
SAN FRANCISCO BAY BIRD OBSERVATORY FINANCIAL STATEMENTS

December 31, 2011

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2010)

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, 2011, 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.

Crosby & Kaneda

Certified Public Accountants
Oakland, California
April 10, 2012

San Francisco Bay Bird Observatory

Statement of Financial Position
December 31, 2011
(With Comparative Totals for December 31, 2010)

| Assets | 2011 | 2010 |
|---------------------------------------|-------------------|-------------------|
| Current Assets | | |
| Cash and cash equivalents | \$ 73,000 | \$ 149,756 |
| Investments (Note 3) | - | 1,851 |
| Accounts receivable | 14,821 | 29,567 |
| Grants receivable (Note 4) | 160,764 | 20,375 |
| Pledges receivable | 10,206 | 7,069 |
| Prepaid expenses | 10,962 | 10,781 |
| Total Current Assets | <u>269,753</u> | <u>219,399</u> |
| Property and equipment, net (Note 5) | 13,675 | 18,604 |
| Deposits | <u>1,350</u> | <u>-</u> |
| Total Assets | <u>\$ 284,778</u> | <u>\$ 238,003</u> |
| Liabilities and Net Assets | | |
| Current Liabilities | | |
| Accounts payable and accrued expenses | <u>110,217</u> | <u>30,402</u> |
| Total Current Liabilities | 110,217 | 30,402 |
| Contingencies (Note 6) | | |
| Net Assets | | |
| Board-designated (Note 8) | 30,611 | 30,611 |
| Undesignated | <u>123,102</u> | <u>176,387</u> |
| Unrestricted | 153,713 | 206,998 |
| Temporarily restricted (Note 7) | <u>20,848</u> | <u>603</u> |
| Total Net Assets | <u>174,561</u> | <u>207,601</u> |
| Total Liabilities and Net Assets | <u>\$ 284,778</u> | <u>\$ 238,003</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, 2011
(With Comparative Totals for the Year Ended December 31, 2010)**

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Totals</u> | |
|--|---------------------|-----------------------------------|-------------------|-------------------|
| | | | <u>2011</u> | <u>2010</u> |
| Support and Revenue | | | | |
| Government | \$ 322,533 | \$ | \$ 322,533 | \$ 115,608 |
| Contributions | 59,881 | 1,950 | 61,831 | 63,920 |
| Foundation and corporate support | 7,539 | 20,000 | 27,539 | 7,239 |
| Membership dues | 28,760 | | 28,760 | 31,176 |
| Program fees | 93,736 | | 93,736 | 171,486 |
| In-kind contributions (Note 8) | 88,740 | | 88,740 | 94,956 |
| Interest | 134 | | 134 | 729 |
| Unrealized gain (loss) | (55) | | (55) | 240 |
| Realized loss | (23) | | (23) | - |
| Other | 3,190 | | 3,190 | 3,289 |
| Net assets released from restrictions (Note 7) | 1,705 | (1,705) | - | - |
| Total Support and Revenue | <u>606,140</u> | <u>20,245</u> | <u>626,385</u> | <u>488,643</u> |
| Expenses | | | | |
| Program | 498,797 | | 498,797 | 375,563 |
| General and administrative | 54,417 | | 54,417 | 77,482 |
| Fundraising | 106,211 | | 106,211 | 135,066 |
| Total Expenses | <u>659,425</u> | <u>-</u> | <u>659,425</u> | <u>588,111</u> |
| Change in Net Assets | (53,285) | 20,245 | (33,040) | (99,468) |
| Net Assets, beginning of year | <u>206,998</u> | <u>603</u> | <u>207,601</u> | <u>307,069</u> |
| Net Assets, end of year | <u>\$ 153,713</u> | <u>\$ 20,848</u> | <u>\$ 174,561</u> | <u>\$ 207,601</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, 2011
(With Comparative Totals for the Year Ended December 31, 2010)

| | 2011 | 2010 |
|--|-------------|-------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ (33,040) | \$ (99,468) |
| Adjustments to reconcile change in net assets to cash (used) provided by operating activities: | | |
| Depreciation | 7,812 | 9,046 |
| Unrealized loss (gain) | 55 | (240) |
| Realized loss | 23 | - |
| Donated fixed assets | (2,883) | - |
| Loss on disposal of fixed assets | - | 1,946 |
| Change in assets and liabilities: | | |
| Accounts receivable | 14,746 | 11,670 |
| Grants receivable | (140,389) | - |
| Pledges receivable | (3,137) | (7,069) |
| Prepaid expenses | (181) | (3,522) |
| Deposits | (1,350) | - |
| Accounts payable and accrued expenses | 79,815 | 12,722 |
| Net cash used by operating activities | (78,529) | (74,915) |
| Cash flows from investing activities: | | |
| Proceeds from sale of investments | 1,773 | - |
| Dividends reinvested | - | (15) |
| Net cash used by investing activities | 1,773 | (15) |
| Net change in cash and cash equivalents | (76,756) | (74,930) |
| Cash and cash equivalents, beginning of year | 149,756 | 224,686 |
| Cash and cash equivalents, end of year | \$ 73,000 | \$ 149,756 |
| Supplemental Disclosure: | | |
| Interest paid | \$ 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, 2011
 (With Comparative Totals for the Year Ended December 31, 2010)

| | Program | | | | Total | | General and administrative | | Totals | |
|------------------------------------|------------|------------|-----------|------------|-----------|----------------|----------------------------|------------|--------|--|
| | Habitats | Science | Outreach | Program | Program | administrative | Fundraising | 2011 | 2010 | |
| Salaries | \$ 35,134 | \$ 167,433 | \$ 48,866 | \$ 251,433 | \$ 26,649 | \$ 48,860 | \$ 326,942 | \$ 299,235 | | |
| Employee benefits | 411 | 7,290 | 4,906 | 12,607 | 490 | 5,471 | 18,568 | 22,707 | | |
| Payroll taxes | 3,789 | 15,433 | 4,397 | 23,619 | 2,947 | 4,363 | 30,929 | 28,228 | | |
| Total Personnel | 39,334 | 190,156 | 58,169 | 287,659 | 30,086 | 58,694 | 376,439 | 350,170 | | |
| Accounting | | | | | 7,482 | - | 7,482 | 6,750 | | |
| Fees for service | 57,200 | 41,717 | 1,393 | 100,310 | 4,013 | 13,431 | 117,754 | 73,957 | | |
| Supplies | 30,758 | 10,063 | 1,185 | 42,006 | 1,453 | 5,289 | 48,748 | 24,711 | | |
| Telephone | 106 | 1,271 | 188 | 1,565 | 126 | 215 | 1,906 | 1,756 | | |
| Postage and shipping | 2,300 | 773 | 210 | 3,283 | 669 | 4,383 | 8,335 | 7,350 | | |
| Equipment rental and maintenance | 14 | 225 | 24 | 263 | 16 | 51 | 330 | 597 | | |
| Information technology | 505 | 3,662 | 898 | 5,065 | 600 | 1,494 | 7,159 | 8,368 | | |
| Printing and publications | 35 | 325 | 61 | 421 | 1,953 | 7,270 | 9,644 | 13,405 | | |
| Occupancy | 2,736 | 21,253 | 4,873 | 28,862 | 3,627 | 5,565 | 38,054 | 39,528 | | |
| Travel, meals and entertainment | 1,123 | 15,271 | 3,090 | 19,484 | 1,334 | 4,703 | 25,521 | 29,271 | | |
| Conferences, conventions, meetings | | 1,057 | 137 | 1,194 | 76 | 512 | 1,782 | 5,149 | | |
| Insurance | | | | | 2,054 | - | 2,054 | 2,300 | | |
| Depreciation | 382 | 5,519 | 680 | 6,581 | 454 | 777 | 7,812 | 9,046 | | |
| Dues, licenses, service fees | 16 | 293 | 29 | 338 | 311 | 233 | 882 | 970 | | |
| Interest | 45 | 324 | 80 | 449 | 53 | 91 | 593 | - | | |
| Miscellaneous | 91 | 1,063 | 163 | 1,317 | 110 | 3,503 | 4,930 | 14,783 | | |
| Total Expenses | \$ 134,645 | \$ 292,972 | \$ 71,180 | \$ 498,797 | \$ 54,417 | \$ 106,211 | \$ 659,425 | \$ 588,111 | | |

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, 2011**

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2010)

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 generally accepted accounting principles.

Basis of Presentation

The Organization reports 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 Organization has no permanently restricted net assets.

Revenue Recognition

Contributions are recognized as revenue when received or unconditionally promised. Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

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.

Income Taxes

The Internal Revenue Service and the California Franchise Tax Board have determined that the Foundation 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 and has concluded that as of December 31, 2011, the Organization does not have any significant uncertain tax positions for which a reserve would be necessary.

Donated Services

Donated services are recognized as contributions 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.

SAN FRANCISCO BAY BIRD OBSERVATORY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2010)

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Equivalents

For purposes of the statement of cash flows, the Organization considers all cash and other highly liquid investments with original maturities of three months or less to be cash equivalents.

Property and Equipment

All acquisitions of property and equipment in excess of \$500 and with useful lives greater than 3 years are capitalized. Additionally, all expenditures for repairs and maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are stated at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives on the property and equipment.

Fair Value of Financial Instruments

The fair values of financial instruments represent the quoted market prices for identical assets or liabilities in active markets.

Functional Allocation of Expenses

The costs of providing the various programs and 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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2010, from which the summarized information was derived.

Reclassifications

Certain accounts in the prior year financial statements 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 the date that the financial statements were available for distribution there were no significant subsequent events to disclose.

SAN FRANCISCO BAY BIRD OBSERVATORY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2010)

NOTE 3: INVESTMENTS

Investments consisted of mutual funds valued at \$1,851 as of December 31, 2010. There was no investment balance as of December 31, 2011.

NOTE 4: GRANTS RECEIVABLE

Grants receivables include \$130,556 from a single source. This amount represents approximately 81% of the grants receivable balance as of December 31, 2011.

NOTE 5: PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

| | <u>2011</u> | <u>2010</u> |
|-------------------------------|------------------|------------------|
| Furniture and equipment | \$ 53,003 | \$ 50,307 |
| Vehicles | 20,160 | 20,160 |
| Less accumulated depreciation | <u>(59,488)</u> | <u>(51,863)</u> |
| Total | <u>\$ 13,675</u> | <u>\$ 18,604</u> |

NOTE 6: 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 7: TEMPORARILY RESTRICTED NET ASSETS

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

| | <u>2011</u> | <u>2010</u> |
|---------------------|------------------|---------------|
| San Jose Watershed | \$ 603 | \$ 603 |
| Chile Bird Taxonomy | 245 | - |
| Snowy Plover | <u>20,000</u> | <u>-</u> |
| Total | <u>\$ 20,848</u> | <u>\$ 603</u> |

SAN FRANCISCO BAY BIRD OBSERVATORY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2010)

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>2011</u> | <u>2010</u> |
|----------------------|-----------------|------------------|
| Snowy Plover Habitat | \$ - | \$ 20,954 |
| Salt Ponds | - | 8 |
| Chile Bird Taxonomy | 1,255 | - |
| Coyote Creek | <u>450</u> | <u>5,000</u> |
| Total | <u>\$ 1,705</u> | <u>\$ 25,962</u> |

NOTE 8: BOARD-DESIGNATED NET ASSETS

As of December 31, 2011 and 2010, the Organization had \$30,611 of unrestricted net assets designated by the board of directors for capital improvements.

NOTE 9: IN-KIND CONTRIBUTIONS

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

| | <u>2011</u> | <u>2010</u> |
|-----------------------|------------------|------------------|
| Professional services | \$ 52,975 | \$ 58,623 |
| Goods | 6,520 | 7,293 |
| Facility rental | <u>29,245</u> | <u>29,040</u> |
| Total | <u>\$ 88,740</u> | <u>\$ 94,956</u> |