

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

FINANCIAL STATEMENTS

December 31, 2022



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, 2022, 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

August 11, 2023
Los Angeles, California

FRIENDS OF BALLONA WETLANDS
(A California Nonprofit Public Benefit Corporation)
Statement of Financial Position
December 31, 2022

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	369,943
Contributions and other receivables, net		203,497
Investments, at fair value		432,957
Rent deposit		2,600
		2,600

TOTAL CURRENT ASSETS 1,008,997

OTHER ASSETS

Artwork, at donated value		12,000
		12,000

TOTAL ASSETS \$ 1,020,997

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$	10,516
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NET ASSETS

Without donor restrictions		900,481
With donor restrictions		110,000
		110,000

TOTAL NET ASSETS 1,010,481

TOTAL LIABILITIES AND NET ASSETS \$ 1,020,997

FRIENDS OF BALLONA WETLANDS
(A California Nonprofit Public Benefit Corporation)
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT:			
Contributions and grants	\$ 434,095	\$ 165,000	\$ 599,095
Program services revenue	22,675	-	22,675
In-kind rent	9,600	-	9,600
Investment income (loss), net	<u>(60,529)</u>	<u>-</u>	<u>(60,529)</u>
Special events:			
Gross revenue	256,995	-	256,995
Less: direct costs	<u>(74,543)</u>	<u>-</u>	<u>(74,543)</u>
Special events, net	182,452	-	182,452
Released from restriction	<u>55,000</u>	<u>(55,000)</u>	<u>-</u>
Total Revenues and Support	<u>643,293</u>	<u>110,000</u>	<u>753,293</u>
FUNCTIONAL EXPENSES			
Programs	477,579	-	477,579
Support Services	72,190	-	72,190
Fundraising	<u>72,295</u>	<u>-</u>	<u>72,295</u>
Total Expenses	<u>622,064</u>	<u>-</u>	<u>622,064</u>
CHANGE IN NET ASSETS	21,229	110,000	131,229
NET ASSETS, Beginning of Year	<u>879,252</u>	<u>-</u>	<u>879,252</u>
NET ASSETS, End of Year	<u>\$ 900,481</u>	<u>\$ 110,000</u>	<u>\$ 1,010,481</u>

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, 2022

	<u>PROGRAMS</u>	<u>SUPPORT SERVICES</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
<u>SALARIES AND RELATED EXPENSES</u>				
Salaries	\$ 321,200	\$ 27,690	\$ 38,998	\$ 387,888
Employee benefits	20,309	2,959	4,497	27,765
Payroll taxes	27,202	2,345	3,303	32,850
Total Salaries and Expenses	<u>368,711</u>	<u>32,994</u>	<u>46,798</u>	<u>448,503</u>
<u>OTHER EXPENSES</u>				
Advertising	75	-	-	75
Bank fees	94	2	5,619	5,715
Conferences and conventions	4,068	105	10	4,183
Computer and software	2,778	3,196	1,814	7,788
Equipment rental	16,026	5,184	27,385	48,595
Fees and licenses	1,061	878	3,502	5,441
Food, drinks and catering	2,083	1,781	27,220	31,084
Insurance	1,358	5,876	165	7,399
Miscellaneous	239	10	1,872	2,121
Professional fees	6,400	15,283	16,619	38,302
Postage and shipping	134	671	1,730	2,535
Printing and production	10,851	260	7,686	18,797
Rent	35,223	1,957	1,957	39,137
Scholarships and donations	20,728	-	-	20,728
Supplies	6,631	2,123	4,363	13,117
Telephone and Internet	220	1,425	-	1,645
Travel	899	445	98	1,442
Total Other Expenses	<u>108,868</u>	<u>39,196</u>	<u>100,040</u>	<u>248,104</u>
TOTAL EXPENSES	477,579	72,190	146,838	696,607
<i>Less: Amounts reclassified to Special Events</i>	<u>-</u>	<u>-</u>	<u>(74,543)</u>	<u>(74,543)</u>
TOTAL EXPENSES, NET OF SPECIAL EVENTS	<u>\$ 477,579</u>	<u>\$ 72,190</u>	<u>\$ 72,295</u>	<u>\$ 622,064</u>
<i>Percent of total expenses</i>	<u>76.8%</u>	<u>11.6%</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
(A California Nonprofit Public Benefit Corporation)
Statement of Cash Flows
For the Year Ended December 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 131,229
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Realized and unrealized losses on investments, net	65,239
Increase in accounts receivable	(189,115)
Increase in other assets	(1,000)
Decrease in accounts payable and accrued expenses	<u>(34)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	6,319
CASH FLOWS USED FOR INVESTING ACTIVITIES	
Purchase of securities, net	<u>(205,597)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(199,278)
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>569,221</u>
CASH AND CASH EQUIVALENTS, End of Year	<u><u>\$ 369,943</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, 2022

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, science, and restoration programs, collectively called "Explore Ballona!" Through these programs, the Organization has provided direct 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, The Trust for Public Land, 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 over 40 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, science, 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 120,000 visitors and volunteers who have come to the community over the past two decades to learn and restore and "Explore Ballona!"

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, 2022

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 generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Cash Equivalents – The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Investments – Purchased investments are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment income/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Contributions and Promises to Give – The Organization records contributions receivable that are expected to be collected within one year at net realizable value. Contributions receivable that are expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. FBW determines the allowance for uncollectable amounts based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Amounts of receivables are written off when deemed uncollectable. At December 31, 2022, no allowance for uncollectible receivables was necessary.

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. Conditional contributions, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. An estimate for uncollectible contributions is recorded against contributions. During the year ended December 31, 2022, the Organization did not have any bad debt expense.

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. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently. The Organization owns artwork that it does not depreciate.

FRIENDS OF BALLONA WETLANDS
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
December 31, 2022

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

Impairment of Long-Lived Assets – Long-lived assets to be held are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. 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, 2022, that would give rise to impairment of its long-lived assets.

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 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 – Net assets available for use in general operations and not subject to donor-imposed restrictions.

With Donor Restriction – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets with donor restrictions 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 purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions or conditions expire simultaneously or within in the same reporting period.

Contributions – The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Special Event Revenues – Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. FBW recognizes special events revenue equal to the fair value of direct benefits to donors when the special event takes place. FBW recognizes the contribution element of special event revenue immediately, unless there is a right of return if the special event does not take place. All goods and services are transferred at a point in time.

FRIENDS OF BALLONA WETLANDS
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
December 31, 2022

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

In-Kind Contributions

- *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, 2022, the Organization received donated rent with a total value of \$9,600. 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, 2022.

In addition to contributed nonfinancial assets, volunteers contribute significant amounts of time to program services; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. The donated services contributed by volunteers were 5,310 hours for the year ended December 31, 2022. 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.

Advertising Costs – Advertising costs are expensed as incurred and approximated \$75 during the year ended December 31, 2022.

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 financial statements also report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The Organization allocates these expenses to program and general support based on the nature of the expense using a salary allocation based on time / effort and salary dollars to allocate these indirect costs.

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, 2022.

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 2019 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 2018 and subsequent.

FRIENDS OF BALLONA WETLANDS
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
December 31, 2022

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

Concentration of Risk – The Organization manages deposit concentration risk by placing cash, money market accounts, and U.S. treasury securities with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. Insured accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per insured bank, for each account ownership category. To date, FBW has not experienced losses in any of these accounts. Credit risk associated with contributions receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from Board members, governmental agencies, and foundations supportive of our mission. Investments are made by diversified investment managers whose performance is monitored by us and the investment committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, we and the investment committee believe that the investment policies and guidelines are prudent for the long-term welfare of the organizations.

Fair Value Measurements and Disclosures – Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, we develop inputs using the best information available in the circumstances.

The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability.

A significant portion of our investment assets are classified within Level 1 because they comprise publicly traded stocks, exchange-traded funds, and open-end mutual funds with readily determinable fair values based on daily redemption values. U.S. government obligations are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions, and are classified within Level 2.

FRIENDS OF BALLONA WETLANDS
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
December 31, 2022

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

The carrying amounts of cash and cash equivalents, contributions and other receivables, accounts payable and accrued expenses approximate fair value due to the short-term nature of the items and are considered to fall within Level 1 of the fair value hierarchy.

Subsequent Events – Subsequent events have been evaluated through August 11, 2023, the date the financial statements were available to be issued.

NOTE 3 – LIQUIDITY AND AVAILABLE RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following:

Cash and cash equivalents	\$ 369,943
Investments, at fair value	432,957
Contributions and other receivables, net	<u>203,497</u>
Subtotal	1,006,397
Less:	
Purpose restricted donations	<u>(110,000)</u>
	<u>\$ 896,397</u>

Management prepares an annual budget to determine the amount of cash that will be available to meet operations. Management believes that its liquid assets on hand plus planned cash flows will be sufficient liquidity to meet obligations for the coming year.

NOTE 4 – CONTRIBUTIONS AND OTHER RECEIVABLES

Amounts consist of the following:

Contribution receivable, due within one year	\$ 110,000
Employee Retention Tax Credit	<u>93,497</u>
	<u>\$ 203,497</u>

The CARES Act provides an employee retention credit which is a refundable tax credit against certain employment taxes. The Organization qualifies for the tax credit and expects to receive tax credits for qualified wages through December 31, 2021. In 2022, the Organization applied for a refund of payroll taxes under this program for a total of \$93,497 and had an outstanding receivable at year-end for this amount. This credit is accounted for as a government grant and is included as contributions and grants in the accompanying statement of activities.

FRIENDS OF BALLONA WETLANDS
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
December 31, 2022

NOTE 4 – CONTRIBUTIONS AND OTHER RECEIVABLES – (CONTINUED)

During the year ended December 31, 2022, one donor contributed approximately 50% of total revenues. No other donor comprised more than 10%. All contributions receivable are due from one donor.

NOTE 5 – INVESTMENTS AND INVESTMENT INCOME

All investments were classified by type within the fair value hierarchy. The cost basis and corresponding fair value of the Organization's investment holdings as of December 31, 2022 are summarized as follows:

	Cost Basis	Fair Value Hierarchy			Total
		Level 1	Level 2	Level 3	
Mutual funds	\$ 68,406	\$ 58,395	\$ -	\$ -	\$ 58,395
U.S. government bonds	195,602	-	196,940	-	196,940
Exchange-traded funds	9,667	7,510	-	-	7,510
Equity securities	209,520	170,112	-	-	170,112
	<u>\$ 483,195</u>	<u>\$ 236,017</u>	<u>\$ 196,940</u>	<u>\$ -</u>	<u>\$ 432,957</u>

Net investment income (loss) for the year ended December 31, 2022 consists of the following:

Interest and dividends	\$ 4,710
Realized / unrealized losses, net	<u>(65,239)</u>
Investment income (loss), net	<u>\$ (60,529)</u>

NOTE 6 – LEASES

The Organization leases its home office under non-cancelable operating lease with terms of 12 months or less. The lease expires in July 2023 at which point it converts to month-to-month tenancy. The Organization also leases storage space on month-to-month terms. The Organization has elected the short-term lease exemption for all leases with a term of 12 months or less to not recognize the right-of-use asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis.

The landlord for the home office space provides the Organization with a discounted rental amount; the difference between the fair market rent for the building and actual rental payments made is reflected as an in-kind contribution.

FRIENDS OF BALLONA WETLANDS
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
December 31, 2022

NOTE 6 – LEASES – (CONTINUED)

The following is a summary of rent expense in the accompanying financial statements:

Home office rent (includes \$9,600 in-kind)	\$ 34,850
Storage rent	<u>4,287</u>
Total rent expense	<u>\$ 39,137</u>

Additionally, the operating lease agreement requires FBW to pay real estate taxes, insurance, utilities, and repairs.

The future minimum lease payments under noncancelable operating leases as of December 31, 2022, is \$10,850.

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes:

	Beginning Balance at 12/31/2021	Contributions	Expenditures / Released from Restriction	Ending Balance at 12/31/2022
Explore Ballona! Program	<u>\$ -</u>	<u>\$ 165,000</u>	<u>\$ (55,000)</u>	<u>\$ 110,000</u>

NOTE 8 – IN KIND CONTRIBUTION

For the years ended December 31, 2022, contributed nonfinancial assets recognized within the statements of activities included the following:

Rent	<u>\$ 9,600</u>
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This amount was determined based on the difference between the fair market value rent and the negotiated, discounted rent paid to the landlord. Rent expense is allocated between program, administration, and fundraising based on a similar allocation to salaries and other overhead expenses.