SAVE THE BAY

Save The Bay

Financial Statements

September 30, 2013

With Independent Auditors' Report

REGALIA & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

SAVE THE BAY

(A California Not-For-Profit Corporation)
September 30, 2013

About Us

Save The Bay is the largest regional organization working to protect, restore and celebrate San Francisco Bay. As its leading champion since 1961, Save The Bay protects the Bay from pollution and inappropriate shoreline development, making it cleaner and healthier for people and wildlife.

We restore habitat and secure strong policies to re-establish 100,000 acres of wetlands that are essential for a healthy Bay. We engage more than 40,000 supporters, advocates and volunteers to protect the Bay, and inspire the next generation of environmental leaders by educating thousands of students annually.

History

For more than half a century, Save The Bay has given San Francisco Bay a voice and shown that Bay Area residents can work together to make positive changes in their communities. In 1961, San Francisco Bay was choked with sewage and industrial pollution, ringed with garbage dumps, and only 6 miles of its shoreline was accessible to the public. Filling and diking of the shallow Bay had destroyed 90 percent of its original wetlands and shrunk its size by one-third. Every city had its own plans to grow by filling in more the Bay. There was no Environmental Protection Agency, no Clean Water Act, no Endangered Species Act, and no effective regulations against rampant development in the Bay. The first Earth Day was still nine years away.

Board of Directors as of September 30, 2013

Name	Office
Michael Gallagher	Chair
Donnie Fowler	Chair for Governance
Michael Katz	Chair for Internal Affairs
Sandy Linder	Chair for External Affairs
Maureen Reilly	Vice Chair for External Affairs
Mike Dreyfus	Director
Brian Dunn	Director
Ron Gonzales	Director
Lisa Hoyos	Director
Samuel Luoma	Director
Christoper Richard	Director
Paul Stone	Director
Stephen Thompson	Director
Si White	Director

Executive Director
David Lewis

(A California Not-For-Profit Corporation)
September 30, 2013

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Save The Bay Office
1330 Broadway, Suite 1800
Oakland, California 94612
(510) 463-6850, FAX (510) 463-6851
Email: info@saveSFbay.org
Web Site Address: www.savesfbay.org

R&A CPA
Regalia& Associates

C E R T I F I E D P U B L I C A C C O U N T A N T S
1 0 3 TOWN & COUNTRY DRIVE, SUITE K, DANVILLE, CALIFORNIA 94526
DOUGLAS REGALIA, CPA
MARIANNE RYAN
JANICE TAYLOR, CPA
LISA CLOVEN, CPA
JENNIFER JENSEN
DANA CHAVARRIA, CPA
TRICIA WILSON
WENDY THOMAS, CPA
DARLENE RODRIGUES, CPA [inactive]
LISA PARKER, CPA [inactive]
WWW.MRCPA.COM
OFFICE: 925.314.0390 FAX: 925.314.0469

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Save The Bay

We have audited the accompanying financial statements of the Save The Bay (a nonprofit organization) which comprise the statements of financial position as of September 30, 2013 and the related statements of activities and changes in net assets, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Save The Bay as of September 30, 2013 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters
The financial statements of Save The Bay as of September 30, 2012 were audited by another auditor whose report dated February 11, 2013 expressed an unqualified opinion on those statements. The summarized comparative information presented herein as of and for the year ended September 30, 2012 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Regalia & Associates

Danville, California
January 10, 2014

Statements of Financial Position
September 30, 2013 and 2012

ASSETS

	2013	2012
Cash and cash equivalents	**$ 961,293**	$ 1,060,871
Certificates of deposit	**1,245,368**	1,300,832
Contracts receivable	**156,517**	160,332
Grants receivable	**543,000**	136,000
Accounts receivable	**22,282**	30,000
Investments	**81,227**	378,616
Prepaid expenses and other assets	**27,121**	20,287
Deposits	**18,494**	17,894
Property and equipment, net	**129,927**	112,913
Total assets	**$ 3,185,229**	$ 3,217,745

LIABILITIES AND NET ASSETS

	2013	2012
Liabilities:		
Accounts payable	**$ 143,957**	$ 82,817
Accrued payroll liabilities	**175,247**	141,923
Total liabilities	**319,204**	224,740
Net assets:		
Unrestricted	**2,415,525**	2,701,911
Temporarily restricted	**450,500**	291,094
Total net assets	**2,866,025**	2,993,005
	$ 3,185,229	$ 3,217,745

Statement of Activities and Changes in Net Assets
Year Ended September 30, 2013
(With Comparative Totals for the Year Ended September 30, 2012)

Changes in net assets:	Unrestricted Net Assets	Temporarily Restricted Net Assets	2013 Total	2012 Total
Support				
Government	$ 468,084	$ -	**$ 468,084**	$ 423,538
Foundation and corporate	458,319	1,199,500	**1,657,819**	840,574
Membership and individual	1,489,063	-	**1,489,063**	1,478,944
Bequests and memorials	13,175	-	**13,175**	184,175
Cy pres award	-	-	**-**	78,592
In-kind contributions	96,767	-	**96,767**	51,929
Special events:				
Sponsorhsips and contributions	77,415	-	**77,415**	190,432
Auction	16,830	-	**16,830**	80,835
Admission	22,590	-	**22,590**	41,040
Less: direct costs of donor benefit	(33,582)	-	**(33,582)**	(58,085)
Special events, net	83,253	-	**83,253**	254,222
Net assets released from restriction	1,040,094	(1,040,094)	**-**	-
Total support	3,648,755	159,406	**3,808,161**	3,311,974
Revenue				
Fees for service	100		**100**	200
Investment income	16,803		**16,803**	19,607
Investment gains (losses)	(4,449)		**(4,449)**	6,839
Other	3,844		**3,844**	4,703
Total revenue	16,298	-	**16,298**	31,349
Total support and revenue	3,665,053	159,406	**3,824,459**	3,343,323
Expenses:				
Program	2,533,146		**2,533,146**	2,255,676
Management and general	503,413		**503,413**	381,483
Fundraising	914,880		**914,880**	753,057
Total expenses	3,951,439	-	**3,951,439**	3,390,216
Increase (decrease) in net assets	(286,386)	159,406	**(126,980)**	(46,893)
Net assets at beginning of year	2,701,911	291,094	**2,993,005**	3,039,898
Net assets at end of year	**$ 2,415,525**	**$ 450,500**	**$ 2,866,025**	$ 2,993,005

Statements of Cash Flows
Years Ended September 30, 2013 and 2012

	2013	2012
Operating activities:		
Decrease in net assets	**$ (126,980)**	$ (46,893)
Adjustments to reconcile to cash provided by (used for) operating activities:		
Depreciation	**31,755**	31,828
Loss on disposition	**-**	287
Realized and unrealized investment (gains) losses	**4,449**	(6,839)
Changes in:		
Contracts receivable	**3,815**	(17,529)
Grants receivable	**(407,000)**	349,750
Accounts receivable	**7,718**	(26,301)
Prepaid expenses and other assets	**(6,834)**	146,722
Deposits	**(600)**	(960)
Accounts payable and accrued expenses	**61,140**	50,003
Accrued payroll liabilities	**33,324**	14,379
Deferred event revenue	**-**	(103,507)
Cash provided by (used for) operating activities	**(399,213)**	390,940
Investing activities:		
Proceeds from sale of asset		
Acquisition of property and equipment	**(48,769)**	(14,492)
Investment activities	**292,940**	(16,441)
Net disposition (acquisition) of certificates of deposit	**55,464**	(397,255)
Cash provided by (used for) investing activities	**299,635**	(428,188)
Decrease in cash and cash equivalents	**(99,578)**	(37,248)
Cash and cash equivalents at beginning of year	**1,060,871**	1,098,119
Cash and cash equivalents at end of year	**$ 961,293**	$ 1,060,871
Additional cash flow information:		
Taxes paid to Registry of Charitable Trusts	**$ 150**	$ 150
Interest paid	**$ -**	$ -

SAVE THE BAY

Statement of Functional Expenses
Year Ended September 30, 2013

(With Comparative Totals for the Year Ended September 30, 2012)

	Program Services						Totals	Totals
	Restoration Campaigns	Bay Protection	Education & Outreach	Total Program	Management & General	Fundraising	Sept 30 2013	Sept 30 2012
Salaries	$ 612,102	$ 219,601	$ 517,951	$ 1,349,654	$ 295,099	$ 384,403	**$2,029,156**	$1,709,623
Payroll taxes	50,692	18,026	42,370	111,088	24,481	31,647	**167,216**	142,157
Pension contributions	5,414	1,554	5,079	12,047	2,713	2,709	**17,469**	14,515
Other employee benefits	64,703	19,031	48,871	132,605	29,980	31,262	**193,847**	153,953
Total salaries and related expenses	732,911	258,212	614,271	1,605,394	352,273	450,021	**2,407,688**	2,020,248
Grants	4,500	-	-	4,500	-	-	**4,500**	4,500
Professional services- legal	19,426	624	274	20,324	72	71	**20,467**	20,188
Professional services- accounting	-	-	-	-	36,775	-	**36,775**	33,194
Professional services- other	81,524	25,427	154,087	261,038	18,822	215,272	**495,132**	359,476
Advertising and promotion	1,594	-	3,496	5,090	-	10,138	**15,228**	10,335
Supplies	27,297	2,745	6,626	36,668	4,402	4,906	**45,976**	31,690
Telephone	4,430	1,381	5,407	11,218	1,571	1,603	**14,392**	9,649
Postage	9,804	13,758	24,158	47,720	3,518	52,042	**103,280**	145,155
Equipment rental/maintenance	2,403	744	1,700	4,847	1,082	1,105	**7,034**	5,269
Bank fees	-	-	-	-	13,048	-	**13,048**	12,117
Occupancy	53,509	16,571	37,870	107,950	24,098	24,600	**156,648**	155,246
Printing and publications	7,423	11,933	27,982	47,338	4,045	51,286	**102,669**	273,126
Information technology	61,478	18,866	140,426	220,770	28,189	35,197	**284,156**	124,997
Travel and meals	23,994	5,064	2,367	31,425	681	1,683	**33,789**	43,113
Conferences and meetings	6,472	529	1,826	8,827	2,293	1,954	**13,074**	9,747
Depreciation	20,378	1,828	4,178	26,384	2,658	2,713	**31,755**	31,828
Insurance	7,615	852	1,948	10,415	3,764	1,263	**15,442**	14,186
Dues, licenses, service fees	9,924	3,676	9,026	22,626	4,029	6,081	**32,736**	14,463
In-kind professional services	-	-	45,000	45,000	-	46,742	**91,742**	40,951
Bad debt expense	-	-	-	-	-	3,500	**3,500**	-
Miscellaneous expense	6,095	1,331	8,186	15,612	2,093	4,703	**22,408**	30,738
	$ 1,080,777	**$ 363,541**	**$ 1,088,828**	**$ 2,533,146**	**$ 503,413**	**$ 914,880**	**$3,951,439**	$3,390,216

1. Organization

Save the Bay (the Organization) is a California nonprofit public benefit corporation founded in 1961 to preserve, restore, and protect the San Francisco Bay and Sacramento/San Joaquin River Delta Estuary as a healthy and biologically diverse ecosystem that is valued as essential to the well-being of the human community it sustains.

Program services include bay protection, restoration campaigns, and public education and outreach. The Organization's office is located in Oakland California and its primary sources of income are public and private grants and contributions.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Organization and have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and, accordingly, reflect all significant receivables, payables, accrued assets, accrued liabilities, and net asset accounts.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) 958.205, *Presentation of Financial Statements of Not-for-Profit Entities*. Under ASC 958.205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. The Organization has also adopted the provisions of ASC 958.205.55.31 thru 958.205.55.53, *Presentation of Financial Statements – Endowment Disclosures* (which incorporated the previously issued FASB Staff Position No. FAS 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classifications of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds*).

Support and Revenue Recognition

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenues, and expenses during the reporting period. Actual results could differ from those estimates.

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

Net Assets

In accordance with accounting principles generally accepted in the United States of America, financial statements must present classes of net assets based on the following categories: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Grants and contributions are classified in the appropriate net asset category based on the absence or existence of donor-imposed restrictions that limit the use of the donated assets if they are designated as support for future periods or future projects when they are received.

The Organization reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets or if they are designated as support for future periods. When a donor's intended purpose is met or a time restriction expires, the temporarily restricted net asset is transferred to unrestricted net assets and reported in the Statement of Activities and Changes in Net Assets as amounts released from restrictions. Donor-restricted contributions where restrictions are met in the same reporting period in which they are contributed are reported as unrestricted support.

Permanently restricted net assets include those net assets that must be maintained in perpetuity in accordance with donor restrictions. The investment return from such assets may be used for purposes as specified by the donor or, if the donor has not specified a purpose, the income from such investments is not restricted and is included in unrestricted net assets. There were no permanently restricted net assets as of September 30, 2013.

Unrestricted net assets include all of those donated assets that have no restrictions or limitations imposed on their use. The Board of Directors may elect certain unrestricted funds to be set aside as Board-designated funds, which may not be spent without approval by the Board.

Receivables

Contracts receivable and grants receivable are recognized as unrestricted or temporarily restricted contributed revenue when the written commitments are received. Accounts receivable are recorded as revenue when a valid contractual obligation exists.

Property and Equipment

Property and equipment purchased by the Organization are recorded at cost. Property and equipment donated to the Organization are recorded at estimated fair value as of the date of the gift. Repairs and maintenance are charged to expense as incurred. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets of between 3 and 20 years.

Investments

The Organization follows the provisions of *Accounting Standards Update (ASU), Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in US GAAP and IFRSs* and has estimated the fair value of its investments using available market information and other valuation methodologies. Accordingly, the estimates presented are not necessarily indicative of the amounts that the Organization could realize in a current market exchange. The use of different assumptions and/or estimation methods may have a material effect on the estimated fair value amounts. The estimates are based on pertinent information available to management as of September 30, 2013.

(continued)

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

Investments (continued)

Although management is not aware of any factors that would significantly affect the estimated fair value amounts, current estimates of fair value may differ significantly from the statements presented.

Investments in mutual funds with readily determinable fair values and all investments in bank deposit accounts are reported at fair value with gains and losses included in the Statement of Activities and Changes in Net Assets. Purchased investments are initially stated at cost. Investments received by gift are recorded at market value at the date of contribution. In accordance with ASC 958.320, the recorded amounts of all investments are adjusted annually to reflect current market values.

Income Taxes

Financial statement presentation follows the recommendations of ASC 740, *Income Taxes*. Under ASC 740, the Organization is required to report information regarding its exposure to various tax positions taken by the Organization and requires a two-step process that separates recognition from measurement. The first step is determining whether a tax position has met the recognition threshold; the second step is measuring a tax position that meets the recognition threshold. Management believes that the Organization has adequately evaluated its current tax positions and has concluded that as of September 30, 2013 the Organization does not have any uncertain tax positions for which a reserve or an accrual for a tax liability would be necessary.

The Organization has received notification from the Internal Revenue Service and the State of California that it qualifies for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. This exemption is subject to periodic review by the federal and state taxing authorities and management is confident that the Organization continues to satisfy all federal and state statutes in order to qualify for continued tax exemption status.

The Organization may periodically receive unrelated business income (such as sublease rental income, advertising revenue, or other unrelated revenue streams) requiring the Organization to file separate tax returns under federal and state statutes. If such conditions ever exist, the Organization will be obligated to accrue and remit the applicable taxes.

Contributed Services and Costs

Contributed services and costs are reflected at the fair value of the contribution received. The contributions of services and costs are recognized if they (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. A substantial number of unpaid volunteers have made significant contributions of time to various departments or programs of the Organization. The value of this contributed time is not reflected in the financial statements since it is not susceptible to objective measurement or valuation.

Reclassifications

Certain reclassifications have been made to the 2012 financial statements in order to conform to the presentation used in 2013, including reclassification of certain liabilities on the statements of financial position.

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

Functional Allocation of Expenses
The costs of providing the Organization's various programs and other activities have been summarized on a functional basis in the Statement of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Comparative Financial Information
The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information should be read in conjunction with the Organization's financial statements for the year ended September 30, 2012, from which the summarized information was derived.

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Accordingly, actual results could differ from those estimates.

3. Cash and Cash Equivalents

Cash and cash equivalents of $961,293 and $1,060,871 at September 30, 2013 and 2012, respectively, include all funds in banks (checking, savings and money market) purchased with maturity dates of three months or less. From time to time, certain deposits may exceed balances insured by the Federal Deposit Insurance Corporation. Management attempts to limits its risk and exposure by only using highly rated financial institutions.

4. Receivables

Receivables consist of the following at September 30, 2013 and 2012:

	2013	2012
Contracts receivable	**$ 156,517**	$ 160,332
Grants receivable	**543,000**	136,000
Accounts receivable	**22,282**	30,000
Total receivables	**$ 721,799**	$ 326,332

Receivables represent amounts due from various sources, including foundations, federal and state agencies, individuals, and others. Receivables are stated at net realizable value. The Organization uses the direct write-off method with regards to receivables deemed uncollectible. During the years ended September 30, 2013 and 2012, the Organization recognized no bad debts. Management has evaluated the receivables as of September 30, 2013 and determined that such amounts are fully collectible (based on the financial strength of the payees) and therefore no reserve for uncollectible amounts has been established.

5. Investments

Investments consist of the following at September 30, 2013 and 2012:

	2013	2012
Mutual funds:		
Investment grade short-term bond fund	**$ 81,227**	$ 378,616

During the years ended September 30, 2013 and 2012, investment earnings amounted to $16,803 and $19,607, respectively. During the years ended September 30, 2013 and 2012, realized and unrealized gains (losses) amounted to ($4,449) and $6,839, respectively.

Investments in mutual funds with readily determinable fair values are reported at fair value or amounts that approximate fair value. Composition of investments utilizing fair value measurements at September 30, 2013 is as follows:

	Total	Level 1	Level 2	Level 3
Mutual funds	$ 81,227	$ 81,227	$ -	$ -
Totals	$ 81,227	$ 81,227	$ -	$ -

Fair value measurements establish a fair value hierarchy that prioritizes the input used to measure fair value. This hierarchy consists of three broad levels: (a) Level 1 measurement reflects the value of the investments at quoted prices in active markets for identical assets, generally without any adjustments, (b) Level 2 assets and liabilities are valued based on "observable inputs" other than quoted active market prices, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, and interest rates and yield curves, and (c) Level 3 assets and liabilities are valued based on “unobservable inputs," such as a company’s own estimates and pricing models. The Organization had no investments classified as Level 2 or Level 3 at September 30, 2013.

6. Property and Equipment

Property and equipment consist of the following at September 30, 2013 and 2012:

	2013	2012
Office furniture and equipment	**$ 163,174**	$ 170,790
Buildings	**99,633**	50,865
Less: accumulated depreciation	**(132,880)**	(108,742)
Property and equipment, net	**$ 129,927**	$ 112,913

Depreciation expense amounted to $31,755 and 31,828 for the years ended September 30, 2013 and 2012, respectively. During the year ended September 30, 2013, the Organization disposed of fully depreciation equipment with original cost basis of $7,617. There was a loss on disposition of fixed assets of $287 for the year ended September 30, 2012.

7. Lease Commitments

The Organization rents its corporate office facilities under a multi-year operating lease that expires July 31, 2016 (with an option to extend for an additional three years at prevailing market rates). As of September 30, 2013, the Organization is committed to making monthly rental payments of $15,624. The monthly rental amount increases to $16,249 effective August 1, 2014 and then again to $16,874 effective August 1, 2015. The Organization also leases certain office equipment under separate multi-year rental contracts.

Rental expense for all of the Organization's operating leases amounted to $156,649 and $155,246 for the years ended September 30, 2013 and 2012, respectively. Future minimum rental payments under all operating leases extending beyond one year at September 30, 2013 are as follows:

Year ending September 30, 2014	$ 193,310
Year ending September 30, 2015	$ 200,809
Year ending September 30, 2016	$ 122,690
Year ending September 30, 2017	$ 4,572
Year ending September 30, 2018	$ 1,125

8. Allocation of Joint Costs

The Organization follows the provisions of Statement of Position 98-2 (SOP 98-2) *Accounting for costs of Materials and Activities of Not-for-Profit Organizations and State and Local Government Entities That Include a Fund-Raising Appeal*. Under SOP 98-2, the Organization engaged in a number of activities (such as publication and distribution of newsletters and other informational materials) that included a fundraising appeal. As a result, the Organization incurred allocable joint expenditures and the costs of these activities were allocated between program activities, management and general activities, and fundraising activities as follows:

	2013	2012
Costs allocated to program activities	**$ 184,274**	$ 457,332
Costs allocated to management and general activities	**15,188**	1,300
Costs allocated to fundraising activities	**262,518**	165,184
Totals	**$ 461,980**	$ 623,816

9. Compensated Absences

Financial statement presentation follows the recommendations of ASC 710.25, *Compensated Absences*. Under ASC 710.25, the Organization is required to record a liability for the estimated amounts of compensation for future absences (accrued vacation). Employees are permitted to accrue a specific number of hours of vacation which is payable upon termination of the employee, and this amount has been reflected in the financial statements. Accrued payroll liabilities amounted to $175,247 and $141,923 at September 30, 2013 and 2012, respectively and are included with accounts payable and accrued liabilities on the statement of financial position.

10. Commitments and Contingencies

In the normal course of business there are outstanding various commitments and contingent liabilities, such as commitments to enter into contracts and future projects, which are not reflected in the financial statements. Such commitments and contingencies also include risks associated with various economic and operating factors, which include (a) Grant restrictions and donor conditions which obligate the Organization to fulfill certain requirements as set forth in grant instruments, (b) Funding levels which vary based on factors beyond The Organization's control, such as generosity of donors and general economic conditions, (c) Employment and service agreements with key management personnel, and (d) Financial risks associated with funds on deposit at bank and investment brokerage accounts.

The Organization receives a portion of its support from federal, state, and local government agencies (amounting to 12.29% and 12.79% for the years ended September 30, 2013 and 2012, respectively). A significant reduction in the level of this support, if it were to occur, could have an impact on the Organization's ability to fund certain programs and activities.

Management has evaluated all such events and believes that such commitments, contingencies and risks will not have a material adverse effect on the financial statements. Certain of the grants and contracts (including current and prior costs) are subject to audit and final acceptance by the granting agencies. Management is of the opinion that the Organization has complied with all material terms of the various grants and contracts.

11. In-Kind Contributions

In-kind contributions were valued as follows for the year ended September 30:

	2013	2012
In-kind services	**$ 46,742**	$ 34,666
Public service advertising	**45,000**	6,285
Equipment and vehicles	**5,025**	10,978
Total in-kind contributions	**$ 96,767**	$ 51,929

Auction items: For the years ended September 30, 2013 and 2012, the organization received $46,742 and $80,835 in donated items for a fundraising auction. The Organization valued these items based on the proceeds from the auction.

Volunteer Services: In addition to receiving specialized in-kind services, the Organization was also the beneficiary of volunteer work parties organized to carry out restoration projects removing invasive species growing in San Francisco Bay, collecting seeds from native plants, and planting more than 38,000 seedlings to restore the bio-diversity and health of the bay. Although not recorded in the financial statements (because such volunteer efforts are not susceptible to objective measurement or valuation under ASC 958.605.30-11 *"Revenue Recognition of Not-For-Profit Entities"*), the value of these services was estimated at $608,677 and $527,994 for the years ended September 30, 2013 and 2012, respectively. A portion of the donated services was used to meet the matching requirement of certain grants from various federal and state agencies.

Notes to Financial Statements

12. Temporarily Restricted Net Assets

The Organization recognizes support from temporarily restricted net assets when the restrictions imposed by the donors have been satisfied or expired. Temporarily restricted net assets consist of the following at September 30, 2013 and 2012:

	2013	2012
Estuary Restoration and Education	$ 192,500	$ 163,835
Restoration Policy and Funding	258,000	85,190
Bay Fill Prevention	-	42,069
Total temporarily restricted	$ 450,500	$ 291,094

Temporarily restricted net assets were released from donor restrictions by incurring expenses satisfying the purposes specified by donors as follows during the years ended September 30:

	2013	2012
Pollution Prevention	$ 63,000	$ 140,000
Estuary Restoration and Education	253,335	358,740
Restoration Policy and Funding	556,690	224,810
Bay Fill Prevention	167,069	135,431
Total temporarily restricted	$ 1,040,094	$ 858,981

13. Retirement Plan

The Organization offers a defined contribution plan as established under Internal Revenue Code Section 403(b) (the Plan). All employees who work at least 1,000 hours per year are eligible for participation in the Plan after one full year of employment, and become vested at that time. For each Plan year, the Board of Directors of the Organization determines the amount (if any) to be contributed to the Plan by the Organization, and matches 50% of each eligible employee's contributions up to $1,000. Total contributions made by the Organization for the years ended September 30, 2013 and 2012 amounted to $17,470 and $14,515, respectively.

14. Lines of Credit

The Organization had a margin account with a broker with an interest rate which, when utilized, varied between 6.0% and 8.5% per annum. The amount available to borrow depended on the composition of the maintainable assets in the account. As of September 30, 2012 there were no marginable assets in the account and no outstanding margin balance. The line of credit was closed during the year ended September 30, 2013.

15. Subsequent Events

In compliance with ASC 855, *Subsequent Events*, the Organization has evaluated subsequent events through January 10, 2014, the date the financial statements were available to be issued and, in the opinion of management, there are no subsequent events which need to be disclosed.