San Francisco Bay Bird Observatory

FINANCIAL STATEMENTS

December 31, 2022

(With Summarized Comparative Totals as of December 31, 2021)

Crosby & Kaneda

Certified Public Accountants
for Nonprofit Organizations

SAN FRANCISCO BAY BIRD OBSERVATORY

Contents

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Certified Public Accountants
for Nonprofit Organizations

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, 2022, 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. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

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, 2021 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 October 6, 2022. We have not performed procedures in connection with that review engagement since that date.

Crosby + Kaneda CPAs LLP

Oakland, California
July 24, 2023

SAN FRANCISCO BAY BIRD OBSERVATORY

Statement of Financial Position
December 31, 2022
(With Comparative Totals as of December 31, 2021)

		2022		2021
Assets				
Assets				
Cash and cash equivalents	$	96,799	$	98,402
Investments (Note 3)		129,861		260,256
Accounts receivable		146,607		166,009
Prepaid expenses and deposits		23,363		7,956
Property and equipment, net (Note 6)		38,139		21,089
Total Assets	$	434,769	$	553,712
Liabilities and Net Assets				
Liabilities				
Accounts payable and accrued expenses	$	121,147	$	30,230
Accrued vacation		20,495		10,759
Deferred revenue		10,000		8,500
Total Liabilities		151,642		49,489
Net Assets				
Without donor restrictions		262,859		491,110
With donor restrictions (Note 8)		20,268		13,113
Total Net Assets		283,127		504,223
Total Liabilities and Net Assets	$	434,769	$	553,712

SAN FRANCISCO BAY BIRD OBSERVATORY

Statement of Activities
For the Year Ended December 31, 2022
(With Comparative Totals for the Year Ended December 31, 2021)

	Without donor restrictions	With donor restrictions	Totals 2022	Totals 2021
Support and Revenue				
Support				
Government	$ 277,836	$	$ 277,836	$ 272,450
Contributions	194,439		194,439	271,523
Foundation and corporate support	92,756	62,500	155,256	83,899
Membership dues	29,159		29,159	27,367
In-kind contributions (Note 10)	40,448		40,448	52,414
Total Support	634,638	62,500	697,138	707,653
Revenue				
Habitat preservation and restoration	424,951		424,951	361,516
Investment activity (Note 4)	(60,470)		(60,470)	5,002
Interest and other	5,028		5,028	1,948
Total Revenue	369,509	-	369,509	368,466
Paycheck protection program	-			241,684
Support provided by expiring time and purpose restrictions	55,345	(55,345)	-	-
Total Support and Revenue	1,059,492	7,155	1,066,647	1,317,803
Expenses				
Programs	1,055,180		1,055,180	868,911
Management and general	166,343		166,343	87,550
Fundraising	66,220		66,220	60,137
Total Expenses	1,287,743	-	1,287,743	1,016,598
Change in Net Assets	(228,251)	7,155	(221,096)	301,205
Net Assets, beginning of year	491,110	13,113	504,223	203,018
Net Assets, end of year	$ 262,859	$ 20,268	$ 283,127	$ 504,223

SAN FRANCISCO BAY BIRD OBSERVATORY

Statement of Cash Flows
For the Year Ended December 31, 2022
(With Comparative Totals for the Year Ended December 31, 2021)

	2022	2021
Cash flows from operating activities:		
Change in net assets	$ (221,096)	$ 301,205
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Depreciation	6,120	8,345
Investment activity	60,471	(5,002)
Donated Stock	(5,076)	(5,253)
PPP loan forgiveness	-	(241,684)
Change in assets and liabilities:		
Accounts receivable	19,402	(40,451)
Prepaid expenses and deposits	(15,407)	(4,511)
Accounts payable and accrued expenses	90,917	14,313
Accrued vacation	9,736	(2,886)
Deferred revenue	1,500	8,500
Net cash provided (used) by operating activities	(53,433)	32,576
Cash flows from investing activities:		
Purchase of new equipment	(23,170)	(24,812)
Withdrawals of investments	75,000	-
Purchase of investments	-	(250,000)
Net cash provided (used) by investing activities	51,830	(274,812)
Cash flows from financing activities:		
PPP Loan - Second Round	-	122,464
Net cash provided (used) by financing activities	-	122,464
Net change in cash and cash equivalents	(1,603)	(119,772)
Cash and cash equivalents, beginning of year	98,402	218,174
Cash and cash equivalents, end of year	$ 96,799	$ 98,402
Supplemental Information		
Donated Stock	$ 5,076	$ 5,253

SAN FRANCISCO BAY BIRD OBSERVATORY

Statement of Functional Expenses
For the Year Ended December 31, 2022
(With Comparative Totals for the Year Ended December 31, 2021)

	Program				Management		Totals	
	Avian	Habitats	Outreach	Program	and general	Fundraising	2022	2021
Salaries	$ 411,125	$ 209,551	$ 59,398	$ 680,074	$ 82,844	$ 41,037	$ 803,955	$ 613,868
Employee benefits	47,135	24,025	6,810	77,970	9,498	4,705	92,173	46,715
Payroll taxes	27,311	13,921	3,946	45,178	5,503	2,726	53,407	46,991
Total Personnel	485,571	247,497	70,154	803,222	97,845	48,468	949,535	707,574
Grants				-	-	-	-	11,767
Fees for service	93,975	2,238	9,003	105,216	40,750	34	146,000	109,200
Supplies and office expenses	27,059	18,602	3,391	49,052	6,796	12,682	68,530	74,804
Information technology	6,028	3,282	1,118	10,428	1,465	723	12,616	13,479
Occupancy	5,759	6,308	2,701	14,768	2,972	317	18,057	4,254
Travel	19,504	7,427	2,263	29,194	2,321	1,172	32,687	19,906
Conferences and meetings	-	-	-	-	-	1,787	1,787	1,637
Depreciation	-	-	-	-	6,120	-	6,120	8,345
Insurance	5,606	3,247	845	9,698	1,516	749	11,963	13,218
Donated goods	5,467	5,467	5,466	16,400	-	-	16,400	23,254
Donated facilities and service	6,368	7,523	3,311	17,202	6,558	288	24,048	29,160
Total Expenses	$ 655,337	$ 301,591	$ 98,252	$ 1,055,180	$ 166,343	$ 66,220	$ 1,287,743	$ 1,016,598

Notes to the Financial Statements
For the Year Ended December 31, 2022
(With Comparative Totals for the Year Ended December 31, 2021)

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.

Our science program is comprised of the snowy plover and least tern program, waterbird program and landbird programs. The Snowy Plover and Least Tern Recovery Program works toward the recovery of the federally threatened Western snowy plover and endangered California least tern. Biologists monitor breeding snowy plovers and least terns by surveying former salt ponds, stormwater retention ponds, and other suitable habitat of the San Francisco Bay where the birds breed. Program biologists work closely with local land managers and restoration projects to implement management practices to help increase the snowy plover and least tern population in the Bay. The Waterbird Monitoring Program collects crucial data on the population ecology of San Francisco Bay Area waterbirds. Program biologists, along with approximately 70 volunteers, monitor breeding waterbird colonies, collect data on waterbird distribution, and document disease outbreaks. These data are especially effective in tracking trends in our local bird populations and helping to guide wetland restoration in the Bay Area. At our research station, the Coyote Creek Field Station, our Landbird Program uses the science of bird banding to track avian response to climate change, and document long-term conservation projects in collaboration with local and federal agencies.

The Habitats Program is a science-based restoration program focused on sustainable restoration of tidal marsh-upland transition zone habitats. In 2022, we continued restoring 9.5 additional acres of upland habitat, while managing 22 acres. Planning commenced for a restoration project at Eden Landing Ecological Reserve along Old Alameda Creek, with work scheduled to begin this year. Habitat restoration benefits endangered tidal marsh birds and mammals that rely on these habitats as high-tide refugia. Ecologists use science to find innovative solutions for restoration, and work with land managers to integrate tidal marsh-upland transition zone methods into larger restoration projects.

Our Outreach Program connects people with our mission to achieve a greater understanding of avian conservation and science in their community. We also participate in region wide efforts to compile long term datasets to guide restoration and conservation planning efforts. We continued offering opportunities for the general public to be involved in scientific research by participating as citizen scientists in our scientific and habitat programs.

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.

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 Revenue

The Organization recognizes revenue as performance obligations are satisfied.

Revenue is recognized over time for cost reimbursement contracts as eligible expenses are incurred if other conditions of the contract are satisfied. Revenue from agreements that include milestones and milestone payments are recognized over time as milestones are reached. Revenue from agreements based on hourly rates is recognized over time as time is expended if the Organization expects it will have an enforceable right to payment for such amounts. Revenue is recognized based on estimated progress towards complete satisfaction of the performance obligation if the Organization can reasonably measure such progress. If the Organization's efforts are expended evenly throughout the performance period, the Organization may recognize revenue on a straight-line basis over such a period.

Revenue is recognized at a point in time when goods or services are provided to customers and the Organization is not required to provide additional goods or services or if the above criteria are not met.

The Organization tracks contract assets representing earned amounts that are not yet receivable separately from accounts receivable, if any. As a practical expedient the Organization disregards the effects of potential financing components if the period between payment and performance is one year or less.

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless related to a donor specified restriction for a particular purpose or future period.

Habitat Preservation and Restoration

The organization contracts with third parties in support of habitat restoration and other work. Work in may include biological surveys or habitat restoration work (putting plants into the ground). Biological surveys involve looking for birds or nests in field sites, capturing birds (when necessary) and associated data management, analysis and reporting as well as in some cases online workshops to teach students about how to recognize different species of birds. The Organization recognizes revenue related to such work overtime as services are rendered. The Organization generally bills on an hourly basis for such work or in limited cases the Organization may charge a flat rate per activity, none of which extends beyond one month in duration. The Organization bills on a monthly or quarterly basis such that work performed through fiscal year end is billed by the end of the year. Invoices are due on a Net 30 to Net 90-day basis depending on funder, do not have a significant financing component. The Organization works as a principal and not an agent in delivering these services and services are not subject to returns, refunds or warranties.

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, 2022. 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, 2022. 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, 2022, 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 Professional 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.

Property and Equipment

Property and equipment purchased by the Organization is recorded at cost. The Organization capitalizes all expenditures for property and equipment over $2,500; 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

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 be read in conjunction with the Organization's financial statements for the year ended December 31, 2021, 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 July 24, 2023**,** the date that the financial statements were available to be issued, there were no significant subsequent events to disclose.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. This update supersedes much of the existing authoritative guidance for leases. The update requires lessees, among other things, to recognize right-of-use assets and liabilities on their balance sheet for all leases with lease terms longer than twelve months. Further related updates included *ASU No. 2018-01*, *ASU No. 2021-05* and additional modifications and clarifications. The adoption of this standard did not have a material impact on the Organizations financial statements.

In September 2020, the FASB issued *ASU 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This update was designed to increase the transparency of contribution nonfinancial assets through enhancements to presentation and disclosure. The Organization's adoption of this update did not have a material impact on the Organizations financial statements.

NOTE 3: INVESTMENTS

Investments consisted of the following at December 31, 2022:

Exchange traded funds - Fixed income	$ 11,731	9%
Exchange traded funds - Equities	118,130	91%
Total	$ 129,861	100%

NOTE 4: INVESTMENT ACTIVITY

Investment activity consisted of the following for the year ended December 31, 2022:

Interest and dividends	$ 3,798
Unrealized and realized gains (losses), net	(64,268)
Total	$ (60,470)

NOTE 5: 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 value 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 utilizes level 1 inputs to value its investment holdings at fair value.

NOTE 6: PROPERTY AND EQUIPMENT

Property and equipment consist of the following on December 31:

	2022	2021
Furniture and equipment	$ 7,900	$ 67,173
Vehicles	47,982	40,900
Less accumulated depreciation	(17,743)	(86,984)
Total	$ 38,139	$ 21,089

NOTE 7: CONTINGENCIES AND ESTIMATES

Grant Awards

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.

Governmental Review and Compensation Estimate

The Organization was notified internally that additional compensation may be owed to certain salaried staff. The Organization is seeking advice on this matter and has accrued an estimate of potential amounts to be paid which has a reasonable possibility of material change.

NOTE 8: NET ASSETS WITH DONOR RESTRICTIONS

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

	2022	2021
Landbirds	$ 9,411	$ -
Outreach	5,857	13,113
Vehicle/Maintenance	5,000	-
Total	$ 20,268	$ 13,113

NOTE 9: CONCENTRATIONS

Revenue

The Organization receives a significant portion of its support and revenue from federal, state, and local governments. A significant reduction in the level of this support and revenue, if this were to occur, may have an effect on the Organization’s program and activities.

Geographic Area

The majority of the Organization's revenue and support are received from corporations, foundations, government agencies and individuals located in the greater San Francisco Bay area and from agencies of the state of California. As such, the Organization's ability to generate resources may be dependent upon the economic health of that area and state.

Concentration of Credit Risk

The Organization had a moderate portion of deposits in excess of federally insured limits as of December 31, 2022.

NOTE 10: IN-KIND CONTRIBUTIONS

The Organization benefited from in-kind support as follows during the year ended December 31, 2022:

Type	Utilized or monetized	Valuation method	Value
ArcGIS	Utilized – Programs	Prices for similar software (4 users at $4,100/user).	$ 16,400
Board workshops	Utilized – Management & General	Prices for similar services ($1,500/workshop for 2)	3,000
Use of space	Utilized – 75% program, 25% M&G	Conservative estimate of FMV ($16/sq ft / year)	21,048
			$ 40,448

There were no further donor restrictions on donations following donation other than charitable utilization by the Organization of the donation or proceeds from the donation.

NOTE 11: VOLUNTEER EFFORT

In addition to the activity reflected in the financial statements, the Organization is supported by more than 100 volunteers who help the organization conduct research, share data, restore habitat, raise money and educate the community about avian science and bird conservation. Significant portions of the Organization work would not be possible without the efforts of these volunteers.

NOTE 12: RETIREMENT PLAN

The Organization participates in the CalSavers program, which is operated by the state of California. All staff are auto enrolled after 30 days unless they opt out, with a default contribution rate of 5% of salary, which increases over time to 8%. The CalSavers program is a Roth IRA program, those with higher incomes may not be eligible to contribute to the program. Under the CalSavers program employers are prohibited from making contributions to employee accounts and the Organization made no contributions to the plan during the year ended December 31, 2022.

NOTE 13: 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, 2022, are:

Cash and cash equivalents	$ 96,799
Investments	129,861
Accounts receivable	146,607
Less: Purpose-restricted net assets	(20,268)
Total	$ 352,999

As part of the Organization's liquidity management plan, the Organization maintains cash in excess of immediate requirements in an investment account. The Organization experienced a number of one-off events during the year ended December 31, 2022, that impacted the Organization's year-end liquidity and change in net assets by approximately $150,000 including an investment loss and certain one-off labor costs which the Organization does not expect to re-occur in future periods. To improve the Organization's financial performance management is taking steps primarily through revenue increases initially to balance its budget in future periods.