

SAN FRANCISCO BAYKEEPER
AUDITED FINANCIAL STATEMENTS

JUNE 30, 2022



**SAN FRANCISCO BAYKEEPER
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JUNE 30, 2022**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
San Francisco Baykeeper
Oakland, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of San Francisco Baykeeper ("Baykeeper") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Baykeeper as of June 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Baykeeper 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 opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 an audit 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 for 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 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 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 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 Baykeeper'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Baykeeper'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.

**Oakland, California
November 08, 2022**

FINANCIAL STATEMENTS

SAN FRANCISCO BAYKEEPER
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

ASSETS

Cash and cash equivalents	\$ 1,450,106
Undeposited funds	31,416
Investments	250,951
Settlements receivable - current	35,000
Grants and contributions receivable	86,803
Prepaid expenses and deposits	206,301
Settlements receivable - long term	98,276
Property and equipment, net	<u>41,808</u>
Total assets	<u>2,200,661</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	5,147
Deferred revenue	237,000
Other liabilities	36,898
Accrued expenses and vacation	<u>178,800</u>
Total liabilities	<u>457,845</u>

NET ASSETS

Without donor restrictions	
Undesignated	464,648
Board designated	400,000
With donor restrictions	<u>878,168</u>
Total net assets	<u>1,742,816</u>
Total liabilities and net assets	<u>\$ 2,200,661</u>

The accompanying notes are an integral part of these financial statements.

**SAN FRANCISCO BAYKEEPER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORTS AND REVENUE			
Supports			
Foundation	\$ 251,090	\$ 845,000	\$ 1,096,090
Corporation	203,711	42,172	245,883
Government	25,000	-	25,000
Individual and public	712,958	7,500	720,458
Revenue			
In-kind donation	838,653	-	838,653
Investment income, net	(39,582)	-	(39,582)
PPP loan forgiveness income	206,727	-	206,727
Other revenue	216,924	-	216,924
Net assets released from restrictions	<u>57,373</u>	<u>(57,373)</u>	<u>-</u>
Total supports and revenue	<u>2,472,854</u>	<u>837,299</u>	<u>3,310,153</u>
EXPENSES			
Program services	1,904,272	-	1,904,272
Management and general	185,754	-	185,754
Fundraising	<u>372,856</u>	<u>-</u>	<u>372,856</u>
Total expenses	<u>2,462,882</u>	<u>-</u>	<u>2,462,882</u>
Change in net assets	9,972	837,299	847,271
Net assets, beginning of year	<u>854,676</u>	<u>40,869</u>	<u>895,545</u>
Net assets, end of year	<u>\$ 864,648</u>	<u>\$ 878,168</u>	<u>\$ 1,742,816</u>

The accompanying notes are an integral part of these financial statements.

SAN FRANCISCO BAYKEEPER
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Program services</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and 401K	\$ 798,924	\$ 123,783	\$ 222,765	\$ 1,145,472
Payroll taxes	59,247	8,246	17,125	84,618
Employee benefits	<u>49,916</u>	<u>6,949</u>	<u>14,384</u>	<u>71,249</u>
Total compensation	<u>908,087</u>	<u>138,978</u>	<u>254,274</u>	<u>1,301,339</u>
Legal - environmental law enforcement	848,722	-	-	848,722
Other professional services	-	20,909	3,894	24,803
Occupancy	89,804	12,516	26,007	128,327
Boat operations	10,421	-	-	10,421
Information technology	8,829	5,119	7,223	21,171
Operating	11,845	2,088	8,504	22,437
Insurance	4,490	4,074	772	9,336
Promotion & publications	3,518	94	10,511	14,123
Equipment	1,729	223	463	2,415
Travel	2,060	78	1,548	3,686
Depreciation	14,767	1,675	3,366	19,808
Donated goods	<u>-</u>	<u>-</u>	<u>56,294</u>	<u>56,294</u>
Total expenses	<u>\$ 1,904,272</u>	<u>\$ 185,754</u>	<u>\$ 372,856</u>	<u>\$ 2,462,882</u>

The accompanying notes are an integral part of these financial statements.

**SAN FRANCISCO BAYKEEPER
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022**

Cash flows from operating activities:

Change in net assets	\$	847,271
Adjustments to reconcile the change in net assets to net cash provided by operating activities:		
Depreciation		19,808
PPP loan forgiveness income		(206,727)
Stock donation		(7,706)
Unrealized gain (loss)		39,785
Change in operating assets:		
Undeposited funds		41,673
Settlements receivable		17,034
Grants and contributions receivable		148,025
Prepaid expenses and deposits		(51,790)
Change in operating liabilities:		
Accounts payable		(33,317)
Deferred revenue		50,000
Other liabilities		(181,945)
Accrued expenses and vacation		<u>(22,275)</u>
Net cash provided by operating activities		<u>659,836</u>

Cash flows from investing activities:

Investment income, net		(203)
Sale of investments		7,706
Purchase of property and equipment		<u>(5,232)</u>
Net cash used in investing activities		<u>2,271</u>
Change in cash and cash equivalents		662,107
Cash and cash equivalents, beginning of year		<u>787,999</u>
Cash and cash equivalents, end of year	\$	<u><u>1,450,106</u></u>

Information about noncash items

During the year ended June 30, 2022, Baykeeper received stock donation of \$7,706, which was included in Support - Individual and Public in the Statement of Activities.

The accompanying notes are an integral part of these financial statements.

SAN FRANCISCO BAYKEEPER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - NATURE OF ORGANIZATION

San Francisco Baykeeper's ("Baykeeper") mission is to defend San Francisco Bay from the biggest threats and hold polluters accountable. Baykeeper's field investigators and scientists patrol the Bay to identify polluters and uncover threats. Our lawyers and policy advocates hold polluters accountable and require government agencies to strengthen laws.

Baykeeper:

- Investigates pollution: Baykeeper is the only organization that patrols San Francisco Bay to investigate and stop pollution. We regularly patrol the Bay on the Baykeeper boat, and by plane, kayak, and with our drone. Our scientists identify threats to the Bay and gather evidence of pollution and investigate tips from the public to our pollution hotline. And when we find pollution, our advocates and lawyers take action to hold the polluters accountable and stop them from harming the Bay and the people of the Bay Area.
- Stops polluters: Baykeeper holds polluters accountable by enforcing the Clean Water Act and other laws that protect the Bay and its people. We require polluters to comply with the law, and we make sure they fix their pollution problems to stop harming the Bay.
- Strengthens laws: Baykeeper advocates for government agencies to adopt stronger, enforceable policies that will create real protections for the Bay.
- Fights for healthy communities: Baykeeper's scientists, lawyers, and policy advocates have worked in coalition with neighborhood organizations to stop polluters in every region of the Bay, including Bayview Hunters Point, Richmond, Oakland, the South Bay, and Delta. Baykeeper has won over 200 Clean Water Act lawsuits that protect the Bay and the Bay Area from industrial pollution. Since its inception, Baykeeper has generated hundreds of millions of dollars to improve the quality of life in Bay shoreline communities, and to support the work of organizations within communities disproportionately affected by pollution.
- Defends wildlife and prepares for climate change: Baykeeper uses science, advocacy, and the law to protect the Bay's shoreline and vibrant wetlands, ensure that there is a healthy level of sand and sediment on the Bay floor, and make sure that enough fresh water flows into the Bay to keep it from getting too salty to support life. By defending the Bay's natural ecological balance, Baykeeper makes sure that residents of the Bay Area – both human and animal – will thrive for generations to come.

Baykeeper has won critical victories at the national, regional and local level for San Francisco Bay. Since 1989, we have:

- Secured 280 legal wins to stop polluters;
- Conducted over 15,000 hours of boat patrols to investigate pollution;
- Required 10 cities to reduce sewage spills by 75%;
- Got 14 new state laws passed to stop oil spills;
- Generated \$100 million to restore San Francisco Bay; and
- Mapped 300 miles of shoreline to plan for sea level rise in the Bay.

We have a staff of thirteen with scientific and legal expertise, the Board of Directors with a breadth of experience with the Bay, an expert advisory board, a team of volunteer boat skippers and the only pollution patrol boat regularly monitoring and investigating polluters in the Bay.

**SAN FRANCISCO BAYKEEPER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 - NATURE OF ORGANIZATION - (CONT'D)

Baykeeper incorporated as a nonprofit, public benefit corporation in California on January 23, 1987, as the San Francisco Bay-Delta Preservation Association, and became Baykeeper in May 1989, the fourth “Waterkeeper” organization in the country.

For 35 years, standing up to constant threats and major polluters, Baykeeper has been a fierce champion for San Francisco Bay. For more information, please visit us online at *baykeeper.org*.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of accounting

Baykeeper prepares its financial statements using accounting principles generally accepted in the United States of America (U.S. GAAP). Baykeeper records support when promised, revenue when earned and expenses when incurring the related obligations.

B. Fair value

Baykeeper uses a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels:

Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets or liabilities in markets that Baykeeper has the ability to access.

Level 2 inputs consist of quoted prices for similar assets or liabilities in active markets, quoted prices for identical 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 consist of unobservable inputs.

Baykeeper bases the fair value measurement level of an asset or liability within the fair value hierarchy on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Baykeeper values contributions initially at fair value when promised.

C. Cash and cash equivalents

Cash and cash equivalents consist of amounts on hand and on deposit with a commercial bank, available within 90 days of demand. As of June 30, 2022, \$1,450,106 of cash and cash equivalents are reported on the statement of financial position.

D. Investments

Investments consist principally of units of a pooled investment fund (PIF) of a community foundation. Baykeeper records the PIF at its contract value. Contract value is the amount Baykeeper would realize upon sale, transfer, exchange or liquidation of the investment when transacted with the investment custodian. Contract value of the units of the PIF is Baykeeper share of the fair value of the underlying investments, determined by the community foundation, net of certain custodial and administrative fees.

Baykeeper records interest, dividends, gains, losses, fees and changes in contract value (unrealized appreciation and depreciation) as net investment income.

SAN FRANCISCO BAYKEEPER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONT'D)

D. Investments - Cont'd

The PIF of the community foundation is subject to an agreement dated August 25, 1992. The Board of Directors for Baykeeper may request distributions from the PIF to be approved by the Board of Trustees of the community foundation. In addition, the PIF is subject to the powers of the Board of Trustees of the community foundation including the power to modify any restriction or condition of the PIF in the event, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment or inconsistent with the needs of the community served by the community foundation.

E. Grants and contributions receivable

Grants and contributions receivables consist principally of unconditional promises to give due from corporations and nonprofit organizations. Baykeeper initially records grants and contributions receivable at fair value. All grants and contributions receivable are due within the year ending June 30, 2023.

F. Settlements receivable

Settlements receivable consist principally of amounts due from governmental and corporate entities related to compliance activities. Baykeeper initially records settlements receivable at fair value. Baykeeper estimates the initial fair value of settlements receivables as the estimated present value of expected future cash flows, taking into consideration risk-free interest rates and expected collection timing and risks. These are Level 2 and Level 3 inputs. Baykeeper records a discount representing the difference between the future cash flows promised by the defendant and the estimated present value of the expected future cash flows. Baykeeper accretes the discount, using the interest method and based on actual collections, to interest income.

G. Allowance for uncollectible receivables

Baykeeper uses the allowance method to estimate any uncollectible receivables. Under this method, Baykeeper reviews all receivables and estimates an allowance, based on aging, debtor history and other information. As of June 30, 2022, management estimated that any allowance for uncollectible receivables was immaterial.

H. Property and equipment

Property and equipment consist of furniture, office, computer, boat and laboratory equipment and leasehold improvements. Baykeeper records property and equipment at cost or initially at fair value for contributed items. Baykeeper bases the initial fair value of contributed property and equipment on comparable sales of identical or similar items in markets available to Baykeeper, which is a Level 2 input. Baykeeper expenses property and equipment with a cost or fair value under \$500 and the costs of maintenance and repairs that do not improve or extend the lives of the property and equipment. Baykeeper computes depreciation using the straight-line method over the estimated useful lives as below:

<u>Assets</u>	<u>Useful life of assets</u>
Furniture and fixtures	5-7 years
Office equipment	3-7 years
Computer equipment	3 years
Boat and laboratory equipment	5-7 years
Leasehold improvements	4-5 years

SAN FRANCISCO BAYKEEPER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONT'D)

I. Prepaid expenses - litigation

Baykeeper contracts with various attorneys, under Attorney Retention and Co-Counseling or similar Agreements (Retainer), to assist Baykeeper to compel governmental agencies and corporations to comply with various laws and regulations that protect the health of San Francisco Bay and its habitats (Litigation). Generally, contracted Litigation attorneys work on a contingency fee basis; i.e., the contracted Litigation attorneys only receive legal fees based on successful Litigation resulting in a settlement or Court ruling that includes payments for legal fees.

When represented by outside counsel on a contingency fee basis, Baykeeper agrees to be responsible for expert, consultant and other Litigation costs that are necessary to carry out the Litigation. Additionally, Baykeeper may pursue Litigation internally, without contracting with outside counsel. In both circumstances, Baykeeper capitalizes all direct costs of Litigation, except staff salaries. Baykeeper expenses capitalized Litigation costs upon resolution of the case and records any related recovery as revenue.

Successful Litigation against governmental agencies and corporations (Defendant) under federal and state environmental laws usually results in Settlement Agreements, Consent Decrees or similar arrangements (Settlement). Settlements generally require the Defendant to take corrective actions at their own expense; perform or contribute to an environmental mitigation project (not conducted by Baykeeper); and reimburse Baykeeper for the direct costs of bringing the Litigation, including legal fees (internal and external). Baykeeper records revenue for Settlement funds received that reimburse Baykeeper for the direct costs of bringing the Litigation.

In addition, Defendants generally agree to provide funds to enable Baykeeper to monitor compliance by the Defendant with the Settlement (Compliance). Compliance awards represent a negotiated estimate by Baykeeper and the Defendant of any remaining Litigation and Settlement costs and the future costs Baykeeper will incur to monitor Compliance. Baykeeper recognizes revenue from Compliance awards immediately upon Settlement.

J. Advances - litigation

Foundations advanced Baykeeper funds to pursue and pay some costs of certain Litigation. Outstanding advances do not bear interest and there is no fixed maturity date. Upon successful Litigation resulting in an award to Baykeeper that covers its costs of Litigation, Baykeeper will repay the foundations. If Litigation is unsuccessful or does not result in an award that covers the costs of Litigation, then the foundations will forgive unpaid advances. Management believes that it is at least possible that it will succeed with Litigation. Accordingly, Baykeeper treats the outstanding advances as deferred revenue until Litigation partially funded by the foundations proves to be unsuccessful or will not result in an award that covers the costs of Litigation, at which time; Baykeeper will reclassify the outstanding advances as contribution support.

K. Net assets

Net assets without donor restrictions are not subject to donor-imposed restrictions, but may be designated for specific purposes by action of the Board of Directors, or otherwise limited by contractual arrangements with outside parties.

Net assets with donor restrictions are subject to donor-imposed restrictions. Baykeeper reclassifies net assets with donor restrictions to net assets without donor restrictions when it fulfills donor-imposed restrictions through actions Baykeeper takes or the passage of time.

SAN FRANCISCO BAYKEEPER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONT'D)

L. Contributed services

Attorneys, paralegals and others contribute substantial professional services to Baykeeper. For FY 2022, the total value of these is recored at \$782,359. Baykeeper determines the fair value of attorney fees by following judicial precedent to compare a proposed rate with the prevailing rate in the region for similar work performed by attorneys of comparable skill, experience and reputation, considering the novelty and complexity of the issues. In addition, Baykeeper uses the "Laffey Matrix" as a guide for calculating attorney rates.

The D.C. Circuit Court approved the Laffey Matrix to provide objective guidance in assessing appropriate hourly rates depending on attorney experience. Baykeeper adjusts the Laffey Matrix by straight-lining annually the multi-year step increases and by the regional difference between attorney rates in the Washington, DC and San Francisco metropolitan areas. Finally, Baykeeper compares rates of other San Francisco attorneys who specialize in environmental litigation. The U.S. District Court for the Northern District of California, in Baykeeper v. West Bay Sanitary District 2011 U.S. Dist. LEXIS 138093, upheld this process and approved the rates of Baykeeper staff attorneys and outside counsel. This process involves principally Level 2 inputs.

Baykeeper records contributed attorney services, including contingent fees, separately for each case in the year in which the services are performed. In the year that a particular case settles, Baykeeper records contributed attorney services net of allocable costs recovered with a Settlement. Baykeeper bases the fair value of attorney services on the process described above. Baykeeper records contributed non-attorney professional services when receiving the benefit of those services. Baykeeper bases the fair value of non-attorney professional services on the cost of similar services from comparable purchases, which is a Level 2 input. Baykeeper only reports contributions of in-kind professional services when Baykeeper needs expertise or education not available to Baykeeper and Baykeeper would have paid for the professional services if donors had not contributed them. Volunteers contribute their time assisting Baykeeper in carrying out its activities. Although the value of volunteer contributions is substantial to the activities of Baykeeper, Baykeeper does not recognize their value because they do not meet the criteria for recognition in accordance with US-GAAP.

M. Allocation of functional expenses

Baykeeper summarizes the costs of providing its program and supporting services on a functional basis. Baykeeper allocates direct costs to the activity that benefits. Baykeeper allocates compensation costs based on employee time spent in each activity and related costs (e.g., employee benefits and payroll taxes) based on the allocation of compensation costs. Baykeeper allocates other indirect costs based on employee estimates.

N. Income taxes

Baykeeper is a qualified organization exempt from federal income taxes and state franchise taxes under §501(c)(3) of the Internal Revenue Code ("IRC") and §23701d of the California Revenue and Taxation Code, respectively.

U.S. GAAP requires Baykeeper management to evaluate tax positions taken by Baykeeper and recognize a tax liability (or asset), if Baykeeper has taken an uncertain position that more likely than not would not be sustained upon examination by Internal Revenue Service.

Baykeeper is not aware of any uncertain tax positions as of June 30, 2022.

**SAN FRANCISCO BAYKEEPER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONT'D)

O. Risks and concentrations

Cash and cash equivalents held by at financial institutions exceeded federal deposit insurance limits at various times during the year ended June 30, 2022.

Investments are subject to credit and market risks. Baykeeper manages risk to its investments by periodically reviewing investments for compliance with the investment policy and investment return for comparability to the general market and specific investment class returns.

As of June 30, 2022, the PIF held by the community foundation totaled 100% of total investments.

During the last month of the year ended June 30, 2022, a \$750,000 contributions was received from Oceankind and totaled approximately 68% of total foundation supports and 43% of total revenue and supports. The Oceankind grant is a three-year, time restricted grant through June 30, 2025. No Oceankind funds were released to unrestricted in the year ended June 30, 2022.

During the year ended June 30, 2022, contributions received from California Small Business COVID-19 Relief Grant Program totaled \$25,000 or approximately 100% of total government supports and 1% of total revenue and support.

P. Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect reported amounts and disclosures. Actual results could differ from those estimates.

NOTE 3 - INVESTMENTS

As of June 30, 2022, investments consists of the following:

Marin Community Foundation Fund	\$ <u>250,951</u>
Total investments	\$ <u><u>250,951</u></u>

Management estimates that the difference between the fair value of investments reported and the respective reported contract values is not material.

During the year ended June 30, 2022, net investment income was as follows:

Dividends and interest	\$ 2,337
Investment expenses and fees	(2,134)
Unrealized gain (loss)	<u>(39,785)</u>
Investment income, net	<u><u>\$ (39,582)</u></u>

NOTE 4 - GRANTS AND CONTRIBUTIONS RECEIVABLE

As of June 30, 2022, grants and contributions receivable consists of the following:

Corporations	\$ 58,293
Individuals	<u>28,510</u>
Total grants and contributions receivable	<u><u>\$ 86,803</u></u>

**SAN FRANCISCO BAYKEEPER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 - SETTLEMENTS RECEIVABLE

As of June 30, 2022, settlements receivable consists of the following:

City of Richmond	\$ 90,000
City of San Jose	<u>50,000</u>
Settlements receivable, gross	140,000
Less: discounts on settlements receivable	<u>(6,724)</u>
Settlements receivable, net	133,276
Settlements receivable - long term	<u>98,276</u>
Settlements receivable - current	<u><u>\$ 35,000</u></u>

As of June 30, 2022, settlements receivable are due during the following periods:

Less than one year	\$ 35,000
Between one and five years	\$ 105,000

NOTE 6 - PROPERTY AND EQUIPMENT

As of June 30, 2022, property and equipment consists of the following:

Furniture	\$ 2,120
Office equipment	5,641
Computer equipment	46,370
Boat and laboratory equipment	140,471
Leasehold improvements	<u>43,005</u>
Property and equipment, at cost	237,607
Less: accumulated depreciation	<u>(195,799)</u>
Property and equipment, net	<u><u>\$ 41,808</u></u>

Depreciation expense for the years ended June 30, 2022 was \$19,808.

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

During the year ended June 30, 2022, the changes in net assets with donor restrictions are as follows:

	<u>Restriction type</u>	<u>July 01, 2021</u>	<u>Addition</u>	<u>Released from restrictions</u>	<u>June 30, 2022</u>
Foundations	Purpose	\$ 40,000	\$ 95,000	\$ 46,637	\$ 88,363
Foundations	Time	-	750,000	-	750,000
Corporations	Purpose	869	42,172	8,041	35,000
Individuals	Purpose	-	<u>7,500</u>	<u>2,695</u>	<u>4,805</u>
Total		<u>\$ 40,869</u>	<u>\$ 894,672</u>	<u>\$ 57,373</u>	<u>\$ 878,168</u>

**SAN FRANCISCO BAYKEEPER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 - NET ASSETS WITHOUT DONOR RESTRICTIONS

As of June 30, 2022, net assets without donor restrictions consists of the following:

Designated by the Board of Directors of Baykeeper - Legal fund	\$ 400,000
Net assets without donor restrictions - undesignated	<u>464,648</u>
Total net assets without donor restrictions	<u><u>\$ 864,648</u></u>

NOTE 9 - IN-KIND CONTRIBUTIONS

During the year ended June 30, 2022, Baykeeper utilized and allocated \$838,653 of in-kind contributions which included contributed services from attorneys and contributed goods from fundraising events.

Contributed services	
Attorneys	\$ 782,359
Contributed goods	
Fundraising events	<u>56,294</u>
Total in-kind contribution	<u><u>\$ 838,653</u></u>

NOTE 10 - PAYCHECK PROTECTION PROGRAM LOAN

In 2020, Baykeeper obtained a \$206,727 loan from C3 Bank (the "Lender") under the Paycheck Protection Program (PPP). Under the terms of the PPP, up to 100% of the loan (and related interest) may be forgiven if the proceeds are used for covered expenses and certain other requirements related to wage rates and maintenance of full-time equivalents are met. Baykeeper applied for forgiveness with the Lender and received forgiveness from the Small Business Administration (SBA) on November 18, 2021. The amount of loan forgiveness is presented as a component of revenues on the statement of activities.

NOTE 11 - RETIREMENT PLAN

Baykeeper sponsors a defined contribution salary deferral plan under IRC section 401(k) for its eligible employees. Eligible employees may contribute up to 100% of their eligible compensation to the plan, subject to limits imposed under the IRC. The plan allows, but does not require, Baykeeper to contribute. During the year ended June 30, 2022, Baykeeper contributed to eligible employees, based on 3% of their eligible compensation, amounts totaling \$27,135.

**SAN FRANCISCO BAYKEEPER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 12 - COMMITMENTS AND CONTINGENCIES

Baykeeper leases office space in Oakland under an operating lease that expires April 30, 2025, with an option for Baykeeper to extend the lease for five years at the then fair market value rent. The lease contains a fixed escalation clause and Baykeeper must pay its share of additional building operating expenses and taxes, as defined. Future minimum office space lease payments for the years ending June 30, total as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2023	\$ 126,572
2024	130,432
2025	<u>111,375</u>
Total	<u>\$ 368,379</u>

During the year ended June 30, 2022, office space rent expense totaled \$120,679.

NOTE 13 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

As of June 30, 2022, financial assets, reduced by amounts not available for general use because of contractual or donor-imposed restrictions, reconcile as follows:

Financial assets:

Cash and cash equivalents - unrestricted	\$ 1,450,106
Undeposited funds	31,416
Investments	250,951
Grants and contributions receivable	86,803
Settlements receivable - current	<u>35,000</u>
Total financial assets	<u>1,854,276</u>
Amounts unavailable for general expenditures within one year	
Less: net assets with donor restrictions	<u>(878,168)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 976,108</u>

The legal fund is not tied to any particular financial assets. Baykeeper liquidity management involves annual and quarterly cash projections and expenditure management based on those projections. Baykeeper invests cash in excess of daily requirements in interest-bearing bank accounts and has certain investments in a pooled investment fund available, with approval of the Board of Directors, to cover any shortfalls.

NOTE 14 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 08, 2022, the date these financial statements were available for issuance. Management concluded that no material subsequent events have occurred since June 30, 2022, which would require recognition or disclosure in the financial statements.