SAVE THE BAY
SAVE THE BAY ACTION FUND

COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

SAVE THE BAY AND SAVE THE BAY ACTION FUND

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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, 2023, 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, 2023, 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

We have previously audited Save The Bay's combined financial statements as of and for the year ended September 30, 2022, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 2, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2022, is consistent, in all material respects, with the audited combined financial statements from which it has been derived.

Armanino, LLP

San Francisco, California

July 9, 2024

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

ASSETS

	2023	2022
Current assets		
Cash and cash equivalents	$ 561,692	$ 857,514
Investments	4,332,099	3,364,847
Contracts receivable	106,134	107,698
Grants receivable	233,845	374,859
Contributions receivable	-	3,421
Prepaid expenses and other assets	74,744	17,277
Total current assets	5,308,514	4,725,616
Property and equipment, net	43,124	55,711
Other assets		
Deposits	4,000	24,707
Right of use assets	107,020	-
Total assets	$ 5,462,658	$ 4,806,034

LIABILITIES AND NET ASSETS

	2023	2022
Current liabilities		
Accounts payable	$ 95,059	$ 52,450
Accrued payroll liabilities	220,481	198,455
Operating lease payable, current portion	39,054	-
Total current liabilities	354,594	250,905
Long-term liabilities		
Operating lease payable, less current portion	67,966	-
Total liabilities	422,560	250,905
Net assets		
Without donor restriction	3,425,822	3,308,981
Board designated - without donor restriction	1,329,161	820,200
With donor restriction	285,115	425,948
Total net assets	5,040,098	4,555,129
Total liabilities and net assets	$ 5,462,658	$ 4,806,034

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, 2023
(With summarized financial information for the year ended September 30, 2022)

	Without Donor Restrictions	Board Designated	With Donor Restrictions	Total	2022
Contributed support					
Foundation and corporate	$ 750,596	$ -	$ 625,000	$ 1,375,596	$ 1,682,411
Membership and individuals	411,412	508,961	183,182	1,103,555	1,065,022
Capacity campaign	1,509,597	-	-	1,509,597	949,876
In-kind contributions	20,062	-	-	20,062	5,529
Net assets released from restrictions	949,015	-	(949,015)	-	-
Total support	3,640,682	508,961	(140,833)	4,008,810	3,702,838
Other revenue					
Government	227,673	-	-	227,673	357,522
Dividends and interest	62,103	-	-	62,103	42,395
Net investment gains (losses)	123,507	-	-	123,507	(474,295)
Other	6,301	-	-	6,301	6,238
Total revenue	419,584	-	-	419,584	(68,140)
Total support and revenue	4,060,266	508,961	(140,833)	4,428,394	3,634,698
Expenses					
Program services	1,908,482	-	-	1,908,482	1,484,672
Supporting services:					
Management and general	805,285	-	-	805,285	662,042
Fundraising	1,229,658	-	-	1,229,658	1,210,923
Total expenses	3,943,425	-	-	3,943,425	3,357,637
Change in net assets	116,841	508,961	(140,833)	484,969	277,061
Net assets, beginning of year	3,308,981	820,200	425,948	4,555,129	4,278,068
Net assets, end of year	$ 3,425,822	$ 1,329,161	$ 285,115	$ 5,040,098	$ 4,555,129

SAVE THE BAY AND SAVE THE BAY ACTION
COMBINED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2023
(With summarized financial information for the year ended September 30, 2022)

	Program Services				Supporting Services			
	Restore Bay Habitat	Bay Smart Communities	Education and outreach	Total program services	Management and general	Fundraising	Total September 30, 2023	Total September 30, 2022
Salaries and related expenses:								
Salaries	$ 562,134	$ 403,620	$ 225,394	$ 1,191,148	$ 463,031	$ 727,743	$ 2,381,922	$ 2,075,770
Other employee benefits	51,150	36,601	20,563	108,314	42,251	65,670	216,235	123,988
Payroll taxes	42,610	30,620	17,076	90,306	36,246	55,202	181,754	161,869
403B Contributions	6,894	4,950	2,764	14,608	5,676	8,816	29,100	26,808
Total salaries and related expenses	662,788	475,791	265,797	1,404,376	547,204	857,431	2,809,011	2,388,435
Professional services - other	50,813	34,854	111,875	197,542	39,211	134,387	371,140	204,098
Information and technology	22,209	14,852	17,598	54,659	19,814	48,205	122,678	124,995
Professional services - accounting	485	349	195	1,029	86,994	26,364	114,387	50,959
Travel and meals	65,814	6,222	1,194	73,230	2,184	4,617	80,031	54,561
Professional services - fundraising	82	3,001	6,033	9,116	68	70,070	79,254	123,406
Occupancy	20,152	10,704	5,849	36,705	12,506	18,918	68,129	70,220
Miscellaneous	13,492	5,928	3,702	23,122	21,251	22,318	66,691	51,530
Insurance	7,120	85	47	7,252	20,147	153	27,552	24,654
Telephone	7,231	4,484	2,506	14,221	5,139	8,106	27,466	3,791
Advertising and promotion	180	130	20,812	21,122	1,495	4,820	27,437	7,336
Supplies	19,834	995	1,219	22,048	1,279	2,223	25,550	36,926
Bank fees	-	-	-	-	24,838	-	24,838	18,360
In-kind professional services	-	-	-	-	12,386	7,676	20,062	5,529
Printing and publications	2,234	2,052	6,053	10,339	1,788	13,053	25,180	87,128
Grants	6,000	3,545	-	9,545	5,000	-	14,545	19,500
Postage	132	36	3,254	3,422	56	11,016	14,494	9,935
Depreciation	12,587	-	-	12,587	-	-	12,587	12,889
Equipment rental and maintenance	4,454	47	26	4,527	54	84	4,665	4,171
Professional services - legal	1,120	-	-	1,120	3,272	-	4,392	11
Conferences and meetings	90	1,780	66	1,936	75	117	2,128	17,615
Dues, licenses, service fees	300	150	134	584	524	100	1,208	41,588
Total expenses	$ 897,117	$ 565,005	$ 446,360	$ 1,908,482	$ 805,285	$ 1,229,658	$ 3,943,425	$ 3,357,637

See independent auditors' report and accompanying notes

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

	2023	2022
Cash flows from operating activities		
Change in net assets	$ 484,969	$ 277,061
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	12,587	12,889
Amortization of lease right of use assets	(107,020)	102,973
Net realized and unrealized investment (gains) losses	(123,507)	474,295
Donated securities	(136,474)	(136,984)
Changes in operating assets and liabilities:		
Contracts receivable	1,564	25,387
Grants receivable	141,014	(297,500)
Contributions receivable	3,421	-
Prepaid expenses and other assets	(57,467)	11,697
Deposits	20,707	(14,386)
Accounts payable	42,609	(1,584)
Accrued payroll liabilities	22,026	(18,100)
Lease obligation	107,020	(104,493)
Total adjustments	(73,520)	54,194
Net cash provided by operating activities	411,449	331,255
Cash flows from investing activities		
Purchases of investments	(4,363,504)	(3,483,535)
Proceeds from sale of investments	3,656,233	2,834,017
Net cash used by investing activities	(707,271)	(649,518)
Net decrease in cash and cash equivalents	(295,822)	(318,263)
Cash and cash equivalents, beginning of year	857,514	1,175,777
Cash and cash equivalents, end of year	$ 561,692	$ 857,514

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 rebounded from several years of significant disruption and dislocation during the COVID-19 public health pandemic. After several years of fully remote operations, we have increased in-person work for many staff and resumed a full suite of in-person student, volunteer, and corporate education and restoration programs, and in-person events with our supporters. Prudent operational, fiscal and program planning in prior years served Save The Bay well during these challenging times, and we continued to implement a multiyear fundraising campaign for added capacity and impact.

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
Peter Laidlaw	Director
Hugh Le	Director
Juliana Park	Director
Jay Pierrepont	Director
Lauren Swezey	Director
Terry Young	Director

Executive Director
David Lewis
Chief Financial Officer/Secretary
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

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.

Note B
Summary of Significant Accounting Policies (Continued)

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.

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.

Note B
Summary of Significant Accounting Policies (Continued)

Fair Value Measurements (Continued):

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 inactive 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.

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, 2023:

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).

Note B
Summary of Significant Accounting Policies (Continued)

Grants, Contracts, and Contributions 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, 2023.

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.

Note B
Summary of Significant Accounting Policies (Continued)

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.

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

Buildings	20 years
Furniture & equipment	5 years

Leases:

Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. The discount rate is the implicit rate, if it is readily determinable, or the Company's incremental borrowing rate. The Company's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment.

The Company has elected to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the Company is reasonably certain to exercise. The Company recognizes lease costs associated with its short-term leases on a straight-line basis over the lease term. When contracts contain lease and non-lease components, the Company accounts for both components as a single lease component.

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.

Note B
Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued):

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

The Organization may receive conditional grants that are not fully recognized as revenue upon receipt because qualifying expenditures have not yet been incurred. At September 30, 2023, the Organization did not have any such refundable advances, nor were any amounts recognized as revenue in the combined statements of activity.

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 5,185 pounds of trash and 21,479 pounds of invasive species growing in San Francisco Bay, and collecting seeds from native plants and planting more than 10,846 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 $368,348 for the year ended September 30, 2023. 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.

Advertising:

Advertising costs are expensed as incurred and paid. For the year ended September 30, 2023 advertising expense totaled $27,437.

Note B
Summary of Significant Accounting Policies (Continued)

Tax Exempt Status:

Save The Bay is exempt from income tax under IRC section 501(c)(3) and related California provisions, 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.

The Organization is no longer subject to federal and state income tax examinations for tax years up to and including 2020 and 2019, respectively.

New Accounting Pronouncements:

In March 2022, the FASB issued ASU 2022-02, Financial Instruments-Credit Losses (Topic 326). The new standard amends currently existing authoritative guidance surrounding credit losses. This guidance will require significant analysis of risk of loss relating to trade receivables, historical credit losses and supportable forecasts of future economic conditions. The standard will be effective for years beginning after December 15, 2022. Management is currently evaluating the impact of adoption.

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. Additionally, some uses of natural expense accounts have changed in the current year. Accordingly, such information should be read in conjunction with Save The Bay's combined financial statements for the year ended September 30, 2022, 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, 2023:

Financial assets available for general expenditure within one year:	
Cash and cash equivalents	$ 561,692
Investments	4,332,099
Contracts receivable	106,134
Grants receivable	233,845
Total financial assets	5,233,770
Less: Board designations	(1,329,161)
Less: Net assets with donor restrictions for program	(285,115)
Total financial assets available for general expenditure within one year	$ 3,619,494

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, 2023:

	Level 1	Level 2	Level 3	Total Fair Value
Mutual funds	$ 1,804,985	$ -	$ -	$ 1,804,985
Cash and cash equivalents	130,765	-	-	130,765
Stocks	19,617	-	-	19,617
Exchange traded funds	8,898	-	-	8,898
Certificates of deposit	-	2,498,599	-	2,498,599
Total investments at fair value	$ 1,964,265	$ 2,498,599	$ -	$ 4,462,864

The balance of cash and cash equivalents above is presented with cash and cash equivalents on the combined statements of financial position.

In accordance with the ASC 820, the Organization's investments are considered to be Levels 1 and 2 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.

Note D
Investments (Continued)

During the year ended September 30, 2023, the Organization received and recognized $136,474 in stock donations and were included in contributed support on the combined statements of activities.

The components of investment return are as follows for the year ended September 30, 2023:

Interest and dividends	$ 62,103
Realized and unrealized losses	123,507
	$ 185,610

Note E
Property and Equipment

The following is a summary of property and equipment at cost at September 30, 2023:

Furniture & equipment	$ 73,564
Buildings	99,633
	173,197
Less: accumulated depreciation	(130,073)
Property and equipment, net	$ 43,124

Depreciation expense for the year ended September 30, 2023, totaled $12,587.

Note F
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. Board designations as of September 30, 2023 are as follows:

Beginning Balance	Additions	Ending Balance
$ 820,200	$ 508,961	$ 1,329,161

Note G
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, 2023:

	Beginning Balance	Contributions and income	Released from Restrictions	Ending Balance
Capacity Campaign - Clean and Healthy Communities	$ -	$ 105,682	$ (105,682)	$ -
Capacity Campaign - Next Generation Fund	50,000	-	(50,000)	-
Bay Day	37,500	-	(37,500)	-
Estuary Restoration and Education	75,833	167,500	(203,333)	40,000
Bay Smart Communities	-	100,000	(100,000)	-
Capital Projects	5,115	-	-	5,115
Time restrictions	257,500	435,000	(452,500)	240,000
	$ 425,948	$ 808,182	$ (949,015)	$ 285,115

Note H
In-Kind Contributions

During year ended September 30, 2023, the Organization received donated services for legal consultation and fundraising-related services. In-kind contributions of services rendered were valued at $20,062 for the year ended September 30, 2023.

Note I
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, 2023, were $29,100.

Note J
Related Party Transactions

Contributions from certain individuals on staff and members of the Board of Directors amounted to $220,034 during the year ended September 30, 2023.

Note K
Commitments

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.

Note L
Leases

The Organization has obligations as a lessee for office space. This lease is classified as an operating lease and was entered into in September 2023. Payments due under the lease contract includes only fixed payments including occasional increases. ASC 842 does not require a lessee to recognize assets and liabilities for short-term leases (i.e. leases of 12 months or less). For the year ended September 30, 2023, the Organization had short-term lease expenses of $62,914.

The components of the leases for the year ending September 30, 2023 are as follows:

	Amount
Operating lease cost	$ -
Cash paid for amounts included in the measurement of lease liabilities - operating lease	$ -
Lease liabilities arising from obtaining right of use assets	$ 107,020
Weighted-average remaining lease term - operating lease	2 years
Weighted-average discount rate - operating lease	4.33 %

Maturities of the lease liability under the noncancelable operating leases as of September 30, 2023 are as follows:

Year Ending September 30	Total Lease Payment
2024	$ 41,332
2025	56,100
2026	14,108
Total undiscounted lease payments	111,540
Less: imputed interest	(4,520)
Total lease liability	$ 107,020

Note M
Subsequent Events

Management considered all events through July 9, 2024, the date the combined financial statements were available for release, in preparing the combined financial statements and the related disclosures. Save The Bay is not aware of any significant events that occurred subsequent to September 30, 2023, but prior to the issuance of this report, that would have a material impact on the combined financial statements.