
SAN FRANCISCO BAY BIRD OBSERVATORY

FINANCIAL STATEMENTS

December 31, 2019

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2018)

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, 2019, 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, 2018 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 12, 2019. We have not performed procedures in connection with that review engagement since that date.


Oakland, California
August 15, 2020

SAN FRANCISCO BAY BIRD OBSERVATORY

Statement of Financial Position

December 31, 2019

(With Comparative Totals as of December 31, 2018)

	<u>2019</u>	<u>2018</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 122,521	\$ 108,351
Accounts receivable	187,193	129,873
Pledges receivable	-	8,048
Prepaid expenses	15,827	22,870
Total Current Assets	<u>325,541</u>	<u>269,142</u>
Property and equipment, net (Note 3)	10,633	15,121
Deposits	<u>2,155</u>	<u>2,155</u>
Total Assets	<u>\$ 338,329</u>	<u>\$ 286,418</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 87,202	\$ 42,749
Accrued vacation	11,698	8,623
Deferred revenue	<u>26,657</u>	<u>55,705</u>
Total Liabilities	<u>125,557</u>	<u>107,077</u>
Net Assets		
Without donor restrictions	188,272	171,426
With donor restrictions (Note 6)	<u>24,500</u>	<u>7,915</u>
Total Net Assets	<u>212,772</u>	<u>179,341</u>
Total Liabilities and Net Assets	<u>\$ 338,329</u>	<u>\$ 286,418</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, 2019
(With Comparative Totals for the Year Ended December 31, 2018)**

	Without donor restrictions	With donor restrictions	Totals	
			2019	2018
Support and Revenue				
Support				
Government	\$ 499,390	\$	\$ 499,390	\$ 344,581
Contributions	75,554	9,689	85,243	95,139
Foundation and corporate support	90,309	40,950	131,259	49,292
Membership dues	29,762		29,762	32,465
In-kind contributions (Note 8)	173,279		173,279	157,267
Total Support	<u>868,294</u>	<u>50,639</u>	<u>918,933</u>	<u>678,744</u>
Revenue				
Program fees	254,364		254,364	227,328
Interest and other	1,048		1,048	924
Total Revenue	<u>255,412</u>	<u>-</u>	<u>255,412</u>	<u>228,252</u>
Support provided by expiring time and purpose restrictions	<u>34,054</u>	<u>(34,054)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>1,157,760</u>	<u>16,585</u>	<u>1,174,345</u>	<u>906,996</u>
Expenses				
Program	1,000,655		1,000,655	816,203
Management and general	69,985		69,985	52,020
Fundraising	70,274		70,274	55,475
Total Expenses	<u>1,140,914</u>	<u>-</u>	<u>1,140,914</u>	<u>923,698</u>
Change in Net Assets	16,846	16,585	33,431	(16,702)
Net Assets, beginning of year	<u>171,426</u>	<u>7,915</u>	<u>179,341</u>	<u>196,043</u>
Net Assets, end of year	<u>\$ 188,272</u>	<u>\$ 24,500</u>	<u>\$ 212,772</u>	<u>\$ 179,341</u>

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SAN FRANCISCO BAY BIRD OBSERVATORY

**Statement of Cash Flows
For the Year Ended December 31, 2019
(With Comparative Totals for the Year Ended December 31, 2018)**

	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ 33,431	\$ (16,702)
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Depreciation	7,661	8,352
Loss on disposition	-	3,522
Donated fixed assets	-	(3,705)
Change in assets and liabilities:		
Accounts receivable	(57,320)	24,534
Pledges receivable	8,048	706
Prepaid expenses	7,043	4,443
Deposits	-	300
Accounts payable and accrued expenses	44,453	(63,870)
Accrued vacation	3,075	-
Deferred revenue	(29,048)	11,449
Net cash provided (used) by operating activities	17,343	(30,971)
Cash flows from investing activities:		
Purchase of new equipment	(3,173)	-
Net cash provided (used) by investing activities	(3,173)	-
Net change in cash and cash equivalents	14,170	(30,971)
Cash and cash equivalents, beginning of year	108,351	139,322
Cash and cash equivalents, end of year	\$ 122,521	\$ 108,351
Supplemental Disclosure:		
Donated fixed assets	\$ -	\$ 3,705

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SAN FRANCISCO BAY BIRD OBSERVATORY

**Statement of Functional Expenses
For the Year Ended December 31, 2019
(With Comparative Totals for the Year Ended December 31, 2018)**

	Program			Total Program	Management and general	Fundraising	Totals	
	Avian	Habitats	Outreach				2019	2018
Salaries	\$ 257,407	\$ 164,838	\$ 60,037	\$ 482,282	\$ 27,161	\$ 34,234	\$ 543,677	\$ 519,940
Employee benefits	15,298	7,992	7,274	30,564	401	1,897	32,862	26,672
Payroll taxes	20,415	12,648	5,092	38,155	2,866	3,453	44,474	44,718
Total Personnel	<u>293,120</u>	<u>185,478</u>	<u>72,403</u>	<u>551,001</u>	<u>30,428</u>	<u>39,584</u>	<u>621,013</u>	<u>591,330</u>
Grants	5,500	-	-	5,500	-	-	5,500	5,950
Fees for service - other	213,934	1,471	1,450	216,855	19,157	2,307	238,319	61,509
Supplies and office expenses	14,558	7,984	560	23,102	5,816	9,025	37,943	39,455
Information technology	7,802	3,137	904	11,843	596	718	13,157	13,041
Occupancy	7,501	2,933	845	11,279	528	670	12,477	10,757
Travel	11,287	6,590	3,462	21,339	963	1,174	23,476	26,857
Conferences and meetings	1,091	322	45	1,458	382	2,314	4,154	965
Depreciation	5,494	1,277	368	7,139	230	292	7,661	8,352
Insurance	-	-	-	-	3,935	-	3,935	4,526
Donated goods	14,567	7,479	2,081	24,127	1,828	10,528	36,483	28,131
Donated facilities and service	111,253	12,722	3,037	127,012	6,122	3,662	136,796	125,431
Other expenses	-	-	-	-	-	-	-	7,394
Total Expenses	<u>\$ 686,107</u>	<u>\$ 229,393</u>	<u>\$ 85,155</u>	<u>\$ 1,000,655</u>	<u>\$ 69,985</u>	<u>\$ 70,274</u>	<u>\$ 1,140,914</u>	<u>\$ 923,698</u>

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Notes to the Financial Statements For the Year Ended December 31, 2019 (With Comparative Totals for the Year Ended December 31, 2018)

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

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Notes to the Financial Statements For the Year Ended December 31, 2019 (With Comparative Totals for the Year Ended December 31, 2018)

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.

Accounting for Program Fees

The organization contracts with third parties in support of habitat restoration and other work. The Organization recognizes revenue related to such work overtime as the related work is performed. The Organization generally bills on an hourly basis for such work. In limited cases the Organization may charge a flat rate per activity, none of which extend beyond one month in duration.

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, 2019. 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, 2019. 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 IRC 501(c)(3) and California RTC 23701(d). The Organization has evaluated its current tax positions as of December 31, 2019 and is not aware of any significant uncertain tax positions for which

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Notes to the Financial Statements For the Year Ended December 31, 2019 (With Comparative Totals for the Year Ended December 31, 2018)

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.

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, 2019.

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 \$1,000; the fair value of donated fixed assets is similarly capitalized. Depreciation is computed using the

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Notes to the Financial Statements For the Year Ended December 31, 2019 (With Comparative Totals for the Year Ended December 31, 2018)

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.

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

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**Notes to the Financial Statements
For the Year Ended December 31, 2019
(With Comparative Totals for the Year Ended December 31, 2018)**

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, 2018, 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.

NOTE 3: PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2019</u>	<u>2018</u>
Furniture and equipment	\$ 65,855	\$ 62,682
Vehicles	17,071	17,071
Leasehold improvements	7,900	7,900
Less accumulated depreciation	<u>(80,193)</u>	<u>(72,532)</u>
Total	<u>\$ 10,633</u>	<u>\$ 15,121</u>

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:

2020	\$ 1,584
2021	<u>660</u>
Total	<u>\$ 2,244</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>2019</u>	<u>2018</u>
Breeding Bird Atlas	\$ 343	\$ 3,510
Coyote Creek Field Station	21,827	-
Snowy Plover	<u>2,330</u>	<u>4,405</u>
Total	<u>\$ 24,500</u>	<u>\$ 7,915</u>

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

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>2019</u>	<u>2018</u>
Skilled services	\$ 91,966	\$ 88,281
Goods	36,483	31,836
Facility rental	<u>44,830</u>	<u>37,150</u>
Total	<u>\$ 173,279</u>	<u>\$ 157,267</u>

Skilled Services

Skilled services consisted primarily of donated time from biologists who assist with field work and data analysis. The Organization received approximately 5,692 hours of donated services which it valued at an average hourly rate of \$16.16 during the year ended December 31, 2019.

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, 2019 are:

Cash and cash equivalents	\$ 122,521
Accounts receivable	187,193
Less: Purpose-restricted net assets	<u>(24,500)</u>
Amount available for general expenditures within one year	<u>\$ 285,214</u>

As part of the Organization's liquidity management plan, the Organization maintains cash in excess of immediate requirements in cash and cash equivalents including money market accounts.

NOTE 10: SUBSEQUENT EVENTS

The Organization has evaluated subsequent events and has concluded that as of August 15, 2020, the date that the financial statements were available to be issued, there were no significant subsequent events to disclose beyond the following:

Public Health Order - Coronavirus

The Organization operates in an area which was affected by the COVID-19 coronavirus, and in March 2020 the area the Organization operates in was subject to a public health order which affected activities of the Organization.