

**FRIENDS OF BALLONA WETLANDS**  
(A California Nonprofit Public Benefit Corporation)

**FINANCIAL STATEMENTS**

**December 31, 2018**



Gurseley | Schneider <sup>LLP</sup>  
CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

## C O N T E N T S

	<b><u>Pages</u></b>
<b>INDEPENDENT ACCOUNTANT'S COMPILATION REPORT</b>	1
<b>FINANCIAL STATEMENTS</b>	
Statement of Financial Position	2
Statement of Activities and Changes in Net Assets	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6 – 10

**Independent Accountant's Compilation Report**

To the Board of Directors  
Friends of Ballona Wetlands  
Playa Del Rey, California

Management is responsible for the accompanying financial statements of Friends of Ballona Wetlands (a California nonprofit public benefit corporation), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

*Gursey | Schneider LLP*

November 15, 2019  
Los Angeles, California

**FRIENDS OF BALLONA WETLANDS**  
(A California Nonprofit Public Benefit Corporation)  
Statement of Financial Position  
December 31, 2018

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 497,441
Accounts receivable, net	1,545
Other current assets	<u>1,600</u>

**TOTAL CURRENT ASSETS** 500,586

**OTHER ASSETS**

Property and equipment, net	<u>12,634</u>
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**TOTAL ASSETS** \$ 513,220

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable and accrued expenses	\$ 13,491
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**NET ASSETS**

Without donor restrictions	<u>499,729</u>
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**TOTAL LIABILITIES AND NET ASSETS** \$ 513,220

**FRIENDS OF BALLONA WETLANDS**  
(A California Nonprofit Public Benefit Corporation)  
Statement of Activities and Changes in Net Assets  
For the Year Ended December 31, 2018

	Without Donor Restrictions
<b>REVENUE AND SUPPORT:</b>	
Contributions and grants	\$ 301,342
Services, merchandise, and other income	25,326
In-kind revenue	9,660
Special events:	
Gross revenue	288,318
Less: direct costs	(52,406)
<b>Total Revenues and Support</b>	<b>572,240</b>
<b>FUNCTIONAL EXPENSES</b>	
Program	339,191
Support Services	59,462
Fundraising	52,263
<b>Total Expenses</b>	<b>450,916</b>
<b>CHANGE IN NET ASSETS</b>	121,324
<b>NET ASSETS, Beginning of Year</b>	378,405
<b>NET ASSETS, End of Year</b>	<b>\$ 499,729</b>

See Independent Accountant's Compilation Report and Accompanying Notes to Financial Statements

**FRIENDS OF BALLONA WETLANDS**  
(A California Nonprofit Public Benefit Corporation)  
Statement of Functional Expenses  
For the Year Ended December 31, 2018

	<u>Program Expenses</u>	<u>Support Services</u>	<u>Fundraising Expenses</u>	<u>Total Expenses</u>
<b>Salaries and Expenses</b>				
Salaries	\$ 207,784	\$ 19,522	\$ 29,711	\$ 257,017
Employee benefits	16,704	929	928	18,561
Payroll taxes	19,451	1,081	1,081	21,613
<b>Total Salaries and Expenses</b>	<u>243,939</u>	<u>21,532</u>	<u>31,720</u>	<u>297,191</u>
<b>Other Expenses</b>				
Advertising	5	-	860	865
Bank fees	-	10	2,895	2,905
Bad debt	1,545	-	-	1,545
Conferences and conventions	995	328	-	1,323
Computer and software	245	9,016	-	9,261
Equipment rental	17,442	554	-	17,996
Fees and licenses	685	399	1,104	2,188
Food, drinks and catering	2,204	975	608	3,787
Insurance	1,429	4,327	191	5,947
Miscellaneous	6,045	33	-	6,078
Professional fees	6,374	12,734	4,536	23,644
Postage and shipping	1,921	708	2,206	4,835
Printing and production	6,521	534	7,206	14,261
Rent	21,048	5,079	800	26,927
Scholarships and donations	18,848	-	-	18,848
Supplies	8,728	917	109	9,754
Telephone and Internet	240	1,725	-	1,965
Travel	977	591	28	1,596
<b>Total Other Expenses</b>	<u>95,252</u>	<u>37,930</u>	<u>20,543</u>	<u>153,725</u>
<b>TOTAL EXPENSES</b>	<u>\$ 339,191</u>	<u>\$ 59,462</u>	<u>\$ 52,263</u>	<u>\$ 450,916</u>
<i>Percent of total expenses</i>	<u>75.2%</u>	<u>13.2%</u>	<u>11.6%</u>	<u>100.0%</u>

See Independent Accountant's Compilation Report and Accompanying Notes to Financial Statements

**FRIENDS OF BALLONA WETLANDS**  
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Statement of Cash Flows  
For the Year Ended December 31, 2018

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ 121,324
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
(Increase) decrease in accounts receivable	3,682
Increase in other assets	(1,600)
Increase in accounts payable and accrued expenses	<u>5,728</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>129,134</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Cash paid for purchase of property and equipment	<u>(634)</u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(634)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>128,500</u>
<b>CASH AND CASH EQUIVALENTS, Beginning of Year</b>	<u>368,941</u>
<b>CASH AND CASH EQUIVALENTS, End of Year</b>	<u><u>\$ 497,441</u></u>

See Independent Accountant's Compilation Report and Accompanying Notes to Financial Statements

**FRIENDS OF BALLONA WETLANDS**  
(A California Nonprofit Public Benefit Corporation)  
Notes to Financial Statements  
December 31, 2018

**NOTE 1 – ORGANIZATION AND DESCRIPTION OF THE ORGANIZATION**

Friends of Ballona Wetlands (The "Organization or FBW") is a California nonprofit benefit corporation. The Organization is based in Los Angeles County and it offers education and restoration programs, collectively called "Explore Ballona." Through these programs, the Organization has provided hands-on educational experiences to an ethnically, culturally, and economically diverse population of approximately 9,000 residents each year at Ballona's salt marsh, dunes, freshwater marsh, Ballona Discovery Park, and in various community settings since 1994.

The approximately 600-acre Ballona Wetlands, in Playa Del Rey, are the remnants of a wetlands complex that in the early 1800's stretched from La Cienega ("The Swamp") to the ocean, and from the Playa Del Rey bluffs to Venice on the north. They are the "last stop" before Santa Monica Bay for water (and water-borne contaminants) traveling through storm water channels from the 128-mile square Ballona Creek watershed.

Friends of Ballona Wetlands is a founding member of Wetlands Restoration Coalition, along with Heal the Bay, Los Angeles Waterkeeper and Surfrider Foundation. The coalition now includes other leading environmental groups that came together to support the complete restoration of Southern California's remaining wetlands as the best way to bring back their functioning ecosystems. Within that coalition, FBW is the only nonprofit agency permitted by the California Department of Fish and Wildlife to conduct both educational and restoration programs in the Ballona Ecological Reserve.

**The Ballona Wetlands Programs** – The Friends' programs are the product of 41 years of work (having been founded in 1978), first saving and then helping to protect, restore and educate about the Ballona Wetlands. "Explore Ballona" offers education and service learning opportunities to Pre-K through 12th grade students, college students, community members, and corporate groups to transform them from mere watershed residents to stewards of the Los Angeles County's last remaining viable coastal wetland. They learn how and why to protect this complex urban watershed that functions as a natural water filtration system - vital for coastal water quality. Wetlands organisms help break down toxins from urban runoff and absorb or help to filter out heavy metals.

**Other Organizations** – The Friends of Ballona Wetlands collaborates with other groups, primarily on wetlands education and restoration programs. The Organization partners with Heal the Bay, LA Waterkeeper, Ballona Creek Renaissance, The Bay Foundation (aka Santa Monica Bay Restoration Foundation), and the Mountains Recreation Conservation Authority (MRCA) on various interconnected projects going on in our watershed. The people in the Organization are collaborators with Loyola Marymount University's Center for Urban Resilience on joint education programs being launched out of Ballona Discovery Park, the Ballona Freshwater and Saltwater Marshes, and at schools throughout the area.

The Organization's goal is to reach over 10,000 visitors per year, 250 schools and community groups, adding to the 100,000 visitors and volunteers who have come to the community over the past two decades to learn and restore and "Explore Ballona."

In an effort to provide the most current educational standards in its curriculum opportunities, FBW will continue to incorporate Next Generation Science Standards (NGSS), State Board of Education (SBE) approved Education and the Environment Initiative (EEI) curriculum.



**FRIENDS OF BALLONA WETLANDS**  
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Notes to Financial Statements  
December 31, 2018

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation** – The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and thus are based on the accrual basis of accounting. Accordingly, revenues are recognized when earned rather than when received, and expenses are recognized when incurred rather than when paid.

**Use of Estimates** – The preparation of financial statements in conformity with GAAP 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. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

**Classes of Net Assets** – To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts of the Organization are maintained in accordance with the principles of net assets accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net asset classes that are in accordance with specified activities or objectives.

The financial statements are presented utilizing the accrual basis of accounting. The Organization recognizes contributions, including unconditional promises to give, as revenue in the period in which they are received. Revenues, gains, expenses and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

*Without Donor Restriction* – These include net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by contract or by board designation. Net assets without donor restriction generally result from revenues generated from contributions and by receiving interest from investments less expenses incurred. Contributions that are purpose or time restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. At December 31, 2018, the Organization had unrestricted net assets of \$499,729.

*With Donor Restriction* – The Organization reports gifts of cash and other assets as support with donor restriction if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires—that is when a stipulated time restriction ends or the purpose of the restriction is accomplished—net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from program or time restrictions. Donor restrictions may also result in permanently restricted net assets, where resources are to be maintained permanently but permit the Organization to expend all the income (or other economic benefits) derived from the donated assets. Restricted donations that are received and spent within the same year are classified as being without donor restrictions in the accompanying statement of activities. There were no donor restricted net assets at December 31, 2018.

**Functional Allocation of Expenses** – Expenses that can be identified with a specific program or supporting service are charged directly to the related program or supporting service. The Organization allocates expenses to program and general support based on the nature of the expense.

**FRIENDS OF BALLONA WETLANDS**  
(A California Nonprofit Public Benefit Corporation)  
Notes to Financial Statements  
December 31, 2018

**NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**Contributions and Promises to Give** – Contributions, including unconditional promises to give, are recorded in the period made. All contributions are available for unrestricted use, unless specifically restricted by the donor. An estimate for uncollectible contributions is recorded against contributions. Management recorded bad debt expense of \$1,545 for the year ended December 31, 2018.

**In-Kind Donations –**

- **Donated Goods, Property and Equipment** – Donations of goods, property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. During the year ended December 31, 2018, the Organization received donated goods, property, and equipment with a total value of \$9,660. This amount is presented separately on the statement of activities.
- **Donated Services** – Contributed services are recognized by the Organization if the services received (a) increase or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The accompanying financial statements do not reflect any amounts for donated services during the year ended December 31, 2018.

Additionally, the Organization receives a significant amount of contributed time from volunteers who do not meet the two recognition criteria described above. Accordingly, the value of this contributed time is not reflected in the accompanying financial statements. The donated services contributed by volunteers were 6,750 hours for the year ended December 31, 2018. The volunteer hours are for habitat restoration, community education, and tour guides around the Ballona Wetlands. The purpose of the Organization could not be fulfilled without the significant contributions of volunteer time.

**Cash Equivalents** – Cash and cash equivalents have maturities of three months or less when purchased.

**Concentration of Risk** – The Organization maintains its cash accounts at one bank. The Federal Deposit Insurance Corporation provides deposit insurance coverage up to \$250,000 on funds held at a single financial institution. At times, the balance in these accounts may exceed the \$250,000 insurance coverage. The Organization has not experienced any losses in such accounts, and accordingly, management believes the Organization is not exposed to any significant risks.

**Property and Equipment** – Property and equipment are stated at cost at the date of acquisition or estimated fair value at the date of donation. Property and equipment are depreciated on a straight-line method over three, five, or seven years. The Organization owns artwork that it does not depreciate. Maintenance and repairs cost are charged to expenses as incurred. No depreciation expense was recorded during the year ended December 31, 2018 as all depreciable assets are fully depreciated.

**FRIENDS OF BALLONA WETLANDS**  
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Notes to Financial Statements  
December 31, 2018

**NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**Fair Value Measurements** — The Organization records its assets and liabilities at fair value. Fair value is defined as the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. In addition, assets and liabilities are classified in one of the following three categories:

Level 1 – Quoted market prices in active markets for identical assets or liabilities

Level 2 – Observable market-based inputs or unobservable inputs that are corroborated by market data

Level 3 – Unobservable inputs that are not corroborated by market data

The Organization's cash and cash equivalents are classified within the Level 1 category. At December 31, 2018, the Organization's other financial instruments such as contributions receivable and accounts payable are all stated at carrying value, which approximates fair value due to the short maturity of these instruments.

**Income Taxes** – The Organization is exempt from Federal income and excise taxes and California franchise taxes as an organization described under Section 501(c)(3) of the Internal Revenue Code and related state codes. However, the Organization is subject to income taxes on any net income that is derived from a trade business, regularly carried on and not in furtherance of the purposes for which it was granted exemption. The Organization did not have any unrelated business income during the year ended December 31, 2018.

The Organization's accounting policy is to provide liabilities for uncertain tax positions (including penalties and interest) when a tax position would not be considered "more likely than not" to be upheld by a tax authority examination. Management is not aware of any violation of its tax status (being exempt from income taxes), nor any exposure to unrelated business income tax. The Organization's federal income tax and informational returns for tax years 2015 and subsequent remain subject to examination by the Internal Revenue Service. The returns for California remain subject to examination by the Franchise Tax Board for years 2014 and subsequent.

**Subsequent Events** – Subsequent events have been evaluated through November 15, 2019, the date the financial statements were available to be issued.

**FRIENDS OF BALLONA WETLANDS**  
(A California Nonprofit Public Benefit Corporation)  
Notes to Financial Statements  
December 31, 2018

**NOTE 3 – LIQUIDITY AND AVAILABLE RESOURCES**

Financial assets consist of the cash and cash equivalents and accounts receivable. The following table summarizes the Organization's financial assets as of December 31, 2018, reduced by amounts not available for general use within one year.

Cash and cash equivalents	\$ 497,441
Accounts receivable, net	<u>1,545</u>
 Total available financial resources	 <u><u>\$ 498,986</u></u>

Financial assets available to meet cash needs for general expenditures within one year represent funding for ongoing operational requirements and planned increases for program expenditures in 2019.

**NOTE 4 – PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at December 31, 2018:

Furniture and fixtures	\$ 2,174
Artwork	12,000
Computer equipment	4,597
Software	<u>13,050</u>
	31,821
Less accumulated depreciation	<u>(19,187)</u>
 Total property and equipment, net	 <u><u>\$ 12,634</u></u>