



FINANCIAL STATEMENTS

December 31, 2015 and 2014

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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 financial position of Friends of Ballona Wetlands, a California non-profit corporation as of December 31, 2015, and the related statements of activity and cash flow for the year then ended. 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. The prior year summarized comparative information has been derived from the Organization's 2014 financial statement and, in our report dated September 3, 2015.

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 and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Accountant's Responsibility

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provides a reasonable basis for our report.

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 conformity with accounting principles generally accepted in the United States of America.

Frith-Smith & Archibald, LLP

Woodland Hills, CA
October 7, 2016

FRIENDS OF BALLONA WETLANDS
STATEMENT OF FINANCIAL POSITION
December 31,

ASSETS

	<u>2015</u>	<u>2014</u>
Current assets		
Cash	\$ 149,054	\$ 65,006
Prepays	1,833	3,406
Investments	<u>15,590</u>	<u>30,578</u>
Total current assets	166,477	98,990
Investment in art	<u>12,000</u>	<u>12,000</u>
Total assets	<u><u>\$ 178,477</u></u>	<u><u>\$ 110,990</u></u>

NET ASSETS

Net assets		
Unrestricted	\$ 178,477	\$ 105,990
Temporarily restricted		<u>5,000</u>
Total net assets	<u>178,477</u>	<u>110,990</u>
Total net assets	<u><u>\$ 178,477</u></u>	<u><u>\$ 110,990</u></u>

FRIENDS OF BALLONA WETLANDS
STATEMENT OF ACTIVITIES
Year Ended December 31, 2015 and 2014
(Summarized Totals for 2014)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2015</u>	<u>2014</u>
Revenues and other support				
Foundation and corporate contributions	\$ 13,998	\$	\$ 13,998	\$ 59,159
Government contributions	7,612		7,612	
Contributions - cash	193,550		193,550	45,954
Contributions - non cash	9,600		9,600	9,600
Membership income	14,525		14,525	14,491
Interest income	45		45	67
Special events revenue less:	171,537		171,537	201,565
Direct event costs	(71,050)		(71,050)	(66,608)
Net assets released from restrictions	5,000	(5,000)		
Total revenues and other support	<u>344,817</u>	<u>(5,000)</u>	<u>339,817</u>	<u>264,228</u>
Expenses				
Program services:				
Education and restoration	219,897		219,897	272,235
Support services:				
Management and general	29,510		29,510	37,220
Fundraising	22,923		22,923	18,655
Total expenses	<u>272,330</u>		<u>272,330</u>	<u>328,110</u>
Changes in net assets	<u>72,487</u>	<u>(5,000)</u>	<u>67,487</u>	<u>(63,882)</u>
Net Assets - beginning of year	<u>105,990</u>	<u>5,000</u>	<u>110,990</u>	<u>174,872</u>
Net Assets - end of year	<u>\$ 178,477</u>	<u>\$</u>	<u>\$ 178,477</u>	<u>\$ 110,990</u>

See accompanying notes and Independent Accountant's Review Report

FRIENDS OF BALLONA WETLANDS
STATEMENT OF CASH FLOWS
Year Ended December 31,

Cash flows from operating activities	2015	2014
Change in net assets	\$ 67,487	\$ (63,882)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Changes in assets and liabilities:		
Decrease/(Increase) in prepaids	1,573	(3,406)
Decrease/(Increase) in investments	14,988	(59)
Net cash provided (used) by operating activities	84,048	(67,347)
Net increase (decrease) in cash	84,048	(67,347)
Cash, beginning of year	65,006	132,353
Cash, end of year	\$ 149,054	\$ 65,006

See accompanying notes and Independent Accountant's Review Report

FRIENDS OF BALLONA WETLANDS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

1. ORGANIZATION

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

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.

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.

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.

FRIENDS OF BALLONA WETLANDS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

2. SIGNIFICANT ACCOUNTING POLICIES, continued

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 Activities as net assets released from restrictions. When restrictions are satisfied in the same accounting period that the contribution is received, both the revenue and the related expense are reported in the unrestricted net asset class.

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 5,699 hours and 8,699 hours for a value of \$56,990 and \$86,990 for the periods ended December 31, 2015 and 2014, respectively.

FRIENDS OF BALLONA WETLANDS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

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, 2014, 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.

FRIENDS OF BALLONA WETLANDS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

2. SIGNIFICANT ACCOUNTING POLICIES, continued

Fair Value Measurements, continued

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.

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 our 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 our docents are also 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, 2015 and 2014

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 wetlands over the past two decades to learn and restore and “Explore Ballona.”

In an effort to provide the most current educational standards in our 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, 2015 and 2014 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.

	<u>Hierarchy</u>	<u>2015 Fair Value</u>	<u>2014 Fair Value</u>
Certificates of deposit	Level 1	<u>\$ 15,590</u>	<u>\$ 30,578</u>

The composition of the investment return for the certificate of deposit reported in the statement of activities for the year ended December 31, 2015 is as follows:

Interest income from certificates of deposit	<u>\$ 45</u>	<u>\$ 67</u>
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FRIENDS OF BALLONA WETLANDS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

7. INVESTMENT IN ART

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

	<u>Hierarchy</u>	<u>2015 Fair Value</u>	<u>2014 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>2015</u>	<u>2014</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 year ended:

	<u>2015</u>	<u>2014</u>
Office space	<u>\$ 9,600</u>	<u>\$ 9,600</u>
	<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.

FRIENDS OF BALLONA WETLANDS
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

11. SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 7, 2016 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.

12. RESTRICTED NET ASSETS

There are no temporarily restricted net assets at December 31, 2015.

Frith-Smith & Archibald, LLP

**FRIENDS OF BALLONA WETLANDS
ACCOUNTANT'S SUPPLEMENTARY STATEMENT
Year ended December 31, 2015 and 2014**

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 2014 financial statements and, in our report dated September 3, 2015.

Frith-Smith & Archibald, LLP

Woodland Hills, CA
October 7, 2016

FRIENDS OF BALLONA WETLANDS
STATEMENT OF FUNCTIONAL EXPENSES
December 31, 2015 and 2014
(Summarized Totals for 2014)

	Educational Program Services	Management & General	Fundraising	Total 2015	Total 2014
Advertising expenses	\$ 46	\$	\$ 404	\$ 450	\$ 639
Auto expenses	107	6	6	119	
Bank fees	644	84	84	812	1,136
Board meeting costs	655	38	77	770	513
Conference and conventions	205			205	515
Discovery park					20,058
Equipment rental	11,309	155	152	11,616	46,697
Fees and licenses		95		95	50
Insurance	20,526	1,193	1,193	22,912	23,793
Interest expense	20	3	3	26	
Internet and website expense	1,183	66	66	1,315	3,987
Membership fees	301		34	335	8,948
Miscellaneous expenses	331	40		371	595
Officer Salary	1,258	157	157	1,572	
Outside services	8,900		3,080	11,980	
Professional fees		16,000		16,000	11,615
Payroll service	2,124	150	225	2,499	2,827
Payroll taxes	13,208	734	734	14,676	17,600
Postage and shipping	5,598	193	1,132	6,923	12,754
Rent	8,640	480	480	9,600	9,600
Salary expense	138,955	9,808	14,713	163,476	159,992
Supplies	3,613	182	257	4,052	1,704
Telephone expense	2,274	126	126	2,526	5,087
	<u>\$ 219,897</u>	<u>\$ 29,510</u>	<u>\$ 22,923</u>	<u>\$ 272,330</u>	<u>\$ 328,110</u>