SAVE THE BAY

SAVE THE BAY
ACTION FUND

Combined Financial Statements

For the Years Ended

September 30, 2018 and 2017

With Independent Auditors' Report Thereon

REGALIA & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

SAVE THE BAY and SAVE THE BAY ACTION FUND

(A California Not-For-Profit Corporation)
September 30, 2018 and 2017

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.

(A California Not-For-Profit Corporation)
September 30, 2018 and 2017

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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
OFFICE: 925.314.0390
WEB: WWW.MRCPA.COM

CERTIFIED PUBLIC ACCOUNTANTS
103 TOWN & COUNTRY DRIVE, SUITE K, DANVILLE, CALIFORNIA 94526
DOUGLAS REGALIA, CPA
LISA PARKER, CPA [inactive]
JEANNINE REGALIA, CPA
LISA CLOVEN, CPA
JENNY SO, CPA
JENNIFER JENSEN
MALEEHA MAHMOOD
ANITA EVANS
DANA CHAVARRIA, CPA
TRICIA WILSON
VALERIE REGALIA, CPA
WENDY THOMAS, CPA
JANICE TAYLOR, CPA
RACHEL BERGER, CPA
KIM CHAVARRIA
MARIANNE RYAN

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Save The Bay and Save The Bay Action Fund

We have audited the accompanying combined financial statements of the Save The Bay and Save The Bay Action Fund (separate nonprofit organizations) which comprise the combined statement of financial position as of September 30, 2018 and the related combined statements of activities and changes in net assets, cash flows and functional expenses for the year then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of Save The Bay and Save The Bay Action Fund as of September 30, 2018 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters
The combined financial statements of Save The Bay and Save The Bay Action Fund as of September 30, 2017 were audited by us and in our report dated February 20, 2018, we expressed an unmodified opinion on those combined financial statements. The prior year summarized comparative information is not intended to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2017 is consistent, in all material respects, with the audited combined financial statements from which it has been derived.

Regalia & Associates

Danville, California
January 29, 2019

Combined Statements of Financial Position
September 30, 2018 and 2017

ASSETS

	2018	2017
Cash and cash equivalents	$ **790,841**	$ 469,002
Certificates of deposit	**606,965**	952,928
Contracts receivable	**165,600**	30,220
Grants receivable	**659,146**	817,040
Accounts and donations receivable	**21,514**	17,999
Investments	**88,659**	88,439
Prepaid expenses and other assets	**27,368**	23,626
Deposits	**18,874**	16,874
Property and equipment, net	**71,039**	77,971
Total assets	$ **2,450,006**	$ 2,494,099

LIABILITIES AND NET ASSETS

	2018	2017
Liabilities:		
Accounts payable	$ **78,977**	$ 88,934
Accrued payroll liabilities	**128,921**	128,775
Total liabilities	**207,898**	217,709
Net assets:		
Unrestricted	**1,830,636**	1,710,630
Temporarily restricted	**411,472**	565,760
Total net assets	**2,242,108**	2,276,390
	$ **2,450,006**	$ 2,494,099

Combined Statement of Activities and Changes in Net Assets
Year Ended September 30, 2018
(With Comparative Totals for the Year Ended September 30, 2017)

Changes in net assets:	Unrestricted Net Assets	Temporarily Restricted Net Assets	2018 Total	2017 Total
Support:				
Government	$ 189,572	$ -	**$ 189,572**	$ 97,580
Foundation and corporate	370,249	1,080,000	**1,450,249**	1,372,601
Membership and individual	1,343,951	5,000	**1,348,951**	1,438,142
Bequests and memorials	237,107	-	**237,107**	257,885
In-kind contributions	72,903	-	**72,903**	153,971
Net assets released from restriction	1,270,288	(1,270,288)	**-**	-
Total support	3,484,070	(185,288)	**3,298,782**	3,320,179
Revenue:				
Rental income	42,000	-	**42,000**	42,000
Events	148,025	31,000	**179,025**	66,018
Investment income	14,693	-	**14,693**	9,259
Unrealized investment losses	(1,979)	-	**(1,979)**	(596)
Other	972	-	**972**	11,099
Total revenue	203,711	31,000	**234,711**	127,780
Total support and revenue	3,687,781	(154,288)	**3,533,493**	3,447,959
Expenses:				
Program	2,223,049	-	**2,223,049**	2,194,557
Management and general	632,266	-	**632,266**	504,168
Fundraising	712,460	-	**712,460**	587,681
Total expenses	3,567,775	-	**3,567,775**	3,286,406
Increase (decrease) in net assets	120,006	(154,288)	**(34,282)**	161,553
Net assets at beginning of year	1,710,630	565,760	**2,276,390**	2,114,837
Net assets at end of year	**$ 1,830,636**	**$ 411,472**	**$ 2,242,108**	$ 2,276,390

Combined Statements of Cash Flows
Years Ended September 30, 2018 and 2017

	2018	2017
Operating activities:		
Increase (decrease) in net assets	$ (34,282)	$ 161,553
Adjustments to reconcile to cash (used for) operating activities:		
Depreciation	6,932	7,442
Unrealized investment losses	1,979	596
Changes in:		
Contracts receivable	(135,380)	(7,837)
Grants receivable	157,894	148,671
Accounts receivable	(3,515)	(15,841)
Prepaid expenses and other assets	(3,742)	2,897
Deposits	(2,000)	270
Accounts payable and accrued expenses	(9,957)	26,534
Accrued payroll liabilities	146	(12,067)
Cash provided by (used for) operating activities	(21,925)	312,218
Investing activities:		
Purchases and reinvestment of investments	(2,199)	(746)
Net decrease (increase) in certificates of deposit	345,963	(502,884)
Cash provided by (used for) investing activities	343,764	(503,630)
Increase (decrease) in cash and cash equivalents	321,839	(191,412)
Cash and cash equivalents at beginning of year	469,002	660,414
Cash and cash equivalents at end of year	$ 790,841	$ 469,002
Additional cash flow information:		
Taxes paid to Registry of Charitable Trusts	$ 150	$ 150
Interest paid	$ -	$ -

Combined Statement of Functional Expenses
Year Ended September 30, 2018
(With Comparative Totals for the Year Ended September 30, 2017)

	Program Services				Supporting Services		Totals	Totals
	Restore Bay Habitat	Bay Smart Communities	Education and Outreach	Total Program	Management and General	Fundraising	Sept 30 2018	Sept 30 2017
Salaries	$ 579,464	$ 144,340	$ 425,748	$ 1,149,552	$ 335,469	$ 316,745	**$ 1,801,766**	$ 1,704,283
Payroll taxes	46,831	11,670	34,391	92,892	26,527	25,609	**145,028**	135,091
Other employee benefits	53,500	13,331	39,288	106,119	29,534	29,255	**164,908**	159,679
Total salaries and related expenses	679,795	169,341	499,427	1,348,563	391,530	371,609	**2,111,702**	1,999,053
Grants	15,000	11,000	-	26,000	-	-	**26,000**	21,300
Professional services- legal	-	-	-	-	31,883	-	**31,883**	12,035
Professional services- accounting	-	-	-	-	40,321	-	**40,321**	39,771
Professional services- other	128,413	29,264	163,458	321,135	27,231	79,864	**428,230**	351,296
Advertising and promotion	-	58,509	8,554	67,063	-	-	**67,063**	66,409
Supplies	63,940	1,438	4,917	70,295	3,284	3,527	**77,106**	29,227
Telephone	1,791	271	827	2,889	605	594	**4,088**	3,994
Postage	3,949	1,529	656	6,134	2,484	16,145	**24,763**	19,175
Equipment rental/maintenance	3,238	795	2,427	6,460	1,774	1,742	**9,976**	9,951
Bank fees	151	37	114	302	15,605	1,939	**17,846**	11,643
Occupancy	85,401	21,600	51,949	158,950	49,999	43,368	**252,317**	246,870
Printing and publications	2,063	16,287	3,166	21,516	1,658	104,083	**127,257**	45,072
Information technology	34,794	8,481	31,690	74,965	18,925	19,067	**112,957**	124,940
Travel and meals	40,749	1,348	3,435	45,532	234	1,852	**47,618**	35,181
Conferences and meetings	205	87	939	1,231	2,004	185	**3,420**	5,077
Depreciation	5,615	155	474	6,244	347	341	**6,932**	7,442
Insurance	8,006	627	1,965	10,598	7,834	1,779	**20,211**	18,701
Dues, licenses, service fees	9,989	353	6,128	16,470	2,362	7,451	**26,283**	40,027
In-kind professional services	-	-	19,020	19,020	27,178	11,505	**57,703**	137,771
Miscellaneous expense	6,780	5,801	7,101	19,682	7,008	47,409	**74,099**	61,471
	$ 1,089,879	**$ 326,923**	**$ 806,247**	**$ 2,223,049**	**$ 632,266**	**$ 712,460**	**$ 3,567,775**	$ 3,286,406

Notes to Combined Financial Statements
September 30, 2018 and 2017

1. Organization

Save the Bay 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 (collectively "STB"), a related 501(c)(4) nonprofit organization created in May 2014.

Program services of STB include restoring bay habitat, creating bay smart communities, and public education and outreach. STB'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 combined financial statements of STB 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. Intercompany transactions have been eliminated in the combined financial statements.

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, STB is required to report information regarding its combined financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. STB has also adopted the provisions of ASC 958.205.55.31 thru 958.205.55.53, *Presentation of Financial Statements – Endowment Disclosures*.

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

Use of Estimates
The preparation of combined 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.

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.

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.

STB 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 combined 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. There were no permanently restricted net assets as of September 30, 2017 and 2016.

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.

Property and Equipment

Property and equipment purchased by STB are recorded at cost. Property and equipment donated to STB 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

STB follows the provisions of ASC 958.320, *Investments – Debt and Equity Securities of Not-for-Profit Entities* 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 STB 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, 2018 and 2017. 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 combined 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.

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

Income Taxes

Financial statement presentation follows the recommendations of ASC 740, *Income Taxes*. Under ASC 740, STB is required to report information regarding its exposure to various tax positions taken by STB 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 STB has adequately evaluated its current tax positions and has concluded that as of September 30, 2018 and 2017, STB does not have any uncertain tax positions for which a reserve or an accrual for a tax liability would be necessary.

STB 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. These exemptions are subject to periodic review by the taxing authorities and management is confident that STB continues to satisfy all federal and state statutes. STB receives unrelated business income (sublease rental income) requiring STB 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 contributions 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 STB. The value of this contributed time is not reflected in the combined financial statements since it is not susceptible to objective measurement or valuation.

Reclassifications

Certain reclassifications have been made to the 2016 combined financial statements in order to conform to the presentation used in 2017.

Functional Allocation of Expenses

The costs of providing STB's various programs and other activities have been summarized on a functional basis in the combined 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 combined 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 STB's combined financial statements for the year ended September 30, 2017, from which the summarized information was derived.

Use of Estimates

The preparation of combined 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 combined 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:

	2018	2017
Checking and other noninterest-bearing accounts	**$ 535,605**	$ 145,347
Savings and other accounts (bearing interest at rates ranging from 0.01% to 0.30%)	**255,236**	323,655
Total cash and cash equivalents	**$ 790,841**	$ 469,002

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:

	2018	2017
Contracts receivable	**$ 165,600**	$ 30,220
Grants receivable	**659,146**	817,040
Accounts and donations receivable	**21,514**	17,999
Total receivables	**$ 846,260**	$ 865,259

Receivables represent amounts due from various sources, including foundations, federal and state agencies, individuals, and others. Receivables are stated at net realizable value. STB uses the direct write-off method with regards to receivables deemed uncollectible. Bad debt expenses amounted to $750 for the year ended September 30, 2017 and is included with miscellaneous expense on the combined statement of functional expenses. There was no bad debt expense for the year ended September 30, 2018. Management has evaluated the receivables as of September 30, 2018 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:

	2018	2017
Mutual funds: Investment grade short-term bond fund	**$ 88,659**	$ 88,439

During the years ended September 30, 2018 and 2017, investment earnings amounted to $14,693 and $9,259, respectively. During the years ended September 30, 2018 and 2017, unrealized losses amounted to $1,979 and $596, respectively. Investments in mutual funds with readily determinable fair values are reported at fair value or amounts that approximate fair value. STB's management is responsible for routinely overseeing investment performance.

6. Fair Value Measurements

Composition of assets utilizing fair value measurements at September 30, 2018 is as follows:

	Total	Level 1	Level 2	Level 3
Certificates of deposit	$ 606,965	$ 606,965	$ -	$ -
Receivables	846,260	-	846,260	-
Investments	88,659	88,659	-	-
Deposits	18,874	-	-	18,874
Totals	$ 1,560,758	$ 695,624	$ 846,260	$ 18,874

Composition of assets utilizing fair value measurements at September 30, 2017 is as follows:

	Total	Level 1	Level 2	Level 3
Certificates of deposit	$ 952,928	$ 952,928	$ -	$ -
Receivables	865,259	-	865,259	-
Investments	88,439	88,439	-	-
Deposits	16,874	-	-	16,874
Totals	$ 1,923,500	$ 1,041,367	$ 865,259	$ 16,874

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.

Assets Classified as Level 3: Deposit assets are reflected at book value and are not stated at net realizable value or at the estimated present value of such future amounts.

7. Property and Equipment

Property and equipment consist of the following at September 30:

	2018	2017
Office furniture and equipment	**$ 85,104**	$ 85,104
Buildings	**99,633**	99,633
Less: accumulated depreciation	**(113,698)**	(106,766)
Property and equipment, net	**$ 71,039**	$ 77,971

Depreciation expense amounted to $6,932 and $7,442 for the years ended September 30, 2018 and 2017, respectively. During the year ended September 30, 2017, STB disposed of partially depreciated equipment with original cost basis of $48,576. There were no disposals of property and equipment for the year ended September 30, 2018.

8. Lease Commitments

STB rents its corporate office facilities under a multi-year operating lease which expires July 31, 2019. As of September 30, 2018, STB is obligated to remit monthly rental payments of $18,439 for the office lease. STB also leases certain office equipment under a separate multi-year rental contract (requiring a monthly remittance of $767) with an expiration date of June 1, 2021.

Rental expense for all of STB's operating leases amounted to $252,317 and $246,870 for the years ended September 30, 2018 and 2017, respectively. Future minimum rental payments under all operating leases extending beyond one year at September 30, 2018 are as follows:

Year ending September 30, 2019	$	193,592
Year ending September 30, 2020		9,206
Year ending September 30, 2021		6,905

STB subleases a portion of its corporate office space. Rental income for the years ended September 30, 2018 and 2017 amounted to $42,000 each year.

9. Allocation of Joint Costs

STB follows the provisions of FASB ASC Subtopic 958-720, Not-for-Profit Entities–Other Expenses *Accounting for Joint Costs*. Under ASC 958-720, STB 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, STB 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 year ended September 30, 2017 as follows.

		2017
Costs allocated to program activities	$	117,715
Costs allocated to management and general activities		3,679
Costs allocated to fundraising activities		62,536
Totals	$	183,930

There were no such cost allocations for the year ended September 30, 2018 when the direct mail program was brought in house.

10. Compensated Absences

Financial statement presentation follows the recommendations of ASC 710.25, *Compensated Absences*. Under ASC 710.25, STB 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 combined financial statements. Accrued payroll liabilities amounted to $128,921 and $128,775 at September 30, 2018 and 2017, respectively and are reflected as accrued liabilities on the combined statements of financial position.

Continued

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 combined 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 STB to fulfill certain requirements as set forth in grant instruments, (b) Funding levels which vary based on factors beyond STB'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.

STB receives a portion of its support from federal, state, and local government agencies (amounting to 5.63% and 2.94% of total contributed support for the years ended September 30, 2018 and 2017, respectively). A significant reduction in the level of this support, if it were to occur, could have an impact on STB'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 combined 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 STB 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:

	2018	2017
In-kind services	**$ 99,823**	$ 137,771
Equipment and vehicles	**28,705**	16,200
Total in-kind contributions	**$ 128,528**	$ 153,971

Volunteer Services: In addition to receiving specialized in-kind services, STB was also the beneficiary of volunteer work parties organized to carry out restoration projects removing 51,000 pounds of invasive species growing in San Francisco Bay, collecting seeds from native plants, and planting more than 32,000 seedlings to restore the bio-diversity and health of the bay. Although not recorded in the combined 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 $594,716 and $585,508 for the years ended September 30, 2018 and 2017, respectively. A portion of the donated services was used to meet the matching requirement of certain grants from various federal and state agencies.

13. Temporarily Restricted Net Assets

STB 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:

	2018	2017
Outreach and Bay Day	**$ -**	$ 31,375
Estuary Restoration and Education	**289,972**	396,385
Time restrictions	**-**	100,000
Restoration Policy and Funding	**-**	18,750
Bay Smart Communities	**121,500**	19,250
Total temporarily restricted	**$ 411,472**	$ 565,760

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:

	2018	2017
Outreach and Bay Day	**$ 210,000**	$ 215,125
Estuary Restoration and Education	**734,538**	619,900
Time restrictions	**100,000**	100,000
Restoration Policy and Funding	**18,750**	29,250
Bay Smart Communities	**157,000**	161,000
Total temporarily restricted released from restrictions	**$ 1,270,288**	$ 1,125,275

14. Related Party Transactions

Contributions from certain individuals on staff and members of the Board of Directors amounted to $106,652 and $72,341 during the years ended September 30, 2018 and 2017 respectively.

15. Retirement Plan

STB offers a defined contribution plan qualified under Section 403(b) of the Internal Revenue Code Section. 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 fully vested at that time. There were no contributions made by STB for the years ended September 30, 2018 and 2017.

16. Subsequent Events

In compliance with ASC 855, *Subsequent Events*, STB has evaluated subsequent events through January 23, 2019, the date the combined financial statements were available to be issued and, in the opinion of management, there are no subsequent events which need to be disclosed.