
SAN FRANCISCO BAY BIRD OBSERVATORY FINANCIAL STATEMENTS

December 31, 2012

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2011)

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

CROSBY & KANEDACertified Public Accountants

Dedicated to Nonprofit Organizations

Latham Square Building
1611 Telegraph Ave. Suite 318
Oakland, CA 94612-2151
Tel: 510 · 835 · CPAS (2727)
Fax: 510 · 835 · 5711
e-mail: admin@ckcpa.biz**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, 2012, 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.

Adele Kaneda

Certified Public Accountants
Oakland, California
March 18, 2013

San Francisco Bay Bird Observatory

Statement of Financial Position
December 31, 2012
(With Comparative Totals for December 31, 2011)

	<u>2012</u>	<u>2011</u>
Assets		
Current Assets		
Cash	\$ 114,988	\$ 73,000
Accounts receivable	17,048	14,821
Grants receivable	26,497	160,764
Pledges receivable	9,900	10,206
Prepaid expenses	12,848	10,962
Total Current Assets	<u>181,281</u>	<u>269,753</u>
Property and equipment, net (Note 3)	6,608	13,675
Deposits	<u>1,750</u>	<u>1,350</u>
Total Assets	<u>\$ 189,639</u>	<u>\$ 284,778</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	<u>\$ 25,402</u>	<u>\$ 110,217</u>
Total Current Liabilities	25,402	110,217
Contingencies (Note 4)		
Net Assets		
Board-designated (Note 6)	30,611	30,611
Undesignated	118,240	123,102
Unrestricted	<u>148,851</u>	<u>153,713</u>
Temporarily restricted (Note 5)	15,386	20,848
Total Net Assets	<u>164,237</u>	<u>174,561</u>
Total Liabilities and Net Assets	<u>\$ 189,639</u>	<u>\$ 284,778</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, 2012
(With Comparative Totals for the Year Ended December 31, 2011)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>	
			2012	2011
Support and Revenue				
Support				
Government	\$ 264,951	\$	\$ 264,951	\$ 322,533
Contributions	47,093	2,119	49,212	61,831
Foundation and corporate support	7,679	40,436	48,115	27,539
Membership dues	27,790		27,790	28,760
In-kind contributions (Note 7)	93,437		93,437	88,740
Total Support	<u>440,950</u>	<u>42,555</u>	<u>483,505</u>	<u>529,403</u>
Revenue				
Program fees	113,135		113,135	93,736
Interest	38		38	134
Other	143		143	3,112
Total Revenue	<u>113,316</u>	<u>-</u>	<u>113,316</u>	<u>96,982</u>
Net assets released from donor restrictions (Note 5)	<u>48,017</u>	<u>(48,017)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>602,283</u>	<u>(5,462)</u>	<u>596,821</u>	<u>626,385</u>
Expenses				
Program	522,760		522,760	498,797
General and administrative	49,980		49,980	54,417
Fundraising	34,405		34,405	106,211
Total Expenses	<u>607,145</u>	<u>-</u>	<u>607,145</u>	<u>659,425</u>
Change in Net Assets	(4,862)	(5,462)	(10,324)	(33,040)
Net Assets, beginning of year	<u>153,713</u>	<u>20,848</u>	<u>174,561</u>	<u>207,601</u>
Net Assets, end of year	<u>\$ 148,851</u>	<u>\$ 15,386</u>	<u>\$ 164,237</u>	<u>\$ 174,561</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, 2012
(With Comparative Totals for the Year Ended December 31, 2011)**

	2012	2011
Cash flows from operating activities:		
Change in net assets	\$ (10,324)	\$ (33,040)
Adjustments to reconcile change in net assets to cash (used) provided by operating activities:		
Depreciation and loss on disposition	7,036	7,812
Loss on disposition of fixed assets	31	-
Realized loss	-	78
Donated fixed assets	-	(2,883)
Change in assets and liabilities:		
Accounts receivable	(2,227)	14,746
Grants receivable	134,267	(140,389)
Pledges receivable	306	(3,137)
Prepaid expenses	(1,886)	(181)
Deposits	(400)	(1,350)
Accounts payable and accrued expenses	(84,815)	79,815
Net cash provided (used) by operating activities	41,988	(78,529)
Cash flows from investing activities:		
Proceeds from sale of investments	-	1,773
Net cash provided by investing activities	-	1,773
Net change in cash	41,988	(76,756)
Cash, beginning of year	73,000	149,756
Cash, end of year	\$ 114,988	\$ 73,000
Supplemental Disclosure:		
Interest paid	\$ 14	\$ 593

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, 2012
(With Comparative Totals for the Year Ended December 31, 2011)

	Program				Totals			
	Habitats	Science	Outreach	Total Program	General and administrative	Fundraising	2012	2011
Salaries	\$ 104,804	\$ 186,490	\$ 33,065	\$ 324,359	\$ 27,876	\$ 8,097	\$ 360,332	\$ 326,942
Employee benefits	1,790	15,008	2,752	19,550	630	407	20,587	18,568
Payroll taxes	8,913	18,117	3,954	30,984	3,071	844	34,899	30,929
Total Personnel	115,507	219,615	39,771	374,893	31,577	9,348	415,818	376,439
Grants	1,750			1,750			1,750	
Accounting					4,550		4,550	7,482
Fees for service	6,209	54,047	1,710	61,966	2,220	6,427	70,613	117,754
Supplies	2,989	7,657	1,409	12,055	2,475	5,374	19,904	48,748
Telephone	317	1,387	124	1,828	111	72	2,011	1,906
Postage and shipping	210	633	85	928	105	3,465	4,498	8,335
Equipment rental and maintenance						66	66	330
Information technology	1,329	3,455	520	5,304	506	661	6,471	7,159
Printing and publications	84	431	74	589	188	5,703	6,480	9,644
Occupancy	11,488	17,658	2,442	31,588	2,575	1,493	35,656	38,054
Travel and meals	4,479	16,599	1,767	22,845	2,360	987	26,192	25,521
Conferences, conventions, meetings	247	1,090	614	1,951	13	420	2,384	1,782
Interest					14		14	593
Depreciation	998	5,069	391	6,458	351	227	7,036	7,812
Insurance					2,488		2,488	2,054
Dues, licenses, service fees	88	496	21	605	416	162	1,183	882
Loss on disposition					31		31	
Miscellaneous								4,930
Total Expenses	\$ 143,945	\$ 329,887	\$ 48,928	\$ 522,760	\$ 49,980	\$ 34,405	\$ 607,145	\$ 659,425

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, 2012**

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2011)

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, 2012.

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, 2012**

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2011)

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.

The Organization considers all contributions to be fully collectible at December 31, 2012. 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, 2012 and is not aware of any significant uncertain tax positions for which a reserve would be necessary.

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.

SAN FRANCISCO BAY BIRD OBSERVATORY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2011)

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, 2012.

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 and a useful life greater than 3 years; 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.

Revenue and Deferred Revenue

The Organization recognizes revenue when earned and realizable. Program fees consisted primarily of revenue for work related to bird habitat restoration, monitoring, classes and workshops. There was no deferred revenue 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.

SAN FRANCISCO BAY BIRD OBSERVATORY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2011)

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, 2011, 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 March 18, 2013 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>2012</u>	<u>2011</u>
Furniture and equipment	\$ 39,512	\$ 45,103
Vehicles	20,160	20,160
Leasehold improvements	7,900	7,900
Less accumulated depreciation	<u>(60,964)</u>	<u>(59,488)</u>
Total	<u>\$ 6,608</u>	<u>\$ 13,675</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.

NOTE 5: TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2012</u>	<u>2011</u>
Coyote Creek	\$ 15,386	\$ -
San Jose Watershed	-	603
Chile Bird Taxonomy	-	245
Snowy Plover	-	<u>20,000</u>
Total	<u>\$ 15,386</u>	<u>\$ 20,848</u>

SAN FRANCISCO BAY BIRD OBSERVATORY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2011)

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>2012</u>	<u>2011</u>
Coyote Creek	\$ 4,233	\$ 450
San Jose Watershed	603	-
Chile Bird Taxonomy	245	1,255
Snowy Plover	20,000	-
Gull Hazing	<u>22,936</u>	<u>-</u>
Total	<u>\$ 48,017</u>	<u>\$ 1,705</u>

NOTE 6: BOARD-DESIGNATED NET ASSETS

As of December 31, 2012 and 2011, the Organization had \$30,611 of unrestricted net assets designated by the board of directors for capital improvements.

NOTE 7: IN-KIND CONTRIBUTIONS

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

	<u>2012</u>	<u>2011</u>
Professional services	\$ 58,834	\$ 52,975
Goods	8,485	6,520
Facility rental	<u>26,118</u>	<u>29,245</u>
Total	<u>\$ 93,437</u>	<u>\$ 88,740</u>

NOTE 8: 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. Approximately 36% of total revenue and support comes from two sources.