

**SAVE THE BAY**

**SAVE THE BAY ACTION FUND**

**(California Nonprofit Organizations)**

**COMBINED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021**



## SAVE THE BAY AND SAVE THE BAY ACTION FUND

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## **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 Save The Bay and Save The Bay Action Fund (separate nonprofit organizations) which comprise the combined statements of financial position as of September 30, 2021 and the related combined statements of activities and changes in net assets, functional expenses, and cash flows, for the year then ended, and the related notes to the combined financial statements.

### ***Management's Responsibility for the Combined 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.

### ***Auditors' 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 auditors' 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, 2021, and the changes in its net assets 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's September 30, 2020 were audited by other auditors whose report dated March 19, 2021, expressed an unmodified opinion on those combined financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2020, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

*RINA Accountancy LLP*

Certified Public Accountants

San Francisco, California  
May 2, 2022

# SAVE THE BAY AND SAVE THE BAY ACTION FUND

## COMBINED STATEMENTS OF FINANCIAL POSITION

<u>ASSETS</u>	<u>September 30, 2021</u>	<u>September 30, 2020</u>
CURRENT:		
Cash and cash equivalents	\$ 1,175,777	\$ 1,112,690
Investments	3,052,640	1,449,716
Contracts receivable	133,085	221,334
Grants receivable	77,359	120,000
Accounts and donations receivable	3,421	124,702
Prepaid expenses and other assets	28,974	19,851
	<hr/>	<hr/>
TOTAL CURRENT ASSETS	4,471,256	3,048,293
PROPERTY AND EQUIPMENT, NET	68,600	119,215
OTHER ASSETS:		
Deposits	10,321	7,267
Right of use assets	102,973	6,046
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 4,653,150</u>	<u>\$ 3,180,821</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 54,034	\$ 143,573
Refundable advance	29,911	52,912
Accrued payroll liabilities	186,644	155,095
Operating lease payable	67,602	6,046
	<hr/>	<hr/>
TOTAL CURRENT LIABILITIES	338,191	357,626
LONG-TERM LIABILITIES:		
Operating lease payable, less current portion	36,891	-
	<hr/>	<hr/>
TOTAL LIABILITIES	375,082	357,626
NET ASSETS:		
Without Donor Restriction	3,218,360	2,470,195
Board Designated	794,593	-
With Donor Restriction	265,115	353,000
	<hr/>	<hr/>
TOTAL NET ASSETS	4,278,068	2,823,195
	<hr/>	<hr/>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,653,150</u>	<u>\$ 3,180,821</u>

See notes to combined financial statements.

# SAVE THE BAY AND SAVE THE BAY ACTION FUND

## COMBINED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

**YEAR ENDED SEPTEMBER 30, 2021**

**(With summarized financial information for the year ended September 30, 2020)**

	Net Assets			Total	2020 Total
	Without Donor Restriction	Board Designated	With Donor Restriction		
<b>CONTRIBUTED SUPPORT:</b>					
Paycheck Protection Program	\$ 394,100	\$ -	\$ -	\$ 394,100	\$ 394,900
Foundation and corporate	303,939	-	537,500	841,439	1,042,291
Membership and individuals	1,250,953	-	25,000	1,275,953	1,267,598
Bequests and memorials	162,500	-	-	162,500	1,195,584
Capacity Campaign	645,997	794,593	55,115	1,495,705	-
In-kind contributions	16,566	-	-	16,566	44,991
Net assets released from restrictions	705,500	-	(705,500)	-	-
<b>TOTAL SUPPORT</b>	<b>3,479,555</b>	<b>794,593</b>	<b>(87,885)</b>	<b>4,186,263</b>	<b>3,945,364</b>
<b>EARNED REVENUE:</b>					
Government	362,123	-	-	362,123	368,178
Events	-	-	-	-	6,890
Investment income	7,184	-	-	7,184	13,645
Unrealized investment gains/(losses)	(45,446)	-	-	(45,446)	3,181
Other	8,512	-	-	8,512	827
<b>TOTAL REVENUE</b>	<b>332,373</b>	<b>-</b>	<b>-</b>	<b>332,373</b>	<b>392,721</b>
<b>TOTAL SUPPORT AND REVENUE</b>	<b>3,811,928</b>	<b>794,593</b>	<b>(87,885)</b>	<b>4,518,636</b>	<b>4,338,085</b>
<b>EXPENSES:</b>					
Program services	1,328,322	-	-	1,328,322	1,680,235
Supporting services:					
Management and general	668,440	-	-	668,440	755,557
Fundraising	1,067,001	-	-	1,067,001	824,479
<b>TOTAL EXPENSES</b>	<b>3,063,763</b>	<b>-</b>	<b>-</b>	<b>3,063,763</b>	<b>3,260,271</b>
<b>CHANGE IN NET ASSETS</b>	<b>748,165</b>	<b>794,593</b>	<b>(87,885)</b>	<b>1,454,873</b>	<b>1,077,814</b>
<b>NET ASSETS, beginning of year</b>	<b>2,470,195</b>	<b>-</b>	<b>353,000</b>	<b>2,823,195</b>	<b>1,745,381</b>
<b>NET ASSETS, end of year</b>	<b>\$ 3,218,360</b>	<b>\$ 794,593</b>	<b>\$ 265,115</b>	<b>\$ 4,278,068</b>	<b>\$ 2,823,195</b>

See notes to combined financial statements.

## SAVE THE BAY AND SAVE THE BAY ACTION FUND

### COMBINED STATEMENTS OF FUNCTIONAL EXPENSES – YEAR ENDED SEPTEMBER 30, 2021 (With comparative financial information for the year ended September 30, 2020)

	Program Services				Supporting Services		Total September 30, 2021	Total September 30, 2020
	Restore Bay Habitat	Bay Smart Communities	Education and Outreach	Total Program Services	Management and General	Fundraising		
Salaries and related expenses:								
Salaries	\$ 412,594	\$ 229,570	\$ 181,222	\$ 823,386	\$ 390,842	\$ 512,974	\$ 1,727,202	\$ 1,846,315
Payroll taxes	28,752	16,000	12,595	57,347	27,138	35,540	120,025	131,022
Other employee benefits	38,319	24,443	16,771	79,533	36,230	47,662	163,425	159,767
Total salaries and related expenses	479,665	270,013	210,588	960,266	454,210	596,176	2,010,652	2,137,104
Grants	4,500	1,100	-	5,600	-	-	5,600	5,000
Professional services - legal	-	-	-	-	7,735	-	7,735	13,932
Professional services - accounting	-	-	-	-	28,800	19,925	48,725	41,529
Professional services - fundraising	932	505	388	1,825	893	210,432	213,150	26,521
Professional services - other	36,107	17,967	59,836	113,910	38,331	50,364	202,605	214,473
Advertising and promotion	20	-	3,657	3,677	-	5,404	9,081	15,085
Supplies	31,434	983	709	33,126	2,599	1,960	37,685	114,371
Telephone	2,869	491	378	3,738	869	1,133	5,740	7,955
Postage	140	76	1,740	1,956	386	6,544	8,886	8,939
Equipment rental/maintenance	1,129	612	471	2,212	1,081	1,412	4,705	9,722
Bank fees	9	5	4	18	21,173	11	21,202	20,181
Occupancy	18,126	9,819	7,553	35,498	17,371	22,656	75,525	278,559
Printing and publications	-	-	2,069	2,069	-	74,057	76,126	58,645
Information technology	36,078	19,501	16,609	72,188	41,469	47,158	160,815	94,087
Travel and meals	31,341	324	450	32,115	958	877	33,950	40,950
Conferences and meetings	304	-	32	336	44	76	456	15,866
Depreciation and loss on disposal	21,943	4,904	3,773	30,620	8,677	11,318	50,615	50,652
Insurance	9,325	1,277	982	11,584	10,179	2,947	24,710	25,604
Dues, licenses, service fees	2,027	1,673	1,306	5,006	4,065	3,730	12,801	23,040
In-kind professional services	-	-	-	-	16,566	-	16,566	45,249
Miscellaneous	6,271	3,116	3,191	12,578	13,034	10,821	36,433	12,807
<b>TOTAL EXPENSES</b>	<b>\$ 682,220</b>	<b>\$ 332,366</b>	<b>\$ 313,736</b>	<b>\$ 1,328,322</b>	<b>\$ 668,440</b>	<b>\$ 1,067,001</b>	<b>\$ 3,063,763</b>	<b>\$ 3,260,271</b>

See notes to combined financial statements.

## SAVE THE BAY AND SAVE THE BAY ACTION FUND

### COMBINED STATEMENTS OF CASH FLOWS

	<u>Year Ended</u> <u>September 30, 2021</u>	<u>Year Ended</u> <u>September 30, 2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 1,454,873	\$ 1,077,814
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and loss on disposal of property and equipment	52,135	50,652
Unrealized gain on investments	45,446	(3,181)
Changes in operating assets and liabilities:		
Contracts receivable	88,249	(57,000)
Grants receivable	42,641	(100,592)
Accounts and donations receivable	121,281	351,812
Prepaid expenses and other assets	(9,123)	5,071
Deposits	(3,054)	43,772
Accounts payable	(89,539)	94,786
Refundable advance	(23,001)	(35,638)
Accrued payroll liabilities	31,549	(10,449)
	<u>1,711,457</u>	<u>1,417,047</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	-	(73,297)
Proceeds from investments	3,934,102	201,029
Acquisition of investments	(5,582,472)	(849,872)
	<u>(1,648,370)</u>	<u>(722,140)</u>
<b>NET CASH USED BY INVESTING ACTIVITIES</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
	<u>-</u>	<u>-</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		
	63,087	694,907
CASH AND CASH EQUIVALENTS, beginning of year	1,112,690	417,783
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 1,175,777</u>	<u>\$ 1,112,690</u>

See notes to combined financial statements.



# SAVE THE BAY AND SAVE THE BAY ACTION FUND

## **About Us**

Save The Bay protects and restores San Francisco Bay for people and wildlife. For 60 years, we've been the voice of the Bay, mobilizing the region to make the bay cleaner, healthier, and accessible for everyone to enjoy. Save The Bay Action Fund helps residents advocate and vote for initiatives to make the Bay Area sustainable for future generations.

## **History**

For more than half a century, Save The Bay has mobilized Bay Area residents to protect our region's greatest natural treasure, improving our environment, quality of life and economy. In 1961, San Francisco Bay was choked with sewage and industrial pollution, ringed with garbage dumps, and the public could only access six miles of its shoreline was accessible to the public. Filling and diking of the shallow Bay had destroyed 90 percent of its wetlands and shrunk its size by one-third, and every city had plans to grow by filling in more of the Bay.

Three courageous women founded Save The Bay to halt the destruction, and engaged thousands of people to force a moratorium on filling. Our movement won new state and federal laws to protect the Bay, control shoreline development, clean up pollution and increase public access. With many partners, we increased wetlands habitat for endangered wildlife and created a necklace of shoreline parks linked by hundreds of miles of Bay Trail. We've educated tens of thousands of Bay Area students to understand the Bay and participate in its stewardship.

Save The Bay Action Fund was created in 2014 and has helped voters to pass billions of dollars of investment in restored wetlands, improved transit and affordable housing.

Now, as climate change and pollution threaten the Bay, we're shaping the region's development to create Bay Smart Communities, where nature grows and people thrive. We're leading efforts to make the Bay Area resilient to floods, drought, sea level rise and other climate impacts, so the region is sustainable for future generations. And we engage thousands of volunteers every year to replant the Bay shoreline with critical habitat for fish and wildlife.

## **Management's Discussion and Analysis on the Combined Financial Statements**

Save The Bay overcame significant disruption and dislocation in fiscal year 2021 from the continuing COVID-19 public health pandemic. Remote operations continued for most staff, and we were required to suspend all student, volunteer, and corporate restoration programs. We refined systems for productive collaboration in the face of COVID restrictions, and we reduced ongoing operating expenses by moving to smaller, less expensive office space.

Prudent operational, fiscal and program planning in prior years served Save The Bay well during these challenging times, in fiscal year 2020 we froze hiring for open positions, reduced other expenses to mitigate anticipated revenue losses, and shifted Bay Day plans to COVID-safe activities. We also secured a Paycheck Protection Program loan and loan forgiveness to retain staff and offset revenue losses from prohibited restoration programs, reduced fundraising event and sponsorship opportunities, and from recession impacts on some donors. To facilitate a multi-year fundraising campaign for added capacity and impact, the Board of Directors established a designated reserve and new investment policies.

## SAVE THE BAY AND SAVE THE BAY ACTION FUND

These and other factors, including early campaign progress, increased net assets at year's end to \$4,279,588 with robust reserves into the next fiscal year when COVID impacts remain uncertain. These reserves are equivalent to over 16 months of operating expenses without additional income, providing the organization with flexibility and opportunity for increased mission impact.

### Save The Bay Board of Directors

<b>Name</b>	<b>Office</b>
Christopher Hockett	Chair
Kathy Tsay	Vice Chair for Governance
Andy Williams	Vice Chair for Internal Affairs
Rhiannon Bailard	Vice Chair for External Affairs
Nancy Fee	Director
Donnie Fowler	Director
Yoon Kim	Director
Hugh Le	Director
Samuel Luoma	Director
Melissa Mangini	Director
Juliana Park	Director
Jay Pierrepont	Director
Suresh Raman	Director
Armello Rodriguez	Director
Lauren Swezey	Director
Terry Young	Director

### Executive Director

David Lewis

### Chief Financial Officer

Robin Erickson

### Save The Bay Action Fund Board of Directors

<b>Name</b>	<b>Office</b>
Don Weden	President
David Lewis	Secretary, Treasurer
Donnie Fowler	Director
Mark Kyle	Director
Felicia Madsen	Director

See notes to combined financial statements.

# SAVE THE BAY AND SAVE THE BAY ACTION FUND

## NOTES TO COMBINED FINANCIAL STATEMENTS - SEPTEMBER 30, 2021

### **Note 1. ORGANIZATION AND NATURE OF ACTIVITIES:**

#### Nature of activities:

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 combined financial statements include the combined financial information of Save The Bay and Save The Bay Action Fund (collectively the "Organization"), a related 501(c)(4) nonprofit organization created in May 2014.

Program services include restoring bay habitat, creating bay smart communities, 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.

### **Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

#### Basis of accounting:

The combined financial statements of Save The Bay and Save The Bay Action Fund have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles ("US GAAP").

#### Measure of operations:

The combined statements of activities and changes in net assets reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization's ongoing operations which include a variety of programmatic activities. Nonoperating activities are limited to resources that generate return from interest-bearing deposits and other activities considered to be of a more unusual or nonrecurring nature.

#### Cash and cash equivalents:

Cash and cash equivalents include all funds in banks (checking, savings and money market) with maturity dates of three months or less.

#### Investments:

Investments consist of marketable securities held with a brokerage firm. Marketable securities are classified as current assets and recorded at prices quoted daily by a national exchange.

Save The Bay and Save The Bay Action Fund carry certain assets and liabilities at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Organization classifies its financial assets and liabilities according to three levels and maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value.

Level 1 - Quoted market prices (unadjusted) in active markets for identical assets or liabilities that the entity has the ability to access at the measurement date.

Level 2 - Observable inputs other than quoted prices included within Level I such as quoted prices for similar securities or quoted prices in inactive markets.

# SAVE THE BAY AND SAVE THE BAY ACTION FUND

## NOTES TO COMBINED FINANCIAL STATEMENTS - SEPTEMBER 30, 2021

### **Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

#### Investments (continued):

Level 3 - Unobservable inputs for the asset or liability that are not corroborated by market data.

#### Grants, contracts, accounts and donations receivable:

Save The Bay and Save The Bay Action fund record grants, contracts, accounts and donations receivable which are expected to be collected within one year at net realizable value. When material, receivables expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue on the combined statement of activities and changes in net assets. The allowance for uncollectible receivables is based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Receivables are written off when deemed uncollectible. There was no bad debt expense for the year ended September 30, 2021.

The Organization determined that no allowance for doubtful uncollectible accounts receivable is needed based on historical experience, an assessment of economic conditions, and a review of subsequent collections. It is the policy of the Organization to periodically assess receivables to determine proper carrying value.

#### Property and equipment:

Property and equipment purchased by the Organization are stated at cost or, if donated, at estimated fair value as of the date of the gift. The costs of additions and major improvements are capitalized, while maintenance and repairs are charged to expense as incurred. Property and equipment are depreciated over the estimated useful lives of the assets (between 3 and 35 years) utilizing the straight-line method.

#### Net assets:

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Thus, net assets and changes therein are classified and reported as follows:

##### Net assets without donor restrictions:

Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has the ability to designate, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment. The Board made this election during the year ended September 30, 2021.

##### Net assets with donor restrictions:

Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions can be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

# SAVE THE BAY AND SAVE THE BAY ACTION FUND

## NOTES TO COMBINED FINANCIAL STATEMENTS - SEPTEMBER 30, 2021

### **Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

#### Revenue and revenue recognition:

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. When applicable, revenue earned under a contractual arrangement (an “exchange transaction”) is recognized when earned and therefore measured as services are provided.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized.

A portion of Save The Bay and Save The Bay Action Fund’s revenue is derived from foundation grants which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses, with limited discretion over spending decisions and right of return of any unused funds. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific grant provisions.

Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the combined statements of financial position

The Organization received conditional grants that had not been fully recognized as revenue upon receipt because qualifying expenditures had not yet been incurred. \$23,001 was recognized as revenue in the combined statements of activity with \$29,911 remaining as refundable advances at September 30, 2021.

#### Donated services and in-kind contributions:

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. Such amounts, which are based upon information provided by third-party service providers, are recorded at their estimated fair value determined on the date of contribution and are reported as contributions in-kind and supporting services on the accompanying combined statement of activities and changes in net assets and the combined statement of functional expenses.

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 5,046 pounds of invasive species growing in San Francisco Bay, collecting seeds from native plants, and planting more than 9,594 seedlings to restore the bio-diversity and health of the bay. Although not recorded in the combined financial statements, the value of these services was estimated at \$19,500 for the year ended September 30, 2021. A portion of the donated services was used to meet the matching requirement of certain grants from various federal and state agencies.

# SAVE THE BAY AND SAVE THE BAY ACTION FUND

## NOTES TO COMBINED FINANCIAL STATEMENTS - SEPTEMBER 30, 2021

### **Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

#### Functional expenses:

The costs of providing program and other activities have been summarized on a functional basis in the combined statements of activities and changes in net assets. Accordingly, certain costs have been allocated among services and supporting services benefited. Such allocations are determined by management on an equitable basis. A majority of expenses (such as salaries and wages, rent and utilities, insurance, and other overhead) have been allocated based on time and effort using the Organization's payroll allocations. Other expenses (such as professional services and other direct costs) have been allocated in accordance with the specific services received from vendors.

#### Income taxes:

Save The Bay is exempt from income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. Save The Bay has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. Save The Bay has determined that there are no material uncertain tax positions that require recognition or disclosure in the combined financial statements.

Save The Bay Action Fund 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. The exemptions are 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.

#### Comparative data:

The financial statement information for the year ended September 30, 2020, presented for comparative purposes, is not intended to be a complete financial statement presentation. For a complete presentation, please refer to the financial statements for that year.

#### Date of management's review:

Management has evaluated subsequent events through May 2, 2022, the date which the financial statements were available for issue

### **Note 3. NATURE OF ESTIMATES:**

The preparation of combined financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

# SAVE THE BAY AND SAVE THE BAY ACTION FUND

## NOTES TO COMBINED FINANCIAL STATEMENTS - SEPTEMBER 30, 2021

**Note 4. CONCENTRATIONS OF CREDIT RISK:**

Financial instruments which are potentially subject to credit risk consist principally of cash, cash equivalent investments, receivables and assets of the pooled income fund. Cash and cash equivalents were held in high credit quality financial institutions in the United States of America. At times, the account balances may exceed the institutions' federally insured limits. Investments are held at brokerage firms in amounts which may exceed the guaranteed amount of the Securities Investor Protection Corporation. Management believes that the risk of loss is minimal and has not experienced any losses in its accounts.

**Note 5. LIQUIDITY AND AVAILABILITY:**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following at September 30, 2021:

Financial assets, at year end:	
Cash and cash equivalents	\$ 1,175,777
Investments	3,052,640
Contracts receivable	133,085
Grants receivable	77,359
Accounts and donations receivable	3,421
Total financial assets	4,442,282
Less amounts not available to be used within one year due to:	
Board designations	(794,593)
Net assets with donor restrictions for programs	(265,115)
Financial assets available to meet cash needs for general expenditures within one year	\$ 3,382,574

The board designated reserve is available for the purposes described in Note. The Board may at any time change the purposes for which the board designated reserve may be spent.

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

**Note 6. INVESTMENTS:**

The investments are reported at fair value in the accompanying statements of financial position. The following table presents the fair value measurement information for investments:

	Investments at Fair Value as of September 30, 2021			
	Level 1	Level 2	Level 3	Total
Fixed income	\$ 1,550,446	\$ -	\$ -	\$ 1,550,446
Mutual funds	1,502,194	-	-	1,502,194
Total investments at fair value	\$ 3,052,640	\$ -	\$ -	\$ 3,052,640

# SAVE THE BAY AND SAVE THE BAY ACTION FUND

## NOTES TO COMBINED FINANCIAL STATEMENTS - SEPTEMBER 30, 2021

### **Note 6. INVESTMENTS (Continued):**

Components of investment income are as follows at September 30, 2021:

Realized and unrealized losses	\$	(45,446)
Interest and dividends		<u>7,184</u>
Total investment income	\$	<u><u>(38,262)</u></u>

### **Note 7. PROPERTY AND EQUIPMENT:**

Property and equipment consist of the following at September 30, 2021:

Office furniture and equipment	\$	80,891
Buildings		<u>99,633</u>
		180,524
Less: accumulated depreciation		<u>(111,924)</u>
Total property and equipment, net	\$	<u><u>68,600</u></u>

Depreciation expense for the year ended September 30, 2021 was \$50,615.

### **Note 8. PAYCHECK PROTECTION PROGRAM:**

On January 29, 2021, Save The Bay received loan proceeds in the amount of \$394,100 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest were forgivable after 24 weeks as long as the borrower used the loan proceeds for eligible purposes, including payroll benefits, rent and utilities, and maintained its payroll levels. The amount of loan forgiveness was to be reduced if the borrower terminated employees or reduced salaries during the 24-week period.

Save The Bay expended the funds and utilized the proceeds for payroll, operating overhead, and other eligible costs in accordance with its agreement with the SBA. As a result, the conditions for satisfying the terms of forgiveness were present at the end of the fiscal year. Accordingly, because the terms of the forgivable loan had been fully satisfied as of September 30, 2021, the loan balance of \$394,100 has been reflected as a government grant on the combined statements of activities and changes in net assets in accordance with accounting guidance.

The Organization received full forgiveness of the loan in November 2021.

### **Note 9. BOARD DESIGNATED NET ASSETS:**

A board designated reserve was established in June 2021 for the purpose of creating additional resources for the Organization to meet special opportunities or challenges through long-term growth and investment returns. The principal is to be retained and earnings reinvested and the Board reserves the discretion to expend funds for intended purposes by majority vote.



## SAVE THE BAY AND SAVE THE BAY ACTION FUND

### NOTES TO COMBINED FINANCIAL STATEMENTS - SEPTEMBER 30, 2021

**Note 10. NET ASSETS WITH DONOR RESTRICTIONS:**

The Organization recognizes support from net assets with donor restrictions when the restrictions imposed by the donors have been satisfied or expired. Net assets with donor restrictions consist of the following at September 30, 2021:

	October 1, 2020	Contributions	Released from Restrictions	September 30, 2021
Bay Day	\$ 16,500	\$ 235,000	\$ 134,000	\$ 117,500
Bay Smart Communities	-	137,500	85,000	52,500
Capacity Campaign – Next Generation Fund	-	50,000	-	50,000
Capital Projects	-	5,115	-	5,115
Equity Action Network	45,000	-	45,000	-
Estuary Restoration and Education	91,500	190,000	241,500	40,000
Time restrictions	200,000	-	200,000	-
	\$ 353,000	\$ 617,615	\$ 705,500	\$ 265,115

**Note 11. RIGHT OF USE ASSET AND LEASE LIABILITY:**

In accordance with ASU 2016-02, *Leases*, Save The Bay has recorded a total lease liability in the amount of \$148,150 for its office space and equipment with corresponding right of use assets. The present value of the future lease payments was computed using a 4.0% discount, which represents an estimate of the Organization’s incremental borrowing rate. For the year ended September 30, 2021, The Organization recorded amortization of \$43,557 for a lease liability of \$104,493 at September 30, 2021. Payment on the right of use operating leases totaled \$47,257 for the year ended September 30, 2021.

Rent expenditures for the office space and equipment totaled \$75,525 for the year ended September 30, 2021. Minimum lease payments for the operating leases with terms of one year or more are as follows:

Year Ending September 30,		
2022	\$	71,576
2023		27,497
2024		4,697
2025		4,697
		108,467
Discount to present value		(3,974)
Total liability	\$	104,493

# SAVE THE BAY AND SAVE THE BAY ACTION FUND

## NOTES TO COMBINED FINANCIAL STATEMENTS - SEPTEMBER 30, 2021

**Note 12. IN-KIND CONTRIBUTIONS:**

In-kind contributions of services received were valued at \$16,566 for the year ended September 30, 2021.

**Note 13. RETIREMENT PLAN:**

Save The Bay 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 the Organization for the year ended September 30, 2021.

**Note 14. RELATED PARTY TRANSACTIONS:**

Contributions from certain individuals on staff and members of the Board of Directors amounted to \$524,191 during the year ended September 30, 2021.

**Note 15. COMMITMENTS AND CONTINGENCIES:**

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.

Save The Bay and Save The Bay Action Fund receive a portion of its support from federal, state, and local government agencies (amounting to 16.74% of total support and revenue for the year ended September 30, 2021). 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.

**Note 16. COVID-19 IMPACT:**

In March 2020, COVID-19 became a global pandemic and resulted in unprecedented actions by governments around the world to curtail the spread of the disease. These events have resulted in a high level of uncertainty. The outcome and timeframe is highly unpredictable, and as such, the financial impact to operations cannot be estimated.