

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

FINANCIAL STATEMENTS

December 31, 2019



Gurseley | Schneider LLP
CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

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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, 2019, 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.

Subsequent Event and Uncertainties

As discussed in Note 4 to the financial statements, on March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The ultimate financial impact and duration of these events cannot be reasonably estimated at this time. Our report is not modified with respect to that matter.

Gursey | Schneider LLP

August 10, 2020
Los Angeles, California

FRIENDS OF BALLONA WETLANDS
(A California Nonprofit Public Benefit Corporation)
Statement of Financial Position
December 31, 2019

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 658,876
Accounts receivable, net	2,716
Rent deposit	1,600

TOTAL CURRENT ASSETS 663,192

OTHER ASSETS

Artwork, at donated value	12,000
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TOTAL ASSETS \$ 675,192

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 11,455
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NET ASSETS

Without donor restrictions	663,737
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TOTAL LIABILITIES AND NET ASSETS \$ 675,192

FRIENDS OF BALLONA WETLANDS
(A California Nonprofit Public Benefit Corporation)
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2019

	Without Donor Restrictions
REVENUE AND SUPPORT:	
Contributions and grants	\$ 378,551
Services, merchandise, and other income	28,981
In-kind goods	9,600
Special events:	
Gross revenue	288,670
Less: direct costs	(65,578)
Total Revenues and Support	640,224
FUNCTIONAL EXPENSES	
Program	356,658
Support Services	64,106
Fundraising	55,452
Total Expenses	476,216
CHANGE IN NET ASSETS	164,008
NET ASSETS, Beginning of Year	499,729
NET ASSETS, End of Year	\$ 663,737

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, 2019

	Program Expenses	Support Services	Fundraising Expenses	Total Expenses
Salaries and Expenses				
Salaries	\$ 229,908	\$ 24,455	\$ 30,480	\$ 284,843
Employee benefits	17,567	976	976	19,519
Payroll taxes	21,948	1,219	1,219	24,386
Total Salaries and Expenses	269,423	26,650	32,675	328,748
Other Expenses				
Bank fees	7	150	3,530	3,687
Conferences and conventions	75	2,435	-	2,510
Computer and software	1,502	7,041	1,921	10,464
Depreciation	211	211	212	634
Equipment rental	11,549	979	289	12,817
Fees and licenses	460	352	1,547	2,359
Food, drinks and catering	2,355	1,903	345	4,603
Insurance	1,320	5,800	177	7,297
Miscellaneous	2,337	455	620	3,412
Professional fees	6,889	11,435	5,556	23,880
Postage and shipping	8	759	2,272	3,039
Printing and production	2,816	-	4,654	7,470
Rent	29,784	1,655	1,654	33,093
Scholarships and donations	18,269	-	-	18,269
Supplies	8,928	1,210	-	10,138
Telephone and Internet	180	1,740	-	1,920
Travel	545	1,331	-	1,876
Total Other Expenses	87,235	37,456	22,777	147,468
TOTAL EXPENSES	\$ 356,658	\$ 64,106	\$ 55,452	\$ 476,216
<i>Percent of total expenses</i>	<i>74.9%</i>	<i>13.5%</i>	<i>11.6%</i>	<i>100.0%</i>

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

FRIENDS OF BALLONA WETLANDS
(A California Nonprofit Public Benefit Corporation)
Statement of Cash Flows
For the Year Ended December 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 164,008
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	634
Increase in accounts receivable	(1,171)
Decrease in accounts payable and accrued expenses	<u>(2,036)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	161,435
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>497,441</u>
CASH AND CASH EQUIVALENTS, End of Year	<u><u>\$ 658,876</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, 2019

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 – FBW's programs are the product of 42 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
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
December 31, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation – The accompanying financial statements are prepared using the accrual basis of accounting where revenue is recognized when earned and expenses are recognized as incurred. The basis of accounting conforms to generally accepted accounting principles (“GAAP”).

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, 2019, the Organization had unrestricted net assets of \$663,737.

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, 2019.

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. FBW uses salary allocation based on time and salary to allocate many indirect costs.

FRIENDS OF BALLONA WETLANDS
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
December 31, 2019

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 did not record bad debt expense for the year ended December 31, 2019.

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, 2019, the Organization received donated goods, property, and equipment with a total value of \$9,600. This amount is presented separately on the statement of activities. These amounts consist of goods received and sold at fundraising events.
- **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, 2019.

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 7,410 hours for the year ended December 31, 2019. 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 – The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. The Organization maintains its cash and cash equivalents with financial institutions which balances from time to time may exceed the federally insured limits. Deposits held in noninterest-bearing transaction accounts are now aggregated with any interest-bearing deposits the owner may hold in the same ownership category, and the combined total is insured up to at least \$250,000.

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.

As of the year ended December 31, 2019, three donors comprised 46% of current year contributions.

FRIENDS OF BALLONA WETLANDS
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
December 31, 2019

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

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. During the year ended December 31, 2019, the Organization disposed of \$19,821 fully-depreciated furniture, fixtures, website costs, and computer equipment and recorded remaining depreciation of \$634.

Impairment of Long-Lived Assets – Long-lived assets to be held are reviewed for events or changes in circumstances, which indicate that their carrying value may not be recoverable. Further, long-lived assets held for sale are to be stated at the lower cost or fair market value less costs to sell. FBW has determined that no events occurred during the year ended December 31, 2019 that would give rise to impairment of its long-lived assets.

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, 2019, 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, 2019.

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 2016 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 2015 and subsequent.

FRIENDS OF BALLONA WETLANDS
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
December 31, 2019

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, 2019, reduced by amounts not available for general use within one year.

Cash and cash equivalents	\$ 658,876
Accounts receivable, net	<u>2,716</u>
Total available financial resources	<u><u>\$ 661,592</u></u>

Financial assets available to meet cash needs for general expenditures within one year represent funding for ongoing operational requirements and planned amounts for program expenditures in 2020.

NOTE 4 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through August 10, 2020, the date the financial statements were available to be issued.

Global Pandemic

The 2019-20 Coronavirus pandemic is an ongoing global pandemic of Coronavirus disease (COVID-19). On March 11, 2020, the World Health Organization declared the outbreak of pandemic and over 10 million cases have been confirmed in more than 185 countries and territories, with major outbreaks in the United States, China, Spain, Italy, France, Germany, and the United Kingdom. As a result, public health responses around the world have included travel restrictions, quarantines, school closures, and closures of many programs and services.

FBW is continuing with some preservation and advocacy work, but has significantly reduced its program services. The Organization is unable to predict the ultimate outcome from the global pandemic but believes that it has sufficient cash on hand, the ability to secure grants for preservation work, and proceeds from borrowings to continue to fulfill its mission for the foreseeable future.

Paycheck Protection Program Loan

On May 1, 2020, the Organization was able to secure a \$68,489 loan under the Paycheck Protection Program ("PPP"). The interest rate on the loan is 1.0% per annum. The first six months of interest will be deferred to and payable on the Maturity Date. Monthly interest payments will commence seven months after the date of the loan. All principal and accrued interest payments are due on April 1, 2022 ("Maturity Date"). Management intends to satisfy all PPP requirements to obtain loan forgiveness for the entire loan and accrued interest amount.