



Save The Bay

FINANCIAL STATEMENTS

FOR THE YEARS ENDED

SEPTEMBER 30, 2015 AND 2014

WITH INDEPENDENT AUDITORS' REPORT

SAVE THE BAY

(A California Not-For-Profit Corporation)
September 30, 2015

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, 2015

<u>Name</u>	<u>Office</u>
Maureen Reilly	Chair
Michael Gallagher	Vice-Chair for Governance
Michael Katz	Vice-Chair for Internal Affairs
Paul Stone	Vice-Chair for External Affairs
Donnie Fowler	Director
Ron Gonzales	Director
Lisa Hoyos	Director
Bill Leimbach	Director
Sandy Linder	Director
Samuel Luoma	Director
Henry Manayan	Director
Dean Meniktas	Director
Christopher Richard	Director
Lynda Sullivan	Director
Stephen Thompson	Director
Anne Toth	Director
Sinclair White	Director

Executive Director

David Lewis

SAVE THE BAY

(A California Not-For-Profit Corporation)
September 30, 2015

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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, 2015 and 2014 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, 2015 and 2014 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, 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 29, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Danville, California
January 15, 2016*

Regalia & Associates

SAVE THE BAY

Statements of Financial Position September 30, 2015 and 2014

ASSETS

	2015	2014
Cash and cash equivalents	\$ 848,500	\$ 853,260
Certificates of deposit	449,498	649,342
Contracts receivable	118,352	112,489
Grants receivable	500,500	851,250
Accounts receivable	67,250	14,500
Investments	84,415	83,061
Prepaid expenses and other assets	46,231	28,758
Deposits	17,394	16,894
Property and equipment, net	93,413	109,720
Total assets	\$ 2,225,553	\$ 2,719,274

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable	\$ 64,215	\$ 84,596
Accrued payroll liabilities	136,792	134,552
Deferred Revenue	28,341	138,258
Total liabilities	229,348	357,406
Net assets:		
Unrestricted	1,706,255	1,791,668
Temporarily restricted	289,950	570,200
Total net assets	1,996,205	2,361,868
	\$ 2,225,553	\$ 2,719,274

SAVE THE BAY

Statement of Activities and Changes in Net Assets Year Ended September 30, 2015

(With Comparative Totals for the Year Ended September 30, 2014)

<i>Changes in net assets:</i>	Unrestricted Net Assets	Temporarily Restricted Net Assets	2015 Total	2014 Total
Support:				
Government	\$ 323,263	\$ -	\$ 323,263	\$ 353,583
Foundation and corporate	155,575	655,520	811,095	1,340,371
Membership and individual	1,406,581	50,000	1,456,581	1,470,227
Bequests and memorials	167,144	-	167,144	31,866
In-kind contributions	18,000	-	18,000	16,394
Net assets released from restriction	985,770	(985,770)	-	-
Total support	3,056,333	(280,250)	2,776,083	3,212,441
Revenue:				
Rental income	15,400	-	15,400	-
Investment income	8,817	-	8,817	9,560
Realized/unrealized investment losses	(442)	-	(442)	(31)
Other	2,267	-	2,267	2,508
Total revenue	26,042	-	26,042	12,037
Total support and revenue	3,082,375	(280,250)	2,802,125	3,224,478
Expenses:				
Program	1,934,868	-	1,934,868	2,364,775
Management and general	530,643	-	530,643	549,867
Fundraising	702,277	-	702,277	813,993
Total expenses	3,167,788	-	3,167,788	3,728,635
Decrease in net assets	(85,413)	(280,250)	(365,663)	(504,157)
Net assets at beginning of year	1,791,668	570,200	2,361,868	2,866,025
Net assets at end of year	\$ 1,706,255	\$ 289,950	\$ 1,996,205	\$ 2,361,868

SAVE THE BAY

Statements of Cash Flows Years Ended September 30, 2015 and 2014

	2015	2014
<i>Operating activities:</i>		
Decrease in net assets	\$ (365,663)	\$ (504,157)
Adjustments to reconcile to cash provided by (used for) operating activities:		
Depreciation	16,184	20,059
Loss on disposition of property and equipment	123	148
Realized and unrealized investment losses	442	31
Changes in:		
Contracts receivable	(5,863)	44,028
Grants receivable	350,750	(308,250)
Accounts receivable	(52,750)	7,782
Prepaid expenses and other assets	(17,473)	(1,637)
Deposits	(500)	1,600
Accounts payable and accrued expenses	(20,381)	(59,361)
Accrued payroll liabilities	2,240	(40,695)
Deferred Revenue	(109,917)	138,258
Cash used for operating activities	(202,808)	(702,194)
<i>Investing activities:</i>		
Net proceeds from disposition of investments	-	1,023,761
Net decrease (increase) in certificates of deposit	198,048	(429,600)
Cash provided by investing activities	198,048	594,161
Decrease in cash and cash equivalents	(4,760)	(108,033)
Cash and cash equivalents at beginning of year	853,260	961,293
Cash and cash equivalents at end of year	\$ 848,500	\$ 853,260
<i>Additional cash flow information:</i>		
Taxes paid to Registry of Charitable Trusts	\$ 150	\$ 150
Interest paid	\$ -	\$ -

SAVE THE BAY

Statement of Functional Expenses

Year Ended September 30, 2015

(With Comparative Totals for the Year Ended September 30, 2014)

	Program Services				Supporting Services		Totals	Totals
	Restoration Campaigns	Bay Protection	Education & Outreach	Total Program	Management & General	Fundraising	Sept 30 2015	Sept 30 2014
Salaries	\$ 601,307	\$ 148,152	\$ 334,833	\$ 1,084,292	\$ 326,587	\$ 282,661	\$ 1,693,540	\$ 2,034,871
Payroll taxes	47,734	11,805	26,287	85,826	25,689	22,787	134,302	163,784
Pension contributions	357	79	193	629	195	176	1,000	21,011
Other employee benefits	54,143	13,723	30,614	98,480	29,861	26,301	154,642	149,391
Total salaries and related expenses	703,541	173,759	391,927	1,269,227	382,332	331,925	1,983,484	2,369,057
Grants	5,000	-	-	5,000	-	-	5,000	8,500
Professional services- legal	17,717	425	1,470	19,612	3,993	962	24,567	14,870
Professional services- accounting	-	-	-	-	37,141	-	37,141	47,503
Professional services- other	57,218	41,220	84,515	182,953	4,733	250,609	438,295	510,099
Advertising and promotion	-	49	4,165	4,214	-	24	4,238	55,354
Supplies	25,861	761	1,677	28,299	1,755	1,292	31,346	22,325
Telephone	2,608	401	948	3,957	830	656	5,443	8,325
Postage	4,881	14,778	14,041	33,700	5,236	18,357	57,293	55,096
Equipment rental/maintenance	3,654	801	1,681	6,136	1,658	1,310	9,104	10,794
Bank fees	-	-	-	-	12,437	-	12,437	13,947
Occupancy	63,692	13,953	29,305	106,950	28,893	22,828	158,671	159,173
Printing and publications	9,023	19,473	24,171	52,667	3,815	30,304	86,786	139,770
Information technology	59,475	12,980	44,078	116,533	28,198	21,252	165,983	179,537
Travel and meals	20,086	2,051	4,424	26,561	416	2,294	29,271	31,126
Conferences and meetings	1,008	375	991	2,374	5,352	927	8,653	7,026
Depreciation	10,063	899	1,889	12,851	1,862	1,471	16,184	20,059
Insurance	9,771	607	1,276	11,654	4,537	994	17,185	15,715
Dues, licenses, service fees	13,116	3,107	11,634	27,857	3,420	6,862	38,139	21,823
Inkind professional services	-	-	8,350	8,350	-	-	8,350	4,694
Miscellaneous expense	9,271	1,900	4,802	15,973	4,035	10,210	30,218	33,842
	\$ 1,015,985	\$ 287,539	\$ 631,344	\$ 1,934,868	\$ 530,643	\$ 702,277	\$ 3,167,788	\$ 3,728,635

See accompanying auditors' report and notes to financial statements.

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Notes to Financial Statements
September 30, 2015

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.

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 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.

Notes to Financial Statements

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, 2015.

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, 2015. *(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, 2015 and 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 receives unrelated business income (sublease rental income) which requires the Organization to file separate tax returns under federal and state statutes. Tax liabilities, if any exist, are accrued at the statutory tax rates in effect at the end of the fiscal year.

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 2014 financial statements in order to conform to the presentation used in 2015.

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, 2014, 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 consist of the following at September 30:

	2015	2014
Checking and other noninterest-bearing accounts	\$ 719,560	\$ 509,911
Savings and other accounts (bearing interest at rates ranging from 0.01% to 0.30%)	128,940	343,349
Total cash and cash equivalents	\$ 848,500	\$ 853,260

Cash and cash equivalents include all funds in banks (checking, savings and money market) 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 limit its risk and exposure by only using highly rated financial institutions.

4. Receivables

Receivables consist of the following at September 30:

	2015	2014
Contracts receivable	\$ 118,352	\$ 112,489
Grants receivable	500,500	851,250
Accounts receivable	67,250	14,500
Total receivables	\$ 686,102	\$ 978,239

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, 2015. There were no bad debts for the year ended September 30, 2014. Management has evaluated the receivables as of September 30, 2015 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.

Notes to Financial Statements

5. Investments

Investments consist of the following at September 30:

	2015	2014
Mutual funds: Investment grade short-term bond fund	\$ 84,415	\$ 83,061

During the years ended September 30, 2015 and 2014, investment earnings amounted to \$8,817 and \$9,560, respectively. During the years ended September 30, 2015 and 2014, realized and unrealized losses amounted to \$442 and \$31, 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, 2015 is as follows:

	Total	Level 1	Level 2	Level 3
Certificates of deposit	\$ 449,498	\$ 449,498	\$ -	\$ -
Receivables	686,102	-	686,102	-
Investments	84,415	84,415	-	-
Totals	\$ 1,220,015	\$ 533,913	\$ 686,102	\$ -

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 3 at September 30, 2015.

7. Property and Equipment

Property and equipment consist of the following at September 30:

	2015	2014
Office furniture and equipment	\$ 128,110	\$ 150,366
Buildings	99,633	99,633
Less: accumulated depreciation	(134,330)	(140,279)
Property and equipment, net	\$ 93,413	\$ 109,720

Depreciation expense amounted to \$16,184 and \$20,059 for the years ended September 30, 2015 and 2014, respectively. During the years ended September 30, 2015 and 2014, the Organization disposed of depreciation equipment with original cost basis of \$22,256 and \$12,808, respectively. There was a loss on disposition of fixed assets of \$123 and \$148 for the years ended September 30, 2015 and 2014, respectively.

Notes to Financial Statements

8. Lease Commitments

The Organization rents its corporate office facilities under a multi-year operating lease which expires July 31, 2016. As of September 30, 2015, the Organization is committed to making monthly rental payments of \$16,874. The Organization is in the process of exercising a three-year lease extension option for its current office space. 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 \$158,671 and \$159,173 for the years ended September 30, 2015 and 2014, respectively. Future minimum rental payments under all operating leases extending beyond one year at September 30, 2015 are as follows:

Year ending September 30, 2016	\$ 157,450
Year ending September 30, 2017	214,176
Year ending September 30, 2018	217,018
Year ending September 30, 2019	184,386

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 for the years ended September 30:

	2015	2014
Costs allocated to program activities	\$ 198,365	\$ 322,791
Costs allocated to management and general activities	-	11,774
Costs allocated to fundraising activities	100,845	154,230
Totals	\$ 299,210	\$ 488,795

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 \$136,792 and \$134,552 at September 30, 2015 and 2014, respectively and are reflected as accrued liabilities on the statements of financial position.

Notes to Financial Statements

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 11.5% and 11.0% for the years ended September 30, 2015 and 2014, 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 years ended September 30:

	2015	2014
In-kind services	\$ 8,350	\$ 4,694
Equipment and vehicles	9,650	11,700
Total in-kind contributions	\$ 18,000	\$ 16,394

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 37,000 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 \$669,815 and \$623,731 for the years ended September 30, 2015 and 2014, 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:

	2015	2014
Outreach	\$ 30,000	\$ 90,000
Estuary Restoration and Education	148,750	175,200
Restoration Policy and Funding	55,700	207,000
Bay Fill Prevention	20,000	26,500
Pollution Prevention	35,500	71,500
Total temporarily restricted	\$ 289,950	\$ 570,200

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:

	2015	2014
Outreach	\$ 214,608	\$ 90,000
Estuary Restoration and Education	358,970	386,870
Restoration Policy and Funding	231,300	474,500
Bay Fill Prevention	76,892	51,000
Pollution Prevention	104,000	66,000
Total temporarily restricted released from restrictions	\$ 985,770	\$ 1,068,370

14. Retirement Plan

The Organization offers a defined contribution plan qualified 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, 2015 and 2014 amounted to \$1,000 and \$21,011, respectively.

15. Subsequent Events

In compliance with ASC 855, *Subsequent Events*, the Organization has evaluated subsequent events through January 15, 2016, 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.