

**SAVE THE BAY
SAVE THE BAY ACTION FUND
COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

SAVE THE BAY AND SAVE THE BAY ACTION FUND

TABLE OF CONTENTS

	<u>PAGE</u>
Independent auditors' report	1 - 2
Combined financial statements:	
Combined statements of financial position	3
Combined statements of activities and changes in net assets	4
Combined statement of functional expenses	5
Combined statements of cash flows	6
About us and history	7
Management's discussion and analysis on the combined financial statements	7
Board of Directors	8
Notes to combined financial statements	9 - 17

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Save The Bay

Opinion

We have audited the accompanying combined financial statements of Save The Bay (a nonprofit organization), which comprise the combined statement of financial position as of September 30, 2022, 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.

In our opinion, the accompanying combined financial statements referred to above present fairly, in all material respects, the financial position of Save The Bay as of September 30, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Save The Bay and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Save the Bay's ability to continue as a going concern within one year after the date that the combined financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that auditing conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combined financial statements.

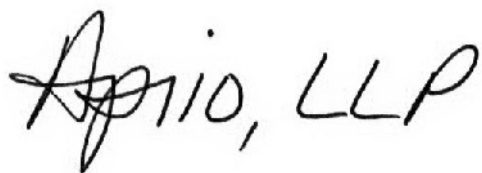
In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combined financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Save The Bay's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Save The Bay's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

The combined financial statements as of September 30, 2021, were audited by RINA Accountancy LLP, who merged with Aprio, LLP as of August 1, 2022, and whose report dated May 2, 2022, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2021, is consistent, in all material respects, with the audited combined financial statements from which it has been derived.

A handwritten signature in black ink that reads "Aprio, LLP". The signature is written in a cursive, stylized font.

San Francisco, California

August 2, 2023

**SAVE THE BAY AND SAVE THE BAY ACTION FUND
COMBINED STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30,**

ASSETS

	2022	2021
<u>Current assets</u>		
Cash and cash equivalents	\$ 857,514	\$ 1,175,777
Investments	3,364,847	3,052,640
Contracts receivable	107,698	133,085
Grants receivable	374,859	77,359
Accounts and donations receivable	3,421	3,421
Prepaid expenses and other assets	17,277	28,974
Total current assets	4,725,616	4,471,256
 <u>Property and equipment, net</u>	 55,711	 68,600
<u>Other assets</u>		
Deposits	24,707	10,321
Right of use assets	-	102,973
TOTAL ASSETS	\$ 4,806,034	\$ 4,653,150

LIABILITIES AND NET ASSETS

<u>Current liabilities</u>		
Accounts payable	\$ 52,450	\$ 54,034
Refundable advance	22,914	29,911
Accrued payroll liabilities	175,541	186,644
Operating lease payable	-	67,602
Total current liabilities	250,905	338,191
 <u>Long-term liabilities</u>		
Operating lease payable, less current portion	-	36,891
Total liabilities	250,905	375,082
 <u>Net assets</u>		
Without donor restriction	3,308,981	3,218,360
Board designated	820,200	794,593
With donor restriction	425,948	265,115
Total net assets	4,555,129	4,278,068
TOTAL LIABILITIES AND NET ASSETS	\$ 4,806,034	\$ 4,653,150

See independent auditors' report and accompanying notes

SAVE THE BAY AND SAVE THE BAY ACTION FUND
COMBINED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2022
(With summarized financial information for the year ended September 30, 2021)

	Net Assets			Total	2021 Total
	Without Donor Restrictions	Board Designated	With Donor Restrictions		
<u>Contributed support</u>					
Foundation and corporate	\$ 757,411	\$ -	\$ 925,000	\$ 1,682,411	\$ 841,439
Membership and individuals	1,039,415	25,607	-	1,065,022	1,275,953
Capacity campaign	949,876	-	-	949,876	1,495,705
In-kind contributions	5,529	-	-	5,529	16,566
Paycheck Protection Program	-	-	-	-	394,100
Bequests and memorials	-	-	-	-	162,500
Net assets released from restrictions	<u>764,167</u>	<u>-</u>	<u>(764,167)</u>	<u>-</u>	<u>-</u>
Total support	<u>3,516,398</u>	<u>25,607</u>	<u>160,833</u>	<u>3,702,838</u>	<u>4,186,263</u>
<u>Earned revenue</u>					
Government	357,522	-	-	357,522	362,123
Investment income	42,395	-	-	42,395	7,184
Investment losses	(474,295)	-	-	(474,295)	(45,446)
Other	<u>6,238</u>	<u>-</u>	<u>-</u>	<u>6,238</u>	<u>8,512</u>
Total revenue	<u>(68,140)</u>	<u>-</u>	<u>-</u>	<u>(68,140)</u>	<u>332,373</u>
Total support and revenue	<u>3,448,258</u>	<u>25,607</u>	<u>160,833</u>	<u>3,634,698</u>	<u>4,518,636</u>
<u>Expenses</u>					
Program services	1,484,672	-	-	1,484,672	1,328,322
Supporting services:					
Management and General	662,042	-	-	662,042	668,440
Fundraising	<u>1,210,923</u>	<u>-</u>	<u>-</u>	<u>1,210,923</u>	<u>1,067,001</u>
Total expenses	<u>3,357,637</u>	<u>-</u>	<u>-</u>	<u>3,357,637</u>	<u>3,063,763</u>
Change in net assets	90,621	25,607	160,833	277,061	1,454,873
Net assets, beginning of year	<u>3,218,360</u>	<u>794,593</u>	<u>265,115</u>	<u>4,278,068</u>	<u>2,823,195</u>
Net assets, end of year	<u>\$ 3,308,981</u>	<u>\$ 820,200</u>	<u>\$ 425,948</u>	<u>\$ 4,555,129</u>	<u>\$ 4,278,068</u>

See independent auditors' report and accompanying notes

**SAVE THE BAY AND SAVE THE BAY ACTION
COMBINED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2022
(With summarized financial information for the year ended September 30, 2021)**

	Program Services			Supporting Services		Total September 30, 2022	Total September 30, 2021	
	Restore Bay Habitat	Bay Smart Communities	Education and Outreach	Total Program Services	Management and General			Fundraising
Salaries and related expenses:								
Salaries	\$ 479,205	\$ 302,308	\$ 206,572	\$ 988,085	\$ 439,392	\$ 648,293	\$ 2,075,770	\$ 1,727,202
Payroll taxes	37,438	23,562	16,088	77,088	34,280	50,501	161,869	120,025
Other employee benefits	<u>34,867</u>	<u>21,969</u>	<u>15,000</u>	<u>71,836</u>	<u>31,925</u>	<u>47,035</u>	<u>150,796</u>	<u>163,425</u>
Total salaries and related expenses	551,510	347,839	237,660	1,137,009	505,597	745,829	2,388,435	2,010,652
Professional services - other	28,922	9,153	32,487	70,562	22,293	111,243	204,098	202,605
Information and technology	25,903	16,481	11,891	54,275	32,125	38,595	124,995	160,815
Professional services - fundraising	53	34	1,023	1,110	206	122,090	123,406	213,150
Printing and publications	-	89	2,016	2,105	-	85,023	87,128	76,126
Occupancy	16,513	10,507	7,221	34,241	13,509	22,470	70,220	75,525
Travel and meals	52,052	809	344	53,205	667	689	54,561	33,950
Miscellaneous	6,804	3,150	18,174	28,128	15,762	7,640	51,530	34,192
Professional services - accounting	-	-	-	-	28,296	22,663	50,959	48,725
Dues, licenses, service fees	7,378	2,052	5,328	14,758	5,327	21,503	41,588	12,801
Supplies	30,191	2,425	645	33,261	1,453	2,212	36,926	37,685
Insurance	8,936	1,391	956	11,283	10,396	2,975	24,654	24,710
Grants	14,500	-	5,000	19,500	-	-	19,500	5,600
Bank fees	-	-	-	-	18,360	-	18,360	21,202
Conferences and meetings	903	361	4,037	5,301	1,027	11,287	17,615	2,697
Depreciation and loss on disposal	12,889	-	-	12,889	-	-	12,889	50,615
Postage	276	160	203	639	305	8,991	9,935	8,886
Advertising and promotion	-	-	1,386	1,386	-	5,950	7,336	9,081
In-kind professional services	-	-	-	-	5,529	-	5,529	16,566
Equipment rental/maintenance	960	611	420	1,991	874	1,306	4,171	4,705
Telephone	2,669	213	147	3,029	305	457	3,791	5,740
Professional services - legal	-	-	-	-	11	-	11	7,735
Total expenses	<u>\$ 760,459</u>	<u>\$ 395,275</u>	<u>\$ 328,938</u>	<u>\$ 1,484,672</u>	<u>\$ 662,042</u>	<u>\$ 1,210,923</u>	<u>\$ 3,357,637</u>	<u>\$ 3,063,763</u>

See independent auditors' report and accompanying notes

**SAVE THE BAY AND SAVE THE BAY ACTION FUND
COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30,**

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Change in net assets	\$ <u>277,061</u>	\$ <u>1,454,873</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and loss on disposal of property and equipment	12,889	50,615
Amortization of lease right of use assets	102,973	(96,927)
Net loss on investments	474,295	45,446
Donated securities	(136,984)	(324,779)
Changes in operating assets and liabilities:		
Contracts receivable	25,387	88,249
Grants receivable	(297,500)	42,641
Contributions receivable	-	121,281
Prepaid expenses and other assets	11,697	(9,123)
Deposits	(14,386)	(3,054)
Accounts payable	(1,584)	(89,539)
Refundable advance	(6,997)	(23,001)
Accrued payroll liabilities	(11,103)	31,549
Lease obligation	<u>(104,493)</u>	<u>98,447</u>
Total adjustments	<u>54,194</u>	<u>(68,195)</u>
Net cash provided by operating activities	<u>331,255</u>	<u>1,386,678</u>
<u>Cash flows from investing activities</u>		
Purchases of investments	(3,483,535)	(5,257,693)
Proceeds from sale of investments	<u>2,834,017</u>	<u>3,934,102</u>
Net cash used by investing activities	<u>(649,518)</u>	<u>(1,323,591)</u>
<u>Cash flows from financing activities</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(318,263)	63,087
Cash and cash equivalents, beginning of year	<u>1,175,777</u>	<u>1,112,690</u>
Cash and cash equivalents, end of year	<u>\$ <u>857,514</u></u>	<u>\$ <u>1,175,777</u></u>

See independent auditors' report and accompanying notes

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 over 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. Filling and docking 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 has overcome several years of significant disruption and dislocation from the COVID-19 public health pandemic. Remote operations continued for most staff, though we were able to resume limited in-person student, volunteer, and corporate restoration programs and began planning in-person events with our supporters. Prudent operational, fiscal and program planning in prior years served Save The Bay well during these challenging times, allowing us to lift our hiring freeze and fill vacant positions. We continued to implement a multi-year fundraising campaign for added capacity and impact.

SAVE THE BAY AND SAVE THE BAY ACTION FUND

Save The Bay Board of Directors

Name	Office
Christopher Hockett	Chair
Melissa Mangini	Vice-Chair for Governance
Armello Rodriguez	Vice-Chair for Internal Affairs
Rhiannon Bailard	Vice-Chair for External Affairs
Chirag Amin	Director
Steve Dakin	Director
Dennis DeBroeck	Director
Nancy Fee	Director
Donnie Fowler	Director
Yoon Kim	Director
Hugh Le	Director
Samuel Luoma	Director
Juliana Park	Director
Jay Pierrepont	Director
Suresh Raman	Director
Lauren Swezey	Director
Terry Young	Director

Executive Director

David Lewis

Chief Financial Officer

Robin Erickson

Save The Bay Action Fund Board of Directors

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

**SAVE THE BAY AND SAVE THE BAY ACTION FUND
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

Note A

Nature of 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 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 B

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.

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 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.

Cash and cash equivalents:

For the purpose of the combined statements of cash flows, the Organization considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.

Concentration of credit risks arising from cash deposits in excess of insured limits:

The Organization maintains cash balances at three commercial banks and these balances can at times exceed the FDIC insured deposit limit of \$250,000 per financial institution. The Organization has not experienced any losses in these accounts through the date when the combined financial statements were available to be issued.

SAVE THE BAY AND SAVE THE BAY ACTION FUND
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

Note B
Summary of Significant Accounting Policies (Continued)

Concentration of credit risks arising from investments:

Investments are held at brokerage firms in amounts which may at times 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 through the date when the combined financial statements were available to be issued.

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.

Fair value measurements:

The Organization applies FASB ASC 820, *Fair Value Measurements* (ASC 820), which establishes a framework for measuring fair value and expands disclosure requirements about fair value measurements. ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. ASC 820 also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

The three general valuation techniques that may be used to measure fair value are described below:

- | | |
|---------|---|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access. |
| Level 2 | Inputs to the valuation methodology include:
Quoted market prices for similar assets or liability in active markets;
Quoted prices for identical or similar assets or liabilities in inactive markets;
Inputs other than quoted prices that are observable for the asset or liability; and
Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability. |
| Level 3 | Inputs to the valuation methodology are unobservable and significant to the fair value measurement. |

SAVE THE BAY AND SAVE THE BAY ACTION FUND
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

Note B

Summary of Significant Accounting Policies (Continued)

The following are descriptions of the valuation methods and assumptions used by the Organization to estimate the fair values of certain financial instruments. There have been no changes to the methodologies used at September 30, 2022:

Cash and cash equivalents: Fair values of money market funds are estimated to approximate deposit account balances, payable on demand, as no discounts for credit quality or liquidity were determined to be applicable (Level 1 inputs).

Fixed income securities: Fixed income securities are invested primarily in high grade fixed income securities, which are one to six years in duration. The fair values of these investments are readily marketable and are determined by obtaining quoted prices on a nationally recognized securities exchanges (Level 1 inputs).

Equity securities and mutual funds: Consist of mutual funds which are primarily invested in equity securities. The fair value of mutual funds, which are readily marketable, is determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs).

Grants, contracts, accounts and donations receivable:

Save The Bay and Save The Bay Action Fund record unconditional promises to give (pledges) as receivables and contributions within the appropriate net asset category based on the existence or absence of donor-imposed restrictions. Contributions that are expected to be collected after one year are discounted at a discount rate commensurate with the risks involved and the period of time over which the contributions are expected to be collected. Amortization of any such discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for doubtful contributions receivable is provided based upon management's judgment including such factors as prior collection history, type of contribution and current aging of contributions receivable. The Organization recognizes conditional promises to give when the conditions stipulated by the donor are substantially met.

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. The Organization determined that no allowance for doubtful uncollectible accounts receivable is needed based on the afore mentioned factors. It is the policy of the Organization to periodically assess receivables to determine proper carrying value. There was no bad debt expense for the year ended September 30, 2022.

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. Expenditures for minor additions of equipment are charged to expense when incurred. The Organization capitalizes interest as a component of the cost of property and equipment when the property and equipment is constructed using borrowed funds.

**SAVE THE BAY AND SAVE THE BAY ACTION FUND
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

Note B
Summary of Significant Accounting Policies (Continued)

Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets, as follows:

Buildings	5 - 35 years
Office furniture and equipment	3 - 7 years

Net assets:

Combined financial statement presentation is in accordance with accounting standards regarding the reporting of net assets. The Organization is required to report information regarding its combined financial position and activities according to two classes of net assets:

- Net Assets Without Donor Restrictions: Net assets that are not subject to donor- (or certain grantor-) imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. 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 beginning during the year ended September 30, 2021.
- Net Assets With Donor Restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor-imposed restrictions may be 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 may 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.

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

SAVE THE BAY AND SAVE THE BAY ACTION FUND
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

Note B

Summary of Significant Accounting Policies (Continued)

The Organization received conditional grants that had not been fully recognized as revenue upon receipt because qualifying expenditures had not yet been incurred. \$29,911 was recognized as revenue in the combined statements of activity with \$22,914 remaining as refundable advances at September 30, 2022.

Donated goods and services:

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 25,268 pounds of invasive species growing in San Francisco Bay, collecting seeds from native plants, and planting more than 13,100 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 \$177,978 for the year ended September 30, 2022. A portion of the donated services was used to meet the matching requirement of certain grants from various federal and state agencies.

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.

Tax exempt status:

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)(4) 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.

**SAVE THE BAY AND SAVE THE BAY ACTION FUND
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

Note B
Summary of Significant Accounting Policies (Continued)

Comparative data:

The combined financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with Save The Bay's combined financial statements for the year ended September 30, 2021, from which the summarized information was derived.

Note C
Liquidity and Availability of Resources

The Organization's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the combined statement of financial position date, comprise the following as of September 30, 2022:

Financial assets available for general expenditure within one year:

Cash and cash equivalents	\$	857,514
Investments		3,364,847
Contracts receivable		107,698
Grants receivable		374,859
Accounts and donations receivable		<u>3,421</u>
Total financial assets		4,708,339
Less: Board designations		(820,200)
Less: Net assets with donor restrictions for program		<u>(425,948)</u>
Total financial assets available for general expenditure within one year	\$	<u><u>3,462,191</u></u>

The Organization monitors its liquidity so that it is able to meet its operating needs and other contractual commitments. In addition to financial assets available for general expenditure within one year, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. Because the donor restrictions require resources to be used in a particular manner or in future periods, the Organization maintains sufficient resources to meet the responsibility to its donors. Thus, financial assets as they relate to donor restrictions may not be available for general expenditure within one year.

Note D
Investments

Investments consisted of the following as of September 30, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total Fair Value</u>
Cash and cash equivalents	\$ 274,854	\$ -	\$ -	\$ 274,854
Fixed income securities	1,690,488	-	-	1,690,488
Equity funds	<u>1,674,359</u>	-	-	<u>1,674,359</u>
Total investments	<u>\$ 3,639,701</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,639,701</u>

SAVE THE BAY AND SAVE THE BAY ACTION FUND
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

Note D
Investments (Continued)

In accordance with the ASC 820, the Organization's investments are considered to be Level 1 within the fair value hierarchy. There were no significant transfers between the levels during the year. The Organization's policy is to recognize transfers in and out of the levels at the end of the fiscal year; interim changes in the availability of fair value inputs are not recognized.

The components of investment return are as follows for the year ended September 30, 2022:

Interest and dividends	\$ 42,395
Realized and unrealized losses	<u>(474,295)</u>
	<u>\$ (431,900)</u>

Note E
Property and Equipment

The following is a summary of property and equipment at cost at September 30, 2022:

Office furniture and equipment	\$ 79,135
Buildings	<u>99,633</u>
	178,768
Less: accumulated depreciation	<u>(123,057)</u>
Property and equipment, net	<u>\$ 55,711</u>

Depreciation expense for the year ended September 30, 2022, totaled \$12,889.

Note F
Paycheck Protection Program

On January 28, 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"), provided 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. The conditions for satisfying the terms of forgiveness were present at the end of the fiscal year ended September 30, 2021 and the loan balance of \$394,100 was reflected as income on the combined statements of activities and changes in net assets in accordance with accounting guidance.

Save The Bay was officially notified by the SBA that it received full forgiveness of the loan in November 2021.

Note G
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, 2022**

Note H

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 as of September 30, 2022:

	<u>Beginning Balance</u>	<u>Contributions and Income</u>	<u>Released from Restrictions</u>	<u>Ending Balance</u>
Time restrictions	\$ -	\$ 645,000	\$ 387,500	\$ 257,500
Estuary Restoration and Education	40,000	280,000	244,167	75,833
Capacity Campaign - Next Generation Fund	50,000	-	-	50,000
Bay Day	117,500	-	80,000	37,500
Capital Projects	5,115	-	-	5,115
Bay Smart Communities	<u>52,500</u>	<u>-</u>	<u>52,500</u>	<u>-</u>
	<u>\$ 265,115</u>	<u>\$ 925,000</u>	<u>\$ 764,167</u>	<u>\$ 425,948</u>

Note I

In-Kind Contributions

In-kind contributions of services rendered were valued at \$5,529 for the year ended September 30, 2022.

Note J

Retirement Plan

The Organization participates in a defined contribution plan of the Save The Bay Tax Sheltered Annuity (the "Plan"). The Plan covers all employees who have completed one year of service as defined by the Plan and have attained the age of 18. The Organization, per the Board's discretion, matches 50% of participant contributions, up to \$2,000. Employer contributions for the year ended September 30, 2022, were \$26,808.

Note K

Related Party Transactions

Contributions from certain individuals on staff and members of the Board of Directors amounted to \$158,319 during the year ended September 30, 2022.

**SAVE THE BAY AND SAVE THE BAY ACTION FUND
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

Note L

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 9.84% for the year ended September 30, 2022). 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.

Termination of lease agreement:

In January 2023, the Organization moved out of the office space for which it had recorded a lease liability and corresponding right of use asset at September 30, 2021. The purchase option on the lease equipment in the space was exercised and the equipment was later disposed. As a result, it was determined that the previous lease liability was no longer an obligation and corresponding right of use assets had no future value and these balances were written-off as of the year ended September 30, 2022.

Note M

Subsequent Events

Management considered all events through August 2, 2023, the date the combined financial statements were available for release, in preparing the combined financial statements and the related disclosures. Except for termination of the lease discussed in Note L, Save The Bay is not aware of any significant events that occurred subsequent to September 30, 2022, but prior to the issuance of this report, that would have a material impact on the combined financial statements.