

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

**FINANCIAL STATEMENTS**

**December 31, 2017 and 2016**



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

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CERTIFIED  
PUBLIC ACCOUNTANTS  
& ADVISORS

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**Independent Accountant's Compilation Report**

To the Board of Directors  
Friends of Ballona Wetlands  
Los Angeles, 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, 2017, and the related statements of activities, 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*

October 3, 2018  
Los Angeles, California

DIRECTORS

- Stacey S. Summers, CPA
- Greg W. Getzinger, CPA

FOUNDERS

- Donald L. Gursey, (1936-2007)
- Stanley B. Schneider, CPA



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**FRIENDS OF BALLONA WETLANDS**  
(A California Nonprofit Public Benefit Corporation)  
Statement of Financial Position  
December 31, 2017

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 368,941
Accounts receivable, net	<u>5,227</u>

**TOTAL CURRENT ASSETS** 374,168

**OTHER ASSETS**

Property and equipment, net	<u>12,000</u>
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**TOTAL ASSETS** \$ 386,168

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable and accrued expenses	\$ 7,763
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**NET ASSETS**

Unrestricted	<u>378,405</u>
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**TOTAL LIABILITIES AND NET ASSETS** \$ 386,168

**FRIENDS OF BALLONA WETLANDS**  
(A California Nonprofit Public Benefit Corporation)  
Statement of Activities  
For the Year Ended December 31, 2017

<b>REVENUE AND SUPPORT:</b>	
Foundation and corporate contributions	\$ 259,448
Membership and other income	40,309
In-kind revenue	9,600
Special events:	
Gross revenue	254,545
Less: direct costs	<u>(54,427)</u>
<b>Total Revenues and Support</b>	<u>509,475</u>
<b>FUNCTIONAL EXPENSES</b>	
Program	274,763
Support Services	40,218
Fundraising	<u>51,104</u>
<b>Total Expenses</b>	<u>366,085</u>
<b>CHANGE IN NET ASSETS</b>	143,390
<b>NET ASSETS, Beginning of Year</b>	<u>235,015</u>
<b>NET ASSETS, End of Year</b>	<u><u>\$ 378,405</u></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, 2017

	<u>Program Expenses</u>	<u>Support Services</u>	<u>Fundraising Expenses</u>	<u>Total Expenses</u>
<b>Salaries and Expenses</b>				
Salaries	\$ 170,269	\$ 14,369	\$ 27,587	\$ 212,225
Employee benefits	23,076	1,282	1,282	25,640
Payroll taxes	17,019	946	946	18,911
<b>Total Salaries and Expenses</b>	<u>210,364</u>	<u>16,597</u>	<u>29,815</u>	<u>256,776</u>
<b>Other Expenses</b>				
Advertising	-	90	20	110
Bank fees	94	345	1,541	1,980
Bad debt	-	483	-	483
Conferences and conventions	650	-	-	650
Computer and software	5,794	3,098	3,581	12,473
Equipment rental	9,751	630	89	10,470
Fees and licenses	345	649	42	1,036
Food, drinks and catering	2,526	2,004	23	4,553
Insurance	1,519	2,300	146	3,965
Miscellaneous	240	466	-	706
Professional fees	2,978	10,536	6,662	20,176
Postage and shipping	7	1,005	2,022	3,034
Printing and production	3,894	703	5,648	10,245
Rent	11,797	415	200	12,412
Scholarships and donations	14,165	-	-	14,165
Supplies	6,648	182	886	7,716
Telephone and Internet	3,736	370	263	4,369
Travel	255	345	166	766
<b>Total Other Expenses</b>	<u>64,399</u>	<u>23,621</u>	<u>21,289</u>	<u>109,309</u>
<b>TOTAL EXPENSES</b>	<u>\$ 274,763</u>	<u>\$ 40,218</u>	<u>\$ 51,104</u>	<u>\$ 366,085</u>
<i>Percent of total expenses</i>	<u>75.0%</u>	<u>11.0%</u>	<u>14.0%</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, 2017

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ 143,390
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
(Increase) in accounts receivable	(5,227)
Increase in accounts payable and accrued expenses	<u>6,467</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>144,630</u>
<b>CASH AND CASH EQUIVALENTS, Beginning of Year</b>	<u>224,311</u>
<b>CASH AND CASH EQUIVALENTS, End of Year</b>	<u><u>\$ 368,941</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, 2017

**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, 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 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 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 39 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 95,000 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, 2017

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

**Basis of Financial Presentation** – The financial statements are presented utilizing the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“US GAAP”). The Organization recognizes contributions, including unconditional promises to give, as revenue in the period in which they are received. Revenues are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Unrestricted net assets* – Net assets are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by actions of the board of directors, or may otherwise be limited by contractual agreements with outside parties.
- *Temporarily restricted net assets* – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and / or the passage of time. As restrictions are satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statement of activities as net assets released from restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restrictions expire in the reporting period in which the support is recognized.
- *Permanently restricted net assets* – These net assets are received from donors who stipulate that resources are to be maintained permanently, but permit the Organization to expend all of the income (or other economic benefits) derived from the donated assets. The Organization has no permanently restricted net assets.

**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.

**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.

**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. Donor restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the maturity of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. An estimate for uncollectible contributions is recorded against contributions. Management recorded bad debt expense of \$483 for the year ended December 31, 2017.

**FRIENDS OF BALLONA WETLANDS**  
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Notes to Financial Statements  
December 31, 2017

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

**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, 2017, the Organization received donated goods, property and equipment with a total value of \$48,617. Of this total in-kind revenue, \$39,017 is presented as part of special event income on the accompanying statement of activities. The other \$9,600 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, 2017.

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 6,500 hours for the year ended December 31, 2017. 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 two banks. 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, 2017 as all depreciable assets are fully depreciated.

**FRIENDS OF BALLONA WETLANDS**  
(A California Nonprofit Public Benefit Corporation)  
Notes to Financial Statements  
December 31, 2017

**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, 2017, 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, 2017.

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 2014 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 2013 and subsequent.

**Effect of Recently Issued Accounting Standards** — On August 18, 2016, FASB issued new rules for nonprofit organizations under ASU 2016-14 "*Not-for-Profit Entities (Topic 958), Presentation of Financial Statements of Not-for-Profit Entities*" ("NFP"). This ASU changes the financial reporting format for nonprofit organization financial statements to simplify the way in which NFPs quantify and qualify their financial performance, their liquidity and cash flows, and their classification of net assets.

Five changes included in ASU 2016-14 include:

- (1) The existing three-class system of classifying net assets as unrestricted, temporarily restricted and permanently restricted, will be replaced with a simpler two-class structure. Going forward, NFPs will differentiate net assets solely between those net assets with donor restriction and net assets without donor restrictions. NFPs will still be required to disclose the nature and amounts of donor-imposed restrictions.

**FRIENDS OF BALLONA WETLANDS**  
(A California Nonprofit Public Benefit Corporation)  
Notes to Financial Statements  
December 31, 2017

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

- (2) The presentation of required disclosure of underwater endowment funds will change. When the fair market value of a donor-restricted endowment is less than the original gift amount or the amount the NFP is required to maintain by the donor or by law, NFPs will be required to also report the amount of the deficiency and their governing boards' policies or decisions to reduce or spend from these funds.
- (3) NFPs will be required to disclose in financial statement notes qualitative information regarding how they will manage available liquid resources to meet cash needs for general expenses for the year following the balance sheet date. In addition, NFPs will be required to provide on the face of financial statements or in disclosure notes detailed quantitative information regarding their availability of financial assets at the balance sheet date to meet cash needs for the next year.
- (4) Expenses by both their natural classification and their functional classification will be presented either on the face of the statement of activities, as a separate statement or in the notes to the financial statements. In addition to this change in the presentation of expenses, the method used to allocate costs among program and supporting activities functions is required to be disclosed.
- (5) Finally, NFP's may continue to present the statement of cash flows using either the direct or indirect method of reporting. However, under the new reporting standard, NFPs employing the direct method to report cash flow will no longer be required to provide a reconciliation of net income to the cash amounts presented under the indirect method.

ASU 2016-14 will be effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. Application to interim financial statements is permitted but not required in the initial year of application. Management is currently evaluating the impact this change in accounting standards will have on the Organization's financial statements and related disclosures.

**Subsequent Events** – Subsequent events have been evaluated through October 3, 2018, the date the financial statements were available to be issued.

**NOTE 3 – PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at December 31, 2017:

Furniture and fixtures	\$ 1,540
Artwork	12,000
Computer equipment	4,597
Software	<u>13,050</u>
	31,187
Less accumulated depreciation	<u>(19,187)</u>
Total property and equipment, net	<u><u>\$ 12,000</u></u>

See Independent Accountant's Compilation Report