

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

FINANCIAL STATEMENTS

December 31, 2020



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, 2020, 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

October 18, 2021
Los Angeles, California

FRIENDS OF BALLONA WETLANDS
(A California Nonprofit Public Benefit Corporation)
Statement of Financial Position
December 31, 2020

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 808,326
Accounts receivable, net	750
Rent deposit	<u>1,600</u>

TOTAL CURRENT ASSETS 810,676

OTHER ASSETS

Artwork, at donated value	<u>12,000</u>
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TOTAL ASSETS \$ 822,676

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 20,035
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NON-CURRENT LIABILITIES

Paycheck Protection Program loan	<u>68,489</u>
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TOTAL LIABILITIES 88,524

NET ASSETS

Without donor restrictions	<u>734,152</u>
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TOTAL LIABILITIES AND NET ASSETS \$ 822,676

FRIENDS OF BALLONA WETLANDS
(A California Nonprofit Public Benefit Corporation)
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2020

	Without Donor Restrictions
REVENUE AND SUPPORT:	
Contributions and grants	\$ 479,619
Program services revenue	76,795
In-kind goods	9,600
Investment income	2,895
Total Revenues and Support	568,909
FUNCTIONAL EXPENSES	
Programs	385,997
Support Services	56,657
Fundraising	55,840
Total Expenses	498,494
CHANGE IN NET ASSETS	70,415
NET ASSETS, Beginning of Year	663,737
NET ASSETS, End of Year	\$ 734,152

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, 2020

	Programs	Support Services	Fundraising	Total
<u>Salaries and Expenses</u>				
Salaries	\$ 235,577	\$ 28,340	\$ 25,720	\$ 289,637
Employee benefits	19,095	1,524	1,061	21,680
Payroll taxes	22,484	1,249	1,249	24,982
<i>Total Salaries and Expenses</i>	277,156	31,113	28,030	336,299
<u>Other Expenses</u>				
Advertising	190	-	-	190
Bank fees	4	393	2,006	2,403
Bad debt	-	-	1,500	1,500
Conferences and conventions	-	165	-	165
Computer and software	2,704	4,137	1,600	8,441
Equipment rental	9,184	257	-	9,441
Fees and licenses	598	753	1,068	2,419
Food, drinks and catering	248	566	82	896
Insurance	1,462	5,450	195	7,107
Miscellaneous	-	(989)	-	(989)
Professional fees	40,087	9,314	9,196	58,597
Postage and shipping	-	478	2,131	2,609
Printing and production	4,108	989	6,982	12,079
Rent	30,154	1,675	1,675	33,504
Scholarships and donations	13,175	200	-	13,375
Supplies	6,665	562	1,375	8,602
Telephone and Internet	239	1,445	-	1,684
Travel	23	149	-	172
<i>Total Other Expenses</i>	108,841	25,544	27,810	162,195
TOTAL EXPENSES	\$ 385,997	\$ 56,657	\$ 55,840	\$ 498,494
<i>Percent of total expenses</i>	77.4%	11.4%	11.2%	100.0%

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, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 70,415
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Decrease in accounts receivable	1,966
Increase in accounts payable and accrued expenses	<u>8,580</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	80,961
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from Paycheck Protection Program loan	<u>68,489</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>149,450</u>
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>658,876</u>
CASH AND CASH EQUIVALENTS, End of Year	<u><u>\$ 808,326</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, 2020

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 hands-on educational experiences to an ethnically, culturally, and economically diverse population of approximately 9,000 residents each year at Ballona's salt marsh, dunes, freshwater marsh, Ballona Discovery Park, and in various community settings since 1994.

The approximately 600-acre Ballona Wetlands, in Playa Del Rey, are the remnants of a wetlands complex that in the early 1800's stretched from La Cienega ("The Swamp") to the ocean, and from the Playa Del Rey bluffs to Venice on the north. They are the "last stop" before Santa Monica Bay for water (and water-borne contaminants) traveling through storm water channels from the 128-mile square Ballona Creek watershed.

Friends of Ballona Wetlands is a founding member of Wetlands Restoration Coalition, along with Heal the Bay, Los Angeles Waterkeeper, 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 43 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 100,000 visitors and volunteers who have come to the community over the past two decades to learn and restore and "Explore Ballona!"

In an effort to provide the most current educational standards in its curriculum opportunities, FBW will continue to incorporate Next Generation Science Standards (NGSS), State Board of Education (SBE) approved Education and the Environment Initiative (EEI) curriculum.

FRIENDS OF BALLONA WETLANDS
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
December 31, 2020

NOTE 1 – ORGANIZATION AND DESCRIPTION OF THE ORGANIZATION – (CONTINUED)

Impact of COVID-19 Global Pandemic – With onset of global pandemic, FBW’s Explore Ballona! Education Program transitioned to virtual programming. In March 2020, FBW launched Ballona@Home, an interactive, dynamic section of our website where teachers, parents, and youth can download grade-specific educational materials. In the summer of 2020, we offered Ballona Discovery Nature Camp@Home, which featured interactive Zoom meetings at our online “Camp Clubhouse,” daily educational videos, and corresponding activities presented through Camp-in-a-Box, which families retrieved from Ballona Discovery Park for use at home. The response to our virtual camp programming was resoundingly positive. As one parent wrote, “creative adaptability is exactly what the sustainability movement (and the world!) needs right now – your team is making it happen.” Whether offering our programming in person or virtually, Explore Ballona! will continue to demonstrate its remarkable capacity to inspire young people to act as environmental stewards.

Unable to host volunteer restoration events during the COVID shutdown, FBW’s restoration program continued with staff and handful of interns to care for more than 500 native plants that had been recently propagated to ensure their success. An additional 600 plants were propagated and planted in the spring and fall of 2020. FBW’s restoration program continued maintenance and invasive plant removal in targeted restoration areas.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Use of Estimates – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Classes of Net Assets – To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts of the Organization are maintained in accordance with the principles of net assets accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net asset classes that are in accordance with specified activities or objectives.

The financial statements are presented utilizing the accrual basis of accounting. The Organization recognizes contributions, including unconditional promises to give, as revenue in the period in which they are received. Revenues, gains, expenses, and losses are classified based on the existence or absence of donor-imposed restrictions.

FRIENDS OF BALLONA WETLANDS
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
December 31, 2020

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

Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Without Donor Restriction – These include net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by contract or by board designation. Net assets without donor restriction generally result from revenues generated from contributions and by receiving interest from investments less expenses incurred. Contributions that are purpose or time restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. At December 31, 2020, the Organization had unrestricted net assets of \$734,152.

With Donor Restriction – The Organization reports gifts of cash and other assets as support with donor restriction if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires—that is when a stipulated time restriction ends, or the purpose of the restriction is accomplished—net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from program or time restrictions. Donor restrictions may also result in permanently restricted net assets, where resources are to be maintained permanently but permit the Organization to expend all the income (or other economic benefits) derived from the donated assets. Restricted donations that are received and spent within the same year are classified as being without donor restrictions in the accompanying statement of activities. There were no donor-restricted net assets at December 31, 2020.

Functional Allocation of Expenses – Expenses that can be identified with a specific program or supporting service are charged directly to the related program or supporting service. The Organization allocates expenses to program and general support based on the nature of the expense. FBW uses salary allocation based on time and salary dollars to allocate many indirect costs.

Contributions and Promises to Give – Contributions, including unconditional promises to give, are recorded in the period made. All contributions are available for unrestricted use, unless specifically restricted by the donor. An estimate for uncollectible contributions is recorded against contributions. During the year ended December 31, 2020, the Organization wrote off one pledge totaling \$1,500 as bad debt expense.

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, 2020, the Organization received donated rent with a total value of \$9,600. This amount is presented separately on the statement of activities.

FRIENDS OF BALLONA WETLANDS
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
December 31, 2020

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

- **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, 2020.

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 1,360 hours for the year ended December 31, 2020. Volunteer hours were significantly reduced in year 2020 due to the COVID shutdown. The volunteer hours are for habitat restoration, community education, and tour guides around the Ballona Wetlands. The purpose of the Organization could not be fulfilled without the significant contributions of volunteer time.

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

Concentration of Risk – The Organization maintains its cash accounts at one bank. The Federal Deposit Insurance Corporation provides deposit insurance coverage up to \$250,000 on funds held at a single financial institution. At times, the balance in these accounts may exceed the \$250,000 insurance coverage. The Organization has not experienced any losses in such accounts, and accordingly, management believes the Organization is not exposed to any significant risks.

As of the year ended December 31, 2020, two donors comprised 36% of current year revenues. No other donor comprised more than 10% of total revenues.

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.

Impairment of Long-Lived Assets – Long-lived assets to be held are reviewed for events or changes in circumstances, which indicate that their carrying value may not be recoverable. Further, long-lived assets held for sale are to be stated at the lower cost or fair market value less costs to sell. FBW has determined that no events occurred during the year ended December 31, 2020, that would give rise to impairment of its long-lived assets.

FRIENDS OF BALLONA WETLANDS
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
December 31, 2020

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, 2020, 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, 2020.

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 2017 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 2016 and subsequent.

NOTE 3 – LIQUIDITY AND AVAILABLE RESOURCES

Financial assets consist of the cash and cash equivalents and accounts receivable. The following table summarizes the Organization's financial assets as of December 31, 2020, reduced by amounts not available for general use within one year.

Cash and cash equivalents	\$ 808,326
Accounts receivable, net	<u>750</u>
Total available financial resources	<u><u>\$ 809,076</u></u>

Financial assets available to meet cash needs for general expenditures within one year represent funding for ongoing operational requirements and planned amounts for program expenditures in 2021.

FRIENDS OF BALLONA WETLANDS
(A California Nonprofit Public Benefit Corporation)
Notes to Financial Statements
December 31, 2020

NOTE 4 – PAYCHECK PROTECTION PROGRAM LOAN

On May 1, 2020, the Organization borrowed \$68,489 from the Paycheck Protection Program (“PPP”) offered by the Small Business Administration. The loan bears interest of 1.0% and matures in two years. On March 1, 2021, the full amount of the loan and accrued interest was forgiven under relief provided by Section 1106 of the Coronavirus Aid, Relief, and Economic Security Act. The accompanying financial statements reflect the \$68,489 as a loan in the accompanying statement of financial position for the year ended December 31, 2020.

NOTE 5 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 18, 2021, the date the financial statements were available to be issued.

Paycheck Protection Program Loan

Second PPP Loan – On February 8, 2021, the Organization was able to secure a second loan under the Paycheck Protection Program (“PPP”) for \$68,490. The interest rate on the loan is 1.0% per annum. The first six months of interest will be deferred to and payable on the Maturity Date. Monthly interest payments will commence seven months after the date of the loan. All principal and accrued interest payments are due on February 8, 2026 (“Maturity Date”). Subsequent to year end, management satisfied all PPP requirements and obtained loan forgiveness for the entire loan and accrued interest amount.