



friends of
Ballona Wetlands

FINANCIAL STATEMENTS

December 31, 2016 and 2015

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of
Friends of Ballona Wetlands
Los Angeles, California

We have reviewed the accompanying statement of Friends of Ballona Wetlands (a California non-profit which comprise the statement of financial position as of December 31, 2016, and the related statements of activities and cash flows for the year then ended., and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Service Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Summarized Comparative Information

We previously reviewed Friends of Ballona Wetlands's 2015 financial statements and in our conclusion dated October 7, 2016, stated that based on our review, we were not aware of any material modifications that should be made to the 2015 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America. We are not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended December 31, 2015, for it be consistent with the reviewed financial statements from which it has been derived.

Frith-Smith & Archibald, LLP

Woodland Hills, CA
October 30, 2017

FRIENDS OF BALLONA WETLANDS
STATEMENT OF FINANCIAL POSITION
December 31,

ASSETS

	<u>2016</u>	<u>2015</u>
Current assets		
Cash	\$ 193,672	\$ 149,054
Prepays		1,833
Investments	<u>30,639</u>	<u>15,590</u>
Total current assets	224,311	166,477
Investment in art	<u>12,000</u>	<u>12,000</u>
Total assets	<u><u>\$ 236,311</u></u>	<u><u>\$ 178,477</u></u>

NET ASSETS

Current liabilities		
Accounts payable	<u>\$ 1,366</u>	<u>\$</u>
Net assets		
Unrestricted	<u>234,945</u>	<u>178,477</u>
Total liabilities and net assets	<u><u>\$ 236,311</u></u>	<u><u>\$ 178,477</u></u>

See accompanying notes and independent accountant's review report

FRIENDS OF BALLONA WETLANDS
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2016
(With Summarized Totals for 2015)

	<u>Unrestricted</u>	<u>2016</u>	<u>2015</u>
Revenues and other support			
Foundation and corporate contributions	\$ 50,009	\$ 50,009	\$ 13,998
Government contributions			7,612
Contributions - cash	154,459	154,459	193,550
Contributions - non cash	9,600	9,600	9,600
Membership and other income	30,209	30,209	14,525
Interest income	65	65	45
Special events revenue less:	161,820	161,820	171,537
Special event costs	<u>(26,214)</u>	<u>(26,214)</u>	<u>(71,050)</u>
Total revenues and other support	<u>379,949</u>	<u>379,949</u>	<u>339,817</u>
 Expenses			
Program services:			
Education and restoration	238,725	238,725	219,897
Grants	18,235	18,235	
Support services:			
Management and general	31,877	31,877	29,510
Fundraising	<u>34,644</u>	<u>34,644</u>	<u>22,923</u>
Total expenses	<u>323,481</u>	<u>323,481</u>	<u>272,330</u>
 Changes in net assets	<u>56,468</u>	<u>56,468</u>	<u>67,487</u>
 Net Assets - beginning of year	<u>178,477</u>	<u>178,477</u>	<u>110,990</u>
 Net Assets - end of year	<u><u>\$ 234,945</u></u>	<u><u>\$ 234,945</u></u>	<u><u>\$ 178,477</u></u>

See accompanying notes and independent accountant's review report

FRIENDS OF BALLONA WETLANDS
STATEMENTS OF CASH FLOWS
Years Ended December 31,

Cash flows from operating activities	<u>2016</u>	<u>2015</u>
Change in net assets	\$ 56,468	\$ 67,487
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Changes in assets and liabilities:		
Decrease in prepaids	1,833	1,573
Increase in accounts payable	1,366	
Decrease (Increase) in investments	<u>(15,049)</u>	<u>14,988</u>
Net cash provided by operating activities	<u>44,618</u>	<u>84,048</u>
Net increase in cash	44,618	84,048
Cash, beginning of year	<u>149,054</u>	<u>65,006</u>
Cash, end of year	<u><u>\$ 193,672</u></u>	<u><u>\$ 149,054</u></u>

See accompanying notes and independent accountant's review report

FRIENDS OF BALLONA WETLANDS
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

1. ORGANIZATION

The Friends of Ballona Wetlands (The Organization) Los Angeles County-based education and restoration programs, collectively called "Explore Ballona" have 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 and freshwater marsh, and in various community settings since 1994.

The approximately 600-acre Ballona Wetlands, in Playa Del Rey, are the remnants of a once-massive wetlands complex that in the early 1800s 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 (FBW) is a founding member of Wetlands Restoration Coalition, along with Heal the Bay, Los Angeles Waterkeeper and Surfrider Foundation. The coalition now includes 18 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.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements are presented in accordance with principles of accounting for nonprofit organizations, with consideration given to recent authoritative publications of the American Institute of Certified Public Accountants. Assets, liabilities, support and revenue and expenses are recognized under the accrual basis of accounting.

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Use of Estimates

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

See independent accountant's review report

FRIENDS OF BALLONA WETLANDS
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

2. 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. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows: furniture & fixtures - 7 years, computer equipment - 5 years, and software - 3 years. Expenditures for renewals and betterment are capitalized and maintenance, repair and minor equipment costs are recorded as current expenses.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in the unrestricted net assets if the restrictions expire in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the maturity of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity, including changes in net assets, as net assets released from restrictions.

Donated Assets

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Donated Services

The Organization receives donated services, and records such services that create or enhance non-financial assets or that require specialized skills. Services provided by individuals possessing those skills would typically need to be purchased if not provided by donation. The donated services contributed by the volunteers were 5,810 hours and 5,699 hours for the periods ended December 31, 2016 and 2015, respectively.

See independent accountant's review report

FRIENDS OF BALLONA WETLANDS
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

2. SIGNIFICANT ACCOUNTING POLICIES, continued

Comparative Information

The financial statements include certain summarized comparative information from the prior year. This information is presented in total and not by the net asset class and does not include sufficient detail to be in conformity with generally accepted accounting principles. Such information should be read together with the Organization's financial statements for the year ended December 31, 2015, from which the summarized information was extracted. Certain amounts in the prior year financial statements have been reclassified for comparison purpose to conform to the current year presentation.

Income Taxes

Since the Organization is exempt from federal and state income tax liability, no provision is made for current income taxes. Generally accepted accounting principles provides accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. The Organization's returns are subject to examinations by federal and state taxing authorities after they are filed, of which 2013, 2014 and 2015 are open for audit. The Organization was audited in 2009 and was given a no change letter.

Fair Value Measurements

The Organization reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

Level 1: Quoted prices for identical assets or liabilities in active markets to which the Organization has access at the measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include the following:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets in markets that are not active;
- observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
- inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

Level 3: Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available, this is disclosed in Note 7.

See independent accountant's review report

FRIENDS OF BALLONA WETLANDS
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

2. SIGNIFICANT ACCOUNTING POLICIES, continued

Investments

Generally accepted accounting principles require that nonprofit organizations report certain investments at fair value. In accordance with the guidance, the Organization accounts for its equity securities that have determinable values by recording and reporting those securities at fair value. Information about the fair value of investments is discussed in notes 6 and 7.

3. THE BALLONA WETLANDS PROGRAMS

The Friends' programs are the product of 38 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, college, community, and corporate groups to transform them from mere watershed residents to stewards of the 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 chief associates are two local Audubon chapters, Los Angeles Audubon Society and Santa Monica Bay Society, which provide on-site tours and restoration targeting fourth and fifth graders, and help to train the docents in a six-week, 18-hour course each fall.

The Organization also partners with Heal the Bay, LA Waterkeeper, Ballona Creek Renaissance, the Baldwin Hills Conservancy, The Bay Foundation (fka 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. In addition, we are members of the State Coastal Conservancy's stakeholders' committee and have been actively participating in the salt marsh restoration planning of the ecological reserve. In 2007, the Organization participated in and continues to support the "It's Our LA! Keep It Clean" plastic bag recycling campaign of the City of Los Angeles L.A. River Ad Hoc Committee. Many of the docents are participating in the Santa Monica Bay Restoration Commission's baseline monitoring surveys of the Wetlands.

FRIENDS OF BALLONA WETLANDS
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

3. THE BALLONA WETLANDS PROGRAMS, continued

Other Organizations, continued

The Organization's goal is to reach over 10,000 visitors per year, 250 schools and community groups, adding to the 90,000 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, as developed by Heal the Bay, National Geographic, California EPA, and Southern California Edison, meeting and exceeding formal education standards of the State of California.

4. CASH

The Organization considers all highly liquid investments with a maturity of three months at the time of purchase to be cash equivalents.

5. CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances at a financial institution. Cash held with the financial institution as of December 31, 2016 and 2015 are within Federal Deposit Insurance Corporation and Securities Investor Protection Corporation limits.

6. INVESTMENT IN CERTIFICATE OF DEPOSIT

The Organization holds marketable equity securities that are intended to provide resources to be used for programs and operations. The fair value of the investment that is measured on a recurring basis is listed below. The value presented is based on quoted prices in active markets.

	Hierarchy	2016 Fair Value	2015 Fair Value
Certificates of deposit	Level 1	\$ 30,639	\$ 15,590

The composition of the investment return for the certificate of deposit reported in the statements of activities for the years ended December 31, 2016 and 2015 is as follows:

Interest income from certificates of deposit	\$ 65	\$ 45
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See independent accountant's review report

FRIENDS OF BALLONA WETLANDS
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

7. INVESTMENT IN ART

Investment consists of the following at December 31, 2016 and 2015. The following table also summarizes the level in the fair value hierarchy of the Organization's investment at December 31:

	<u>Hierarchy</u>	<u>2016 Fair Value</u>	<u>2015 Fair Value</u>
Investment in art	Level 3	<u>\$ 12,000</u>	<u>\$ 12,000</u>

There is no impairment of the Investment in art.

8. PROPERTY AND EQUIPMENT

Following is a summary of the Organization's property and equipment:

	<u>2016</u>	<u>2015</u>	<u>Estimated Useful Lives</u>
Furniture & fixtures	\$ 1,540	\$ 1,540	7 years
Computer equipment	4,597	4,597	5 years
Software	<u>13,050</u>	<u>13,050</u>	3 years
	\$ 19,187	\$ 19,187	
Less: accumulated depreciation	<u>\$ (19,187)</u>	<u>\$ (19,187)</u>	

9. NON-CASH CONTRIBUTION

The Organization received the following non-cash contributions for the years ended December 31:

	<u>2016</u>	<u>2015</u>
Office space	\$ 9,600	\$ 9,600
	<u>\$ 9,600</u>	<u>\$ 9,600</u>

10. FUNCTIONAL EXPENSE REPORTING

The cost of providing the Organization's programs has been summarized on a functional basis in these financial statements. Based on management estimates, costs have been allocated between program, management, and fundraising expenses as they relate to those functions.

11. RESTRICTED NET ASSETS

There are no temporarily restricted net assets at December 31, 2016.

FRIENDS OF BALLONA WETLANDS
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

12. SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 30, 2017 which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

• Frith-Smith & Archibald, LLP

**FRIENDS OF BALLONA WETLANDS
ACCOUNTANT'S SUPPLEMENTARY STATEMENT
Year ended December 31, 2016 and 2015**

The accompanying financial information is presented for supplementary analysis purposes and has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements. We have not become aware of any material modifications that should be made to such data. The prior year summarized comparative information has been derived from the Organization's 2015 financial statements and, in our report dated October 7, 2016.

Frith-Smith & Archibald, LLP

Woodland Hills, CA
October 30, 2017

FRIENDS OF BALLONA WETLANDS
STATEMENT OF FUNCTIONAL EXPENSES
December 31, 2016 and 2015
(Summarized Totals for 2015)

	Educational Program Services	Management & General	Fundraising	Total 2016	Total 2015
Advertising expenses	\$ 44	\$ 44	\$ 204	\$ 292	\$ 450
Auto expenses	132	7	7	146	119
Bank fees		148	524	672	838
Board meeting costs		351		351	770
Conference and conventions	531	11	122	664	205
Contribution	1,700			1,700	
Equipment rental	5,308			5,308	11,616
Fees and licenses		75	42	117	95
Insurance	19,027	3,966	1,009	24,002	22,912
Internet and website expense	645	1,813	72	2,530	1,315
NGO	19,068			19,068	
Membership fees	405	45		450	335
Miscellaneous expenses	1,165	2,329	1,165	4,659	371
Outside services					13,552
Professional fees	2,696	7,000	4,045	13,741	16,000
Payroll service	2,229	124	124	2,477	2,499
Payroll taxes	14,740	819	819	16,378	14,676
Postage and shipping	103	34	2,414	2,551	6,923
Printing and production	97	388	4,362	4,847	
Rent	8,640	480	480	9,600	9,600
Repair and maintenance		1,196		1,196	
Salary expense	154,710	12,751	17,314	184,775	163,476
Storage space rental	3,103	32	32	3,167	
Supplies	1,343	95	1,740	3,178	4,052
Telephone expense	3,039	169	169	3,377	2,526
	238,725	31,877	34,644	305,246	272,330
Grants	18,235			18,235	
Total functional expense	\$ 256,960	\$ 31,877	\$ 34,644	\$ 323,481	\$ 272,330