Save The Bay

Financial Statements

For the Years Ended

September 30, 2014 and 2013

With Independent Auditors' Report

REGALIA & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

SAVE THE BAY

(A California Not-For-Profit Corporation)
September 30, 2014

About Us

Save The Bay is the largest regional organization working to protect, restore and celebrate San Francisco Bay. As its leading champion since 1961, Save The Bay protects the Bay from pollution and inappropriate shoreline development, making it cleaner and healthier for people and wildlife.

We restore habitat and secure strong policies to re-establish 100,000 acres of wetlands that are essential for a healthy Bay. We engage more than 40,000 supporters, advocates and volunteers to protect the Bay, and inspire the next generation of environmental leaders by educating thousands of students annually.

History

For more than half a century, Save The Bay has given San Francisco Bay a voice and shown that Bay Area residents can work together to make positive changes in their communities. In 1961, San Francisco Bay was choked with sewage and industrial pollution, ringed with garbage dumps, and only 6 miles of its shoreline was accessible to the public. Filling and diking of the shallow Bay had destroyed 90 percent of its original wetlands and shrunk its size by one-third. Every city had its own plans to grow by filling in more the Bay. There was no Environmental Protection Agency, no Clean Water Act, no Endangered Species Act, and no effective regulations against rampant development in the Bay. The first Earth Day was still nine years away.

Board of Directors as of September 30, 2014

Name	Office
Michael Gallagher	Chair
Donnie Fowler	Vice-Chair for Governance
Michael Katz	Vice-Chair for Internal Affairs
Sandy Linder	Vice-Chair for External Affairs
Maureen Reilly	Vice-Chair for External Affairs
Ron Gonzales	Director
Lisa Hoyos	Director
Samuel Luoma	Director
Christopher Richard	Director
Paul Stone	Director
Stephen Thompson	Director
Si White	Director

Executive Director
David Lewis

(A California Not-For-Profit Corporation)
September 30, 2014

CONTENTS

Save The Bay Office
1330 Broadway, Suite 1800
Oakland, California 94612
(510) 463-6850, FAX (510) 463-6851
Email: info@saveSFbay.org
Web Site Address: www.savesfbay.org

R&A CPA
Regalia & Associates

C E R T I F I E D   P U B L I C   A C C O U N T A N T S
103 TOWN & COUNTRY DRIVE, SUITE K, DANVILLE, CALIFORNIA 94526
DOUGLAS REGALIA, CPA
MARIANNE RYAN
JANICE TAYLOR, CPA
LISA CLOVEN, CPA
JENNIFER JENSEN
WWW.MRCPA.COM
DANA CHAVARRIA, CPA
TRICIA WILSON
WENDY THOMAS, CPA
DARLENE RODRIGUES, CPA [inactive]
LISA PARKER, CPA [inactive]
OFFICE: 925.314.0390 FAX: 925.314.0469

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Save The Bay

We have audited the accompanying financial statements of the Save The Bay (a nonprofit organization) which comprise the statements of financial position as of September 30, 2014 and 2013 and the related statements of activities and changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

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.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Save The Bay as of September 30, 2014 and 2013 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters
We have previously audited Save The Bay's September 30, 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 10, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Regalia & Associates

Danville, California
January 29, 2015

Statements of Financial Position
September 30, 2014 and 2013

ASSETS

	2014	2013
Cash and cash equivalents	$ 853,260	$ 961,293
Certificates of deposit	649,342	1,245,368
Contracts receivable	112,489	156,517
Grants receivable	851,250	543,000
Accounts receivable	14,500	22,282
Investments	83,061	81,227
Prepaid expenses and other assets	28,758	27,121
Deposits	16,894	18,494
Property and equipment, net	109,720	129,927
Total assets	$ 2,719,274	$ 3,185,229

LIABILITIES AND NET ASSETS

	2014	2013
Liabilities:		
Accounts payable	$ 84,596	$ 143,957
Accrued payroll liabilities	134,552	175,247
Deferred Revenue	138,258	-
Total liabilities	357,406	319,204
Net assets:		
Unrestricted	1,791,668	2,415,525
Temporarily restricted	570,200	450,500
Total net assets	2,361,868	2,866,025
	$ 2,719,274	$ 3,185,229

Statement of Activities and Changes in Net Assets
Year Ended September 30, 2014
(With Comparative Totals for the Year Ended September 30, 2013)

Changes in net assets:	Unrestricted Net Assets	Temporarily Restricted Net Assets	2014 Total	2013 Total
Support:				
Government	$ 353,583	$ -	**$ 353,583**	$ 468,084
Foundation and corporate	157,301	1,183,070	**1,340,371**	1,657,819
Membership and individual	1,465,227	5,000	**1,470,227**	1,489,063
Bequests and memorials	31,866	-	**31,866**	13,175
In-kind contributions	16,394	-	**16,394**	96,767
Special events:				
Sponsorhsips and contributions	-	-	**-**	77,415
Auction	-	-	**-**	16,830
Admission	-	-	**-**	22,590
Less: direct costs of donor benefit	-	-	**-**	(33,582)
Special events, net			**-**	83,253
Net assets released from restriction	1,068,370	(1,068,370)	**-**	-
Total support	3,092,741	119,700	**3,212,441**	3,808,161
Revenue:				
Investment income	9,560	-	**9,560**	16,803
Realized/unrealized gain (loss) on invest	(31)	-	**(31)**	(4,449)
Other	2,508	-	**2,508**	3,944
Total revenue	12,037	-	**12,037**	16,298
Total support and revenue	3,104,778	119,700	**3,224,478**	3,824,459
Expenses:				
Program	2,364,775	-	**2,364,775**	2,533,146
Management and general	549,867	-	**549,867**	503,413
Fundraising	813,993	-	**813,993**	914,880
Total expenses	3,728,635	-	**3,728,635**	3,951,439
Increase (decrease) in net assets	(623,857)	119,700	**(504,157)**	(126,980)
Net assets at beginning of year	2,415,525	450,500	**2,866,025**	2,993,005
Net assets at end of year	**$ 1,791,668**	**$ 570,200**	**$ 2,361,868**	$ 2,866,025

Statements of Cash Flows
Years Ended September 30, 2014 and 2013

	2014	2013
Operating activities:		
Decrease in net assets	$ (504,157)	$ (126,980)
Adjustments to reconcile to cash provided by (used for) operating activities:		
Depreciation	20,059	31,755
Loss on disposition	148	-
Realized and unrealized investment losses	31	4,449
Changes in:		
Contracts receivable	44,028	3,815
Grants receivable	(308,250)	(407,000)
Accounts receivable	7,782	7,718
Prepaid expenses	(1,637)	(6,834)
Deposits	1,600	(600)
Accounts payable and accrued expenses	(59,361)	61,140
Accrued payroll liabilities	(40,695)	33,324
Deferred Revenue	138,258	-
Cash used for operating activities	(702,194)	(399,213)
Investing activities:		
Funds used for purchase of property and equipment	-	(48,769)
Net proceeds from disposition of investments	1,023,761	292,940
Net (increase) decrease in certificates of deposit	(429,600)	55,464
Cash provided by investing activities	594,161	299,635
Decrease in cash and cash equivalents	(108,033)	(99,578)
Cash and cash equivalents at beginning of year	961,293	1,060,871
Cash and cash equivalents at end of year	$ 853,260	$ 961,293
Additional cash flow information:		
Taxes paid to Registry of Charitable Trusts	$ 150	$ 150
Interest paid	$ -	$ -

Statement of Functional Expenses
Year Ended September 30, 2014
(With Comparative Totals for the Year Ended September 30, 2013)

	Program Services				Supporting Services		Totals	Totals
	Restoration Campaigns	Bay Protection	Education & Outreach	Total Program	Management & General	Fundraising	Sept 30 2014	Sept 30 2013
Salaries	$ 673,366	$ 199,843	$ 424,620	$ 1,297,829	$ 341,539	$ 395,503	**$ 2,034,871**	$ 2,029,156
Payroll taxes	54,464	16,230	34,096	104,790	27,362	31,632	**163,784**	167,216
Pension contributions	8,000	1,593	3,874	13,467	3,758	3,786	**21,011**	17,470
Other employee benefits	56,993	12,194	28,363	97,550	25,355	26,486	**149,391**	193,847
Total salaries and related expenses	792,823	229,860	490,953	1,513,636	398,014	457,407	**2,369,057**	2,407,689
Grants	4,500	4,000	-	8,500	-	-	**8,500**	4,500
Professional services- legal	13,267	1,603	-	14,870	-	-	**14,870**	20,467
Professional services- accounting	-	-	-	-	47,503	-	**47,503**	36,775
Professional services- other	94,229	58,563	114,085	266,877	13,167	230,055	**510,099**	495,132
Advertising and promotion	6,065	2,000	47,289	55,354	-	-	**55,354**	15,228
Supplies	16,216	819	1,869	18,904	1,681	1,740	**22,325**	45,976
Telephone	3,620	1,028	1,301	5,949	1,166	1,210	**8,325**	14,392
Postage	5,050	10,562	20,759	36,371	629	18,096	**55,096**	103,280
Equipment rental/maintenance	4,082	922	2,049	7,053	1,836	1,905	**10,794**	7,034
Bank fees	-	-	-	-	13,947	-	**13,947**	13,048
Occupancy	60,199	13,591	30,215	104,005	27,079	28,089	**159,173**	156,649
Printing and publications	11,071	16,244	71,569	98,884	4,717	36,169	**139,770**	102,669
Information technology	49,982	9,370	73,910	133,262	25,155	21,120	**179,537**	284,156
Travel and meals	23,283	2,487	2,877	28,647	311	2,168	**31,126**	33,789
Conferences and meetings	2,639	373	1,249	4,261	2,361	404	**7,026**	13,073
Depreciation	11,560	1,167	2,595	15,322	2,325	2,412	**20,059**	31,755
Insurance	8,203	515	1,944	10,662	3,990	1,063	**15,715**	15,442
Dues, licenses, service fees	5,046	2,541	7,288	14,875	2,286	4,662	**21,823**	32,735
Inkind professional services	-	-	4,694	4,694	-	-	**4,694**	91,742
Bad debt expense	-	-	-	-	-	-	**-**	3,500
Miscellenous expense	10,054	2,358	10,237	22,649	3,700	7,493	**33,842**	22,408
	$ 1,121,889	**$ 358,003**	**$ 884,883**	**$ 2,364,775**	**$ 549,867**	**$ 813,993**	**$ 3,728,635**	$ 3,951,439

Notes to Financial Statements
September 30, 2014

1. Organization

Save the Bay (the Organization) is a California nonprofit public benefit corporation founded in 1961 to preserve, restore, and protect the San Francisco Bay and Sacramento/San Joaquin River Delta Estuary as a healthy and biologically diverse ecosystem that is valued as essential to the well-being of the human community it sustains. The financial statements include the combined financial information of Save the Bay and Save the Bay Action Fund, a related 501(c)(4) nonprofit organization created in May 2014. Save the Bay Action Fund had no assets, liabilities, or net assets as of September 30, 2014.

Program services of the Organization include bay protection, restoration campaigns, and public education and outreach. The Organization's office is located in Oakland California and its primary sources of income are public and private grants and contributions.

2. Summary of Significant Accounting Policies

Basis of Accounting
The financial statements of the Organization and have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and, accordingly, reflect all significant receivables, payables, accrued assets, accrued liabilities, and net asset accounts.

Basis of Presentation
Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) 958.205, *Presentation of Financial Statements of Not-for-Profit Entities*. Under ASC 958.205, the Organization is required to report 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 also adopted the provisions of ASC 958.205.55.31 thru 958.205.55.53, *Presentation of Financial Statements – Endowment Disclosures* (which incorporated the previously issued FASB Staff Position No. FAS 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classifications of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds*).

Support and Revenue Recognition
The Organization records contributions in accordance with the recommendations of ASC 958.605, *Revenue Recognition of Not-for-Profit Entities*. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenues, and expenses during the reporting period. Actual results could differ from those estimates.

2. Summary of Significant Accounting Policies *(continued)*

Net Assets

In accordance with accounting principles generally accepted in the United States of America, financial statements must present classes of net assets based on the following categories: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Grants and contributions are classified in the appropriate net asset category based on the absence or existence of donor-imposed restrictions that limit the use of the donated assets if they are designated as support for future periods or future projects when they are received.

The Organization reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets or if they are designated as support for future periods. When a donor's intended purpose is met or a time restriction expires, the temporarily restricted net asset is transferred to unrestricted net assets and reported in the statement of activities and changes in net assets as amounts released from restrictions. Donor-restricted contributions where restrictions are met in the same reporting period in which they are contributed are reported as unrestricted support.

Permanently restricted net assets include those net assets that must be maintained in perpetuity in accordance with donor restrictions. The investment return from such assets may be used for purposes as specified by the donor or, if the donor has not specified a purpose, the income from such investments is not restricted and is included in unrestricted net assets. There were no permanently restricted net assets as of September 30, 2014.

Unrestricted net assets include all of those donated assets that have no restrictions or limitations imposed on their use. The Board of Directors may elect certain unrestricted funds to be set aside as Board-designated funds, which may not be spent without approval by the Board.

Receivables

Contracts receivable and grants receivable are recognized as unrestricted or temporarily restricted contributed revenue when the written commitments are received. Accounts receivable are recorded as revenue when a valid contractual obligation exists.

Property and Equipment

Property and equipment purchased by the Organization are recorded at cost. Property and equipment donated to the Organization are recorded at estimated fair value as of the date of the gift. Repairs and maintenance are charged to expense as incurred. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets of between 3 and 20 years.

Investments

The Organization follows the provisions of *Accounting Standards Update (ASU), Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in US GAAP and IFRSs* and has estimated the fair value of its investments using available market information and other valuation methodologies. Accordingly, the estimates presented are not necessarily indicative of the amounts that the Organization could realize in a current market exchange. The use of different assumptions and/or estimation methods may have a material effect on the estimated fair value amounts. The estimates are based on pertinent information available to management as of September 30, 2014.

(continued)

Notes to Financial Statements

2. Summary of Significant Accounting Policies *(continued)*

Investments (continued)

Although management is not aware of any factors that would significantly affect the estimated fair value amounts, current estimates of fair value may differ significantly from the statements presented.

Investments in mutual funds with readily determinable fair values and all investments in bank deposit accounts are reported at fair value with gains and losses included in the statement of activities and changes in net assets. Purchased investments are initially stated at cost. Investments received by gift are recorded at market value at the date of contribution. In accordance with ASC 958.320, the recorded amounts of all investments are adjusted annually to reflect current market values.

Income Taxes

Financial statement presentation follows the recommendations of ASC 740, *Income Taxes*. Under ASC 740, the Organization is required to report information regarding its exposure to various tax positions taken by the Organization and requires a two-step process that separates recognition from measurement. The first step is determining whether a tax position has met the recognition threshold; the second step is measuring a tax position that meets the recognition threshold. Management believes that the Organization has adequately evaluated its current tax positions and has concluded that as of September 30, 2014 the Organization does not have any uncertain tax positions for which a reserve or an accrual for a tax liability would be necessary.

The Organization has received notification from the Internal Revenue Service and the State of California that it qualifies for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. This exemption is subject to periodic review by the federal and state taxing authorities and management is confident that the Organization continues to satisfy all federal and state statutes in order to qualify for continued tax exemption status.

The Organization may periodically receive unrelated business income (such as sublease rental income, advertising revenue, or other unrelated revenue streams) requiring the Organization to file separate tax returns under federal and state statutes. If such conditions ever exist, the Organization will be obligated to accrue and remit the applicable taxes.

Contributed Services and Costs

Contributed services and costs are reflected at the fair value of the contribution received. The contributions of services and costs are recognized if they (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. A substantial number of unpaid volunteers have made significant contributions of time to various departments or programs of the Organization. The value of this contributed time is not reflected in the financial statements since it is not susceptible to objective measurement or valuation.

Reclassifications

Certain reclassifications have been made to the 2013 financial statements in order to conform to the presentation used in 2014, including reclassification of certain liabilities on the statements of financial position.

Continued

Notes to Financial Statements

2. Summary of Significant Accounting Policies *(continued)*

Functional Allocation of Expenses
The costs of providing the Organization's various programs and other activities have been summarized on a functional basis in the Statement of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Comparative Financial Information
The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information should be read in conjunction with the Organization’s financial statements for the year ended September 30, 2013, from which the summarized information was derived.

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Accordingly, actual results could differ from those estimates.

3. Cash and Cash Equivalents

Cash and cash equivalents of $853,260 and $961,293 at September 30, 2014 and 2013, respectively, include all funds in banks (checking, savings and money market) purchased with maturity dates of three months or less. From time to time, certain deposits may exceed balances insured by the Federal Deposit Insurance Corporation. Management attempts to limits its risk and exposure by only using highly rated financial institutions.

4. Receivables

Receivables consist of the following at September 30, 2014 and 2013:

	2014	2013
Contracts receivable	**$ 112,489**	$ 156,517
Grants receivable	**851,250**	543,000
Accounts receivable	**14,500**	22,282
Total receivables	**$ 978,239**	$ 721,799

Receivables represent amounts due from various sources, including foundations, federal and state agencies, individuals, and others. Receivables are stated at net realizable value. The Organization uses the direct write-off method with regards to receivables deemed uncollectible. Bad debt expense amounted to $3,500 for the year ended September 30, 2013. There were no bad debs for the year ended September 30, 2014. Management has evaluated the receivables as of September 30, 2014 and determined that such amounts are fully collectible (based on the financial strength of the payees) and therefore no reserve for uncollectible amounts has been established.

5. Investments

Investments consist of the following at September 30, 2014 and 2013:

	2014	2013
Mutual funds:		
Investment grade short-term bond fund	**$ 83,061**	$ 81,227

During the years ended September 30, 2014 and 2013, investment earnings amounted to $9,560 and $16,803, respectively. During the years ended September 30, 2014 and 2013, realized and unrealized losses amounted to $31 and $4,449, respectively. Investments in mutual funds with readily determinable fair values are reported at fair value or amounts that approximate fair value.

6. Fair Value Measurements

Composition of investments utilizing fair value measurements at September 30, 2014 is as follows:

	Total	Level 1	Level 2	Level 3
Certificates of deposit	$ 649,342	$ 649,342	$ -	$ -
Receivables	978,239	978,239		
Investments	83,061	83,061	-	-
Totals	$ 1,710,642	$ 1,710,642	$ -	$ -

Fair value measurements establish a fair value hierarchy that prioritizes the input used to measure fair value. This hierarchy consists of three broad levels: (a) Level 1 measurement reflects the value of the investments at quoted prices in active markets for identical assets, generally without any adjustments, (b) Level 2 assets and liabilities are valued based on "observable inputs" other than quoted active market prices, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, and interest rates and yield curves, and (c) Level 3 assets and liabilities are valued based on “unobservable inputs," such as a company’s own estimates and pricing models. The Organization had no investments classified as Level 2 or Level 3 at September 30, 2014.

7. Property and Equipment

Property and equipment consist of the following at September 30, 2014 and 2013:

	2014	2013
Office furniture and equipment	**$ 150,366**	$ 163,174
Buildings	**99,633**	99,633
Less: accumulated depreciation	**(140,279)**	(132,880)
Property and equipment, net	**$ 109,720**	$ 129,927

Depreciation expense amounted to $20,059 and $31,755 for the years ended September 30, 2014 and 2013, respectively. During the years ended September 30, 2014 and 2013, the Organization disposed of depreciation equipment with original cost basis of $12,808 and $7,617, respectively. There was a loss on disposition of fixed assets of $148 for the year ended September 30, 2014. There was no loss on disposition for the year ended September 30, 2013.

8. Lease Commitments

The Organization rents its corporate office facilities under a multi-year operating lease that expires July 31, 2016 (with an option to extend for an additional three years at prevailing market rates). As of September 30, 2014, the Organization is committed to making monthly rental payments of $16,249. The monthly rental amount increases to $16,874 effective August 1, 2015 for the duration of the lease. The Organization also leases certain office equipment under separate multi-year rental contracts.

Rental expense for all of the Organization's operating leases amounted to $159,173 and $156,649 for the years ended September 30, 2014 and 2013, respectively. Future minimum rental payments under all operating leases extending beyond one year at September 30, 2014 are as follows:

Year ending September 30, 2015	$ 200,809
Year ending September 30, 2016	122,690
Year ending September 30, 2017	4,572
Year ending September 30, 2018	1,125

9. Allocation of Joint Costs

The Organization follows the provisions of Statement of Position 98-2 (SOP 98-2) *Accounting for costs of Materials and Activities of Not-for-Profit Organizations and State and Local Government Entities That Include a Fund-Raising Appeal*. Under SOP 98-2, the Organization engaged in a number of activities (such as publication and distribution of newsletters and other informational materials) that included a fundraising appeal. As a result, the Organization incurred allocable joint expenditures and the costs of these activities were allocated between program activities, management and general activities, and fundraising activities as follows:

	2014	2013
Costs allocated to program activities	**$ 322,791**	$ 184,274
Costs allocated to management and general activities	**11,774**	1,300
Costs allocated to fundraising activities	**154,230**	262,518
Totals	**$ 488,795**	$ 461,980

10. Compensated Absences

Financial statement presentation follows the recommendations of ASC 710.25, *Compensated Absences*. Under ASC 710.25, the Organization is required to record a liability for the estimated amounts of compensation for future absences (accrued vacation). Employees are permitted to accrue a specific number of hours of vacation which is payable upon termination of the employee, and this amount has been reflected in the financial statements. Accrued payroll liabilities amounted to $134,552 and $175,247 at September 30, 2014 and 2013, respectively and are reflected as accrued liabilities on the statements of financial position.

11. Commitments and Contingencies

In the normal course of business there are outstanding various commitments and contingent liabilities, such as commitments to enter into contracts and future projects, which are not reflected in the financial statements. Such commitments and contingencies also include risks associated with various economic and operating factors, which include (a) Grant restrictions and donor conditions which obligate the Organization to fulfill certain requirements as set forth in grant instruments, (b) Funding levels which vary based on factors beyond The Organization's control, such as generosity of donors and general economic conditions, (c) Employment and service agreements with key management personnel, and (d) Financial risks associated with funds on deposit at bank and investment brokerage accounts.

The Organization receives a portion of its support from federal, state, and local government agencies (amounting to 10.9% and 12.2% for the years ended September 30, 2014 and 2013, respectively). A significant reduction in the level of this support, if it were to occur, could have an impact on the Organization's ability to fund certain programs and activities.

Management has evaluated all such events and believes that such commitments, contingencies and risks will not have a material adverse effect on the financial statements. Certain of the grants and contracts (including current and prior costs) are subject to audit and final acceptance by the granting agencies. Management is of the opinion that the Organization has complied with all material terms of the various grants and contracts.

12. In-Kind Contributions

In-kind contributions were valued as follows for the year ended September 30:

		2014		2013
In-kind services	**$**	**4,694**	$	46,742
Action Fund		**-**		45,000
Equipment and vehicles		**11,700**		5,025
Total in-kind contributions	**$**	**16,394**	$	96,767

Volunteer Services: In addition to receiving specialized in-kind services, the Organization was also the beneficiary of volunteer work parties organized to carry out restoration projects removing invasive species growing in San Francisco Bay, collecting seeds from native plants, and planting more than 25,000 seedlings to restore the bio-diversity and health of the bay. Although not recorded in the financial statements (because such volunteer efforts are not susceptible to objective measurement or valuation under ASC 958.605.30-11 *"Revenue Recognition of Not-For-Profit Entities"*), the value of these services was estimated at $623,731 and $608,677 for the years ended September 30, 2014 and 2013, respectively. A portion of the donated services was used to meet the matching requirement of certain grants from various federal and state agencies.

Notes to Financial Statements

13. Temporarily Restricted Net Assets

The Organization recognizes support from temporarily restricted net assets when the restrictions imposed by the donors have been satisfied or expired. Temporarily restricted net assets consist of the following at September 30, 2014 and 2013:

	2014	2013
Outreach	$ 90,000	$ -
Estuary Restoration and Education	175,200	192,500
Restoration Policy and Funding	207,000	258,000
Bay Fill Prevention	26,500	
Pollution Prevention	71,500	-
Total temporarily restricted	$ 570,200	$ 450,500

Temporarily restricted net assets were released from donor restrictions by incurring expenses satisfying the purposes specified by donors as follows during the years ended September 30:

	2014	2013
Outreach	$ 90,000	$ -
Estuary Restoration and Education	386,870	253,335
Restoration Policy and Funding	474,500	556,690
Bay Fill Prevention	51,000	167,069
Pollution Prevention	66,000	63,000
Total temporarily restricted released from restrictions	$ 1,068,370	$ 1,040,094

14. Retirement Plan

The Organization offers a defined contribution plan as established under Internal Revenue Code Section 403(b) (the Plan). All employees who work at least 1,000 hours per year are eligible for participation in the Plan after one full year of employment, and become vested at that time. For each Plan year, the Board of Directors of the Organization determines the amount (if any) to be contributed to the Plan by the Organization, and matches 50% of each eligible employee's contributions up to $1,000. Total contributions made by the Organization for the years ended September 30, 2014 and 2013 amounted to $21,011 and $17,470, respectively.

15. Line of Credit

The Organization had a margin account with a broker with an interest rate which, when utilized, varied between 6.0% and 8.5% per annum. The amount available to borrow depended on the composition of the maintainable assets in the account. As of September 30, 2012 there were no marginable assets in the account and no outstanding margin balance. The line of credit was closed during the year ended September 30, 2013.

16. Subsequent Events

In compliance with ASC 855, *Subsequent Events*, the Organization has evaluated subsequent events through January 29, 2015, the date the financial statements were available to be issued and, in the opinion of management, there are no subsequent events which need to be disclosed.