,289	3,805	122,284	799	2,348	125,431	114,717
Other expenses	1,395	1,776	118	3,289	496	87	3,872	1,450
Total Expenses	<u>\$ 480,793</u>	<u>\$ 271,137</u>	<u>\$ 64,273</u>	<u>\$ 816,203</u>	<u>\$ 52,020</u>	<u>\$ 55,475</u>	<u>\$ 923,698</u>	<u>\$ 1,078,689</u>

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SAN FRANCISCO BAY BIRD OBSERVATORY

Notes to the Financial Statements For the Year Ended December 31, 2018 (With Comparative Totals for the Year Ended December 31, 2017)

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).

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net assets without donor restrictions – are resources available to support operations. The only limits on the use of the net assets are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions – are resources that are restricted by a donor for use for a particular purpose or in a particular period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Organization must continue to use the resources in accordance with the donor's instructions.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor imposed restrictions. Net assets restricted for acquisition of building or equipment (or less commonly, the contribution of those net assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Organization, unless the donor provides more specific directions about the period of its use.

Classification of Transactions

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for

SAN FRANCISCO BAY BIRD OBSERVATORY

Notes to the Financial Statements For the Year Ended December 31, 2018 (With Comparative Totals for the Year Ended December 31, 2017)

a particular purpose or in a future period. All expenses and net losses are reported as decreases in net assets without donor restrictions.

Accounting for Contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless the contributed assets are specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Accounts Receivable

Accounts receivable are primarily unsecured non-interest bearing amounts due from grantors on cost reimbursement or performance grants and customers on performance contracts. The Organization considers all accounts receivable to be fully collectible at December 31, 2018. 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.

Contributions Receivable

Contributions receivable including pledges and grants receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. The Organization evaluates the discount to present value for long term receivables and records the discount if material for presentation. The Organization considers all contributions receivable to be fully collectible at December 31, 2018. 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, 2018 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.

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**Notes to the Financial Statements
For the Year Ended December 31, 2018
(With Comparative Totals for the Year Ended December 31, 2017)**

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.

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, 2018.

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
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**Notes to the Financial Statements
For the Year Ended December 31, 2018
(With Comparative Totals for the Year Ended December 31, 2017)**

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.

Deferred Revenue

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

Expense Recognition and Allocation

The cost of providing the Organization's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions using a reasonable allocation method that is consistently applied.

All employees prepare timesheets for each payroll period and account for all hours worked, both billable and non-billable. Hours are charged to activities and projects within programs. The Organization currently tracks expenses and hours against the following programs: Administration, Fundraising, Habitats, Avian Science, Outreach and Education and Shared (general and common expenses). The Executive Director's salary and benefits, when unidentifiable, are charged to Shared, along with other overhead items such as occupancy costs, general supplies, general travel, outside computer services and general depreciation. Shared costs are allocated to the other programs on the basis of employee hours charged to those programs.

Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Organization generally does not conduct fundraising activities in conjunction with its other activities. In the cases in which it does, joint costs have been allocated between fundraising and other expense categories in accordance with standards for accounting for costs of activities that include fundraising.

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

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**Notes to the Financial Statements
For the Year Ended December 31, 2018
(With Comparative Totals for the Year Ended December 31, 2017)**

be read in conjunction with the Organization's financial statements for the year ended December 31, 2017, 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 12, 2019 the date that the financial statements were available to be issued, there were no significant subsequent events to disclose.

Changes in Accounting Principles

The Organization implemented FASB ASU No. 2016-14 in the current year, applying the changes retrospectively. The new standards change the following aspects of the financial statements:

The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.

The unrestricted net asset class has been renamed net assets without donor restrictions.

The financial statements statement of position is classified and additional disclosures about liquidity and availability of resources are made in the notes to the financial statements.

The changes have the following effect on net assets at December 31, 2017:

Net Asset Class:	As Originally Presented	After Change in Principal
Unrestricted net assets	\$ 173,872	\$ -
Temporarily restricted net assets	22,171	-
Net assets without donor restrictions	-	173,872
Net assets with donor restrictions	-	22,171
Total	<u>\$ 196,043</u>	<u>\$ 196,043</u>

NOTE 3: PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2018</u>	<u>2017</u>
Furniture and equipment	\$ 62,682	\$ 68,940
Vehicles	17,071	26,849
Leasehold improvements	7,900	7,900
Less accumulated depreciation	<u>(72,532)</u>	<u>(80,399)</u>
Total	<u>\$ 15,121</u>	<u>\$ 23,290</u>

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**Notes to the Financial Statements
For the Year Ended December 31, 2018
(With Comparative Totals for the Year Ended December 31, 2017)**

NOTE 4: COMMITMENTS

Operating Lease

The Organization is party to a copier lease which expires in June 2021. Future minimum lease payments were as follows for the years ended December 31:

2019	\$ 1,584
2020	1,584
2021	<u>660</u>
Total	<u>\$ 3,828</u>

NOTE 5: 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.

NOTE 6: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available as follows as of December 31:

	<u>2018</u>	<u>2017</u>
Breeding Bird Atlas	\$ 3,510	\$ -
Coyote Creek Field Station	-	3,044
Fish and Wildlife Conservation	-	2,596
Snowy Plover	<u>4,405</u>	<u>16,531</u>
Total	<u>\$ 7,915</u>	<u>\$ 22,171</u>

Net assets with donor restrictions were released from donor restriction by incurring expenses satisfying the purposes specified by donors as follows during the years ended December 31:

	<u>2018</u>	<u>2017</u>
Coyote Creek	\$ 8,471	\$ 8,963
Fish and Wildlife Conservation	2,596	7,402
Outreach Education	13,930	12,030
Save Mount Diablo	-	1,085
Snowy Plover	<u>30,876</u>	<u>10,457</u>
Total	<u>\$ 55,873</u>	<u>\$ 39,937</u>

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**Notes to the Financial Statements
For the Year Ended December 31, 2018
(With Comparative Totals for the Year Ended December 31, 2017)**

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 years ended December 31:

	<u>2018</u>	<u>2017</u>
Professional services	\$ 88,281	\$ 76,905
Goods	31,836	26,595
Facility rental	<u>37,150</u>	<u>37,812</u>
Total	<u>\$ 157,267</u>	<u>\$ 141,312</u>

NOTE 9: LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2018 are:

Financial assets:	
Cash and cash equivalents	\$ 108,351
Accounts receivable	129,873
Pledges receivable	<u>8,048</u>
Total financial assets	246,272
Less financial assets held to meet donor-imposed restrictions:	
Purpose-restricted net assets	<u>(7,915)</u>
Amount available for general expenditures within one year	<u>\$ 238,357</u>

As part of the Organization's liquidity management plan, the Organization maintains cash in excess of daily requirements in cash and cash equivalents accounts that it has ready access to.