

SANTA MONICA MOUNTAINS FUND
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2018

FARBER HASS HURLEY LLP
CERTIFIED PUBLIC ACCOUNTANT

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SANTA MONICA MOUNTAINS FUND
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Santa Monica Mountains Fund

Report on the Financial Statements

We have audited the accompanying financial statements of Santa Monica Mountains Fund (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities and changes in net assets, functional expense and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

As explained in Note 2 to the financial statements, contracts awarded to the Fund are presented on the statement of financial position as a long-term contract receivable although no services have been performed on the contracts as of the year end. In addition, as the contracts receivable includes unearned amounts, an offsetting contracts obligation has also been presented. Accounting principles generally accepted in the United States of America requires the service related to the awarded contract to be performed in order to record the related contract receivable. As a result, the Fund does not have the right to the contract receivable until such service is performed. The effect on the accompanying financial statements is an overstatement of assets and liabilities of approximately \$692,000 on the statement of financial position.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Santa Monica Mountains Fund as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Contract Revenues on page 17, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Farber Hass Hurley LLP

Chatsworth, California
January 21, 2020

**SANTA MONICA MOUNTAINS FUND
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018**

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 1,038,401
Investments	789,736
Contributions and Grants Receivable	5,458
Pledges Receivable, current portion	25,000
Other Current Assets	4,728
	4,728

Total Current Assets	1,863,323
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NON-CURRENT ASSETS

Pledges Receivable, less current portion	75,000
Property and Equipment, net of accumulated depreciation	-
Long-Term Contracts Receivable	691,753
	691,753

Total Non-Current Assets	766,753
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Total Assets	\$ 2,630,076
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable and Accrued Expenses	\$ 31,311
Accrued Payroll and Related Expenses	31,222
	31,222

Total Current Liabilities	62,533
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NON-CURRENT LIABILITIES

Deferred Revenues	187,577
Contracts Obligation	691,753
	691,753

Total Non-Current Liabilities	879,330
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Total Liabilities	941,863
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NET ASSETS

Without Donor Restrictions	844,097
With Donor Restrictions	844,116
	844,116

Total Net Assets	1,688,213
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Total Liabilities and Net Assets	\$ 2,630,076
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See accompanying notes to the financial statements.

SANTA MONICA MOUNTAINS FUND
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
REVENUES AND SUPPORT			
Donations and Contributions	\$ 295,555	\$ -	\$ 295,555
Grants	51,711	612,346	664,057
Contracts	564,290	-	564,290
Net Investment Loss	(28,081)	(6,723)	(34,804)
In-Kind Contributions	28,800	-	28,800
Other Revenue	4,401	-	4,401
Total Revenues and Support	916,676	605,623	1,522,299
Special Events	60,571	-	60,571
Less Direct Expenses	(6,742)	-	(6,742)
Net Special Events	53,829	-	53,829
Net Assets Released from Restrictions	533,925	(533,925)	-
Total Revenue, Support, and Reclassifications	1,504,430	71,698	1,576,128
EXPENSES			
Program Services	1,177,548	-	1,177,548
Management and General	152,965	-	152,965
Fundraising	12,025	-	12,025
Total Expenses	1,342,538	-	1,342,538
Changes in Net Assets	161,892	71,698	233,590
NET ASSETS - Beginning of Year	<u>682,205</u>	<u>772,418</u>	<u>1,454,623</u>
NET ASSETS - End of Year	<u>\$ 844,097</u>	<u>\$ 844,116</u>	<u>\$ 1,688,213</u>

See accompanying notes to the financial statements.

**SANTA MONICA MOUNTAINS FUND
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Education	\$ 323,411	\$ -	\$ -	\$ 323,411
Emergencies	479	-	-	479
Improvements	225,392	-	-	225,392
Resource Management	160,985	-	-	160,985
Special	13,370	-	-	13,370
Stewardship	2,001	-	-	2,001
Insurance	31,671	10,080	-	41,751
Membership Dues	-	278	-	278
Miscellaneous	-	6,382	1,611	7,993
Postage and Printing	-	1,436	6,505	7,941
Professional Services	-	74,531	2,336	76,867
Salaries and Wages	382,246	41,199	-	423,445
Supplies	-	7,477	572	8,049
Taxes - Payroll	37,993	1,618	-	39,611
Telephone	-	5,372	1,001	6,373
Travel/Conferences	-	4,592	-	4,592
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Expenses	<u>\$ 1,177,548</u>	<u>\$ 152,965</u>	<u>\$ 12,025</u>	<u>\$ 1,342,538</u>

See accompanying notes to the financial statements.

**SANTA MONICA MOUNTAINS FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018**

CASH FLOWS FROM OPERATING ACTIVITIES

Changes in Net Assets	\$ 233,590
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Increase in Fair Value of Investments	56,708
Changes in Assets - (Increase)/Decrease:	
Contributions and Grants Receivable	(4,150)
Contracts Receivable	7,246
Pledges Receivable	(100,000)
Prepaid Expenses	2,208
Other Current Assets	13,023
Long-Term Contracts Receivable	(153,108)
Changes in Liabilities - Increase/(Decrease):	
Accounts Payable and Accrued Expenses	(86,261)
Accrued Payroll and Related Expenses	15,293
Deferred Revenues	(50,863)
Contracts Obligation	153,108
Cash Provided by Operating Activities	86,794

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of Investments	(38,240)
Sale of Investments	20,964
Cash Used in Investing Activities	(17,276)
Net Increase in Cash and Equivalents	69,518

CASH and CASH EQUIVALENTS - Beginning of Year 968,883

CASH and CASH EQUIVALENTS - End of Year \$ 1,038,401

SUPPLEMENTAL DISCLOSURES

Income Taxes Paid During the Year	\$ -
Interest Paid During the Year	\$ -

See accompanying notes to the financial statements.

SANTA MONICA MOUNTAINS FUND
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 - NATURE OF THE ORGANIZATION

Santa Monica Mountains Fund (the "Fund") operates as a not-for-profit organization located in Thousand Oaks, California. It was established January 22, 1988 to support the education and resource protection efforts of the National Park Service ("NPS") and California State Parks in the Santa Monica Mountains National Recreation Area ("SMMNRA"), a unit of the NPS.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements of the Fund have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The financial statements are presented in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants ("AICPA") "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"). ASC 958-205 was effective January 1, 2018 for the Fund.

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Fund and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Fund. The Fund's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Fund or by the passage of time. Other donor restrictions, such as the Fund's endowments, are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. Generally, the donors of these assets permit the Fund to use the returns on the related investments over time for general or specific purposes. When restrictions on contributions are satisfied in the same period as the receipt of the contribution, the Fund reports both the contribution revenue and the related expense in net assets without donor restrictions.

Public Support

Contribution income is recognized when cash is received or when ownership of donated assets is transferred to the Fund. Donated assets are recorded at estimated fair value on the date of donation. The contribution of services is recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Revenues and expenses related to contributed professional services are recognized in equal amounts at their fair market value, as estimated by management.

SANTA MONICA MOUNTAINS FUND
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Public Support (continued)

During 2018, the Fund recognized \$27,297 of contributed services that meet the criteria above and received \$1,503 of donated goods. In addition, the Fund received use of facilities during the year, pursuant to its Cooperative Agreement with the NPS for an unstated value. Also, during the year a number of individuals donated services to the Fund; the value of these services has not been reflected in the financial statements as the services performed do not meet the criteria discussed above.

The Fund reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Fund reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Revenue and Expenses

Revenue is recognized when earned. Payments received in advance applicable to subsequent years are deferred. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Allocation of Expenses

The costs of providing the various program services and supporting activities of the Fund have been summarized on a functional basis in the Statements of Activities and Functional Expenses. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

Cash and Cash Equivalents

For purposes of the financial statements, the Fund considers all cash on hand and short-term highly liquid investments that are readily convertible into cash with original maturities of three months or less to be cash equivalents.

Investments

Investments are reported at fair value. Unrealized gains and losses are included in the change in net assets.

Investment income consisted of interest and dividend income of \$21,559 and unrealized losses on investments of \$56,708 for the year ended December 31, 2018. Investment income is net of investment management expenses of \$5,204 for the year ended December 31, 2018.

Income Tax Exemption

The Fund qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the State of California Revenue and Taxation Code. No provision for taxes is required.

SANTA MONICA MOUNTAINS FUND
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Tax Exemption (continued)

The Fund's tax filings are subject to audit by various taxing authorities. The Fund's federal informational returns for December 31, 2015 and subsequent remain open to examination by the Internal Revenue Service. The Fund's state informational returns for December 31, 2014 and subsequent are subject to examination by the Franchise Tax Board. In evaluating the Fund's tax provisions and accruals, the Fund believes that its estimates are appropriate based on current facts and circumstances. The Fund believes that it has appropriate support for any tax position taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Property and Equipment

Property and equipment acquired by purchase are recorded at cost. The fair market value of donated fixed assets is similarly capitalized. Depreciation is provided on a straight-line basis over the useful lives of the assets, which range from five to fifteen years. The capitalization policy is items greater than \$5,000. Normal repairs and maintenance are expensed as incurred.

Contracts Receivable and Contract Obligation

Contracts awarded to the Fund are presented on the Statement of Financial Position as a contract receivable although no services have been performed on the contracts as of year end. This is a departure from U.S. GAAP, as the Fund does not have the right to the contract receivable until such service is performed. U.S. GAAP requires the service related to the awarded contract to be performed in order to record the related receivable. The Fund has recorded a contracts obligation to offset the contracts receivable not yet earned.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Estimates and assumptions are reviewed periodically and the effect of revisions is reflected in the financial statements in the period they are determined to be necessary.

Subsequent Events

Subsequent events have been evaluated through January 21, 2020, the date that the financial statements were available to be issued.

Recent Accounting Pronouncements

Non-For-Profit

In August 2016, the FASB issued Accounting Standards Update ("ASU") 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. The amendments in this update are designed to improve the current net assets classification requirements and the information presented in financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows.

SANTA MONICA MOUNTAINS FUND
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent Accounting Pronouncements (continued)

Non-For-Profit (continued)

The amendments in this ASU were effective for annual financial statements issued for fiscal years beginning after December 15, 2017. Amendments should be applied on a retrospective basis in the year the update is first applied. The amendment was adopted during the current year and resulted in the addition of the classification of net assets from unrestricted, temporary restricted, and permanently restricted to without donor restrictions and with donor restrictions, and the addition of the liquidity note (see Note 7).

Contributions

In June 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update 2018-08, Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made to clarify and improve the scope and the accounting guidance for contributions received and contributions made. Specifically, this update is to assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or exchange (reciprocal) transaction, as well as determining whether a contribution is conditional. The amendments in the update are effective for annual financial statements issued for fiscal years beginning after December 15, 2018. Management is currently evaluating the effect that the updated standard will have on the financial statements.

Revenue Recognition

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). Topic 606 supersedes the revenue recognition requirements in Topic 605, "Revenue Recognition", including most industry-specific revenue recognition guidance throughout the Industry Topics of the Codification. The core principles of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity is expected to be entitled for those goods or services. ASU 2014-09 defines a five-step process to achieve this core principles and in, doing so, it is possible more judgement and estimates may be required under existing U.S. GAAP, including identifying performance obligation in the contract, estimating the amount of the variable consideration to include the transaction price and allocating the transaction prices to each performance obligation. Revenue from contributions and investments income are not impacted by the new standard.

ASU 2014-09 will be effective for annual reporting periods beginning after December 15, 2019 using either of two methods: a) retrospective to each prior reporting period presented with the option to elect certain practical expedients as defined within ASU 2014-09; or b) retrospective with the cumulative effect of initially applying ASU 2014-09 recognized at the date of the initial application and providing certain additional disclosures as defined in ASU 2014-09. Management has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on the financial statements.

SANTA MONICA MOUNTAINS FUND
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 3 - CASH AND CASH EQUIVALENTS

Cash consisted of the following at December 31, 2018:

Cash on Hand	\$ 471
Cash in Banks	781,706
Money Market Funds	<u>256,224</u>
Total	<u>\$ 1,038,401</u>

NOTE 4 - FAIR VALUE MEASUREMENTS

U.S. GAAP defines fair value as the price received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants. Current guidance establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, liquidity statistics, and other factors specific to the financial instrument.

Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity's assumptions about how market participants would value the financial instrument. Valuation techniques used under U.S. GAAP must maximize the use of observable inputs to the extent available.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Following is a description of the valuation methodologies used for assets measured at fair value:

Level 1 Fair Value Measurements: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Fund has the ability to access.

Level 2 Fair Value Measurements: Investments that trade in markets that are not actively traded, but are valued based on quoted market prices, dealer quotations, or alternative pricing sources for similar assets or liabilities. Fair value is determined through the use of models or other valuation methodologies.

Level 3 Fair Value Measurements: Investments have significant unobservable inputs, as they trade infrequently or not at all. The inputs into the determination of fair value of these investments are based upon the best information in the circumstance and may require significant management judgment. The inputs into the determination of fair value require significant judgment or estimation by investment managers. These investments primarily consist of debt or equity securities issued by private entities. Certain alternative investments may be reclassified to Level 2 when the Fund has the ability to redeem them at net asset value ("NAV") in the near term without significant restrictions on redemption.

SANTA MONICA MOUNTAINS FUND
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 4 - FAIR VALUE MEASUREMENTS (continued)

Following is a description of the valuation methodologies used for assets measured at fair value:

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Fund are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission (“SEC”). These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Fund are deemed to be actively traded.

Fair value of assets measured on a recurring basis as of December 31, 2018 are as follows:

	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Totals
<i>Mutual Funds</i>				
Fixed Income Taxable	\$ 355,198	\$ -	\$ -	\$ 355,198
US Equity	324,373	-	-	324,373
Global Equity	110,165	-	-	110,165
	<u>\$ 789,736</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 789,736</u>

NOTE 5 – PLEDGES RECEIVABLE

Unconditional promises to give at December 31, 2018, are as follows:

Receivable in less than one year	\$ 25,000
Receivable in one to five years	75,000
Total unconditional promises to give	<u>\$ 100,000</u>

Based upon management’s expectations, the Fund has not established an allowance for uncollectible pledges.

NOTE 6 - PROPERTY AND EQUIPMENT

A summary of changes in property and equipment for the year ending December 31, 2018, follows:

	Balance as of December 31, 2017	Additions	Disposals	Balance as of December 31, 2018
Equipment and Furniture	\$ 12,180	\$ -	\$ -	\$ 12,180
Accumulated Depreciation	(12,180)	-	-	(12,180)
Net Property and Equipment	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SANTA MONICA MOUNTAINS FUND
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 7 - LIQUIDITY

The Fund regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Fund's financial assets available within one year of the Statement of Financial Position date for general expenditure reduced by amounts not available for general use because of donor imposed and board restrictions (see Note 10 & 11) are as follows:

Cash and cash equivalents	\$	397,073
Investments		578,673
Contributions and Grants Receivable		5,458
Pledges Receivable, current portion		25,000
Total		\$ 1,006,204

NOTE 8 - CONCENTRATION OF RISK

In the current year, a significant amount of revenue was generated from grants and contributions. It is always considered reasonably possible that benefactors, grantors, or contributors might be lost in the near term.

Financial instruments that potentially subject the Fund in concentrations of credit risk consists of cash deposits and investments. All cash and time deposits are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 by financial institution. All brokerage accounts are insured by the Securities Investor Protection Corporation ("SIPC") up to \$500,000 by financial institution. From time to time, the balances may exceed these insured limits, although the Fund has not experienced any losses in such accounts.

The Fund's operations are primarily concentrated in the Santa Monica Mountains region, which have recently been prone to natural fire disasters, such as the Woolsey fire in November 2018. As such possible future natural disasters may significantly impact the program operations of the Fund.

NOTE 9 - RELATED PARTY TRANSACTIONS

The Fund entered into a cooperative agreement with the U.S. Department of the Interior, NPS on behalf of the SMMNRA. This agreement states that the Fund provides expertise and services for the purpose of providing support and assistance to interpretive, educational, resource restoration, resource protection and research activities of the NPS. For the year ended December 31, 2018, the Fund directly provided to, or paid on behalf of, the NPS approximately \$1,177,500. The assistance was principally given to the SMMNRA, or associated government operations deemed by the NPS to be beneficial to the SMMNRA.

SANTA MONICA MOUNTAINS FUND
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes as of December 31, 2018:

	Balance as of December 31, 2017	Additions	Transfers	Balance as of December 31, 2018
Donor Restricted by Purpose				
Education	\$ 340,157	\$ 562,346	\$ (323,456)	\$ 579,047
Resource Management	97,926	-	(85,162)	12,764
Improvements	131,547	-	(131,547)	-
Stewardship	-	50,000	(483)	49,517
	<u>569,630</u>	<u>612,346</u>	<u>(540,648)</u>	<u>641,328</u>
Donor Restricted in Perpetuity (see Note 11)				
Education	118,113	-	-	118,113
Resource Management	84,675	-	-	84,675
	<u>202,788</u>	<u>-</u>	<u>-</u>	<u>202,788</u>
Total Net Assets With Donor Restrictions	<u>\$ 772,418</u>	<u>\$ 612,346</u>	<u>\$ (540,648)</u>	<u>\$ 844,116</u>

NOTE 11 - ENDOWMENT FUNDS AND BOARD DESIGNATED NET ASSETS

The Fund's endowment includes both donor-restricted endowment funds and funds designated by the Board to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board has interpreted the California-enacted version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gifts to the Endowment as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Fund classifies (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment to the extent specified by the applicable donor gift instrument. The remaining portion of the donor-restricted endowment fund is included in net assets with donor restrictions until those amounts are appropriated for expenditure by the Board in a manner consistent with the standard of prudence prescribed by UPMIFA.

Transfers from the endowment are determined by the Board, which considers, among other factors, anticipated budget needs, available funds, recent endowment performance, and overall economic conditions. The practice of the Board has been to adopt a distribution rate of the endowment's assets equal to 5% of the endowment value.

SANTA MONICA MOUNTAINS FUND
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 11 - ENDOWMENT FUNDS AND BOARD DESIGNATED NET ASSETS (continued)

A summary of Fund's endowments are as follows:

The SMMNRA Operations Endowment, designated by the Board, is funded to help support park operations in the Santa Monica Mountains. The annual endowment funding is being provided from 15% of the collections from the donor boxes located on Federal park lands, as well as all contributions to the endowment not programmatically specified.

There are two endowments created by the Yelda Trust from restricted contributions to the Fund. The Education Transportation Endowment's objective is for annual earnings to fund the costs of providing buses for under-served schools participating in Outdoor Education Programs at SMMNRA. The Wildlife Endowment's objective is to support research and conservation of wildlife in and around the SMMNRA.

The endowment generated a loss of \$6,723 during the year, which included in net assets with donor restrictions until donor-imposed restriction is met. The total accumulated net earnings available from the Donor-Restricted endowments since inception is \$16,890. In addition, the Board designated net assets generated a loss of \$229 during the year, which is included in net assets without restrictions. The total accumulated net earnings available from the Board designated endowment since inception is \$729.

The current year activity in the endowment funds are as follows:

	Balance as of December 31, 2017	Additions	Transfers	Balance as of December 31, 2018
Board Designated Net Assets:				
SMMNRA Operations	\$ 6,919	\$ 1,356	\$ -	\$ 8,275
Donor-Restricted Endowment Funds:				
Yelda Trust - Education Transportation	118,113	-	-	118,113
Yelda Trust - Wildlife	84,675	-	-	84,675
Total Endowment Net Assets	<u>\$ 209,707</u>	<u>\$ 1,356</u>	<u>\$ -</u>	<u>\$ 211,063</u>

NOTE 12 - PROGRAM SERVICES

For the year ended December 31, 2018, program functional expenses consisted of the following:

Education	\$ 543,880
Improvements	282,915
Resource Management	160,985
Stewardship	138,254
Special	51,035
Emergencies	479
	<u>\$ 1,177,548</u>

SANTA MONICA MOUNTAINS FUND

SUPPLEMENTARY INFORMATION

DECEMBER 31, 2018

**SANTA MONICA MOUNTAINS FUND
SCHEDULE OF CONTRACT REVENUES
FOR THE YEAR ENDED DECEMBER 31, 2018**

Contract Number	Contract Title	Contract Period	Contract Amount			Contract Revenues Recognized							Contract Amounts Available as of 12/31/18
			Prior Year Contracts	Current Year Contracts & Modifications	Total Contract Amount	Prior Year(s) Revenues Recognized	Current Year Payments Received	Accounts Receivable	Deferred Revenues as of 01/01/18	Recognized Deferred Revenue	Current Year Revenues Recognized	Total Contract Revenues Recognized	
Education													
<u>Youth Programs</u>													
J8542080019	Biodiversity Teachers' Manual	04/2008-03/2012	\$ 24,300	\$ -	\$ 24,300	\$ -	\$ -	\$ -	\$ (24,300)	\$ -	\$ -	\$ -	\$ 24,300
J8548100014/Partial ^a	Student Internships/Education & Interpretation	08/2010-07/2015	58,017	-	58,017	58,017	-	-	-	-	-	58,017	-
P14AC01248	Revise & Update Wildland Fire Ecology Classroom Material:	08/2014-07/2019	21,357	-	21,357	-	13,146	-	-	-	13,146	13,146	8,211
P14AC01275/Partial ^b	Student Internships & Research Support/Interpretation,Outreach	08/2014-07/2019	81,632	-	81,632	35,573	42,066	-	-	-	41,437	77,010	4,622
P14AC00796	Teachers in the Park Program	06/2014-05/2019	26,690	-	26,690	16,477	529	-	-	-	529	17,006	9,684
P16AC00769	SAMO Youth Program	06/2016-12/2021	233,400	-	233,400	231,039	2,797	-	-	-	2,361	233,400	-
P17AC01552	SAMO College Youth Program	09/2017-09/2020	98,000	-	98,000	-	34,438	-	-	-	34,438	34,438	63,562
P18AC00881	SAMO Youth Leadership Program	07/2018-12/2020	-	196,000	196,000	-	43,070	-	-	-	43,070	43,070	152,930
<u>Public Programs</u>													
P15AC01213	Healthy Parks, Healthy People	08/2015-12/2018	27,100	30,000	57,100	14,317	9,813	-	(11)	11	9,824	24,141	32,959
P15AC01220	Recreation Festival Support	08/2015-12/2018	25,000	-	25,000	17,640	7,506	-	-	-	7,360	25,000	-
P16AC01442	Artists In Residence Program II	09/2016-12/2019	50,500	-	50,500	25,850	17,183	-	-	-	17,183	43,033	7,467
P18AC01057	Guest Host Program	07/2018-09/2020	-	8,000	8,000	-	330	-	-	-	330	330	7,670
<u>Media/Technology</u>													
J8542080037	National Park Signs	07/2008-12/2012	270,442	-	270,442	151,672	-	-	(118,770)	48,092	48,092	199,764	70,678
J8542090052	Interpretive Media - Cheeseboro Canyon	08/2009-12/2013	70,000	-	70,000	-	-	-	(70,000)	-	-	-	70,000
	Sub Total		986,438	234,000	1,220,438	550,585	170,878	-	(213,081)	48,103	217,770	768,355	452,083
Resource Management													
<u>Student Science</u>													
J8548100014/Partial ^a	Student Internships/Resource Management	08/2010-09/2014	165,648	-	165,648	145,360	-	-	(20,288)	1,998	1,998	147,358	18,290
P14AC01275/Partial ^b	Student Internships & Research Support/Interpretation,Outreach	08/2014-07/2019	147,453	-	147,453	119,099	25,083	-	-	-	25,027	144,126	3,327
P17AC01675	Student Internships	09/2017-09/2022	60,000	-	60,000	-	-	-	-	-	-	-	60,000
P18AC01372	Student Internships	09/2018-09/2023	-	63,655	63,655	-	-	-	-	-	-	-	63,655
<u>Resource Management</u>													
P18AC01398	Avian Fire / Red-Legged Frogs	09/2018-12/2020	-	26,000	26,000	-	-	-	-	-	-	-	26,000
	Sub Total		373,101	89,655	462,756	264,459	25,083	-	(20,288)	1,998	27,025	291,484	171,272
Research Learning Ctr													
<u>Education & Research</u>													
P13AC00418	Nat & Cult Research & Internships / Education	06/2013-05/2018	307,794	-	307,794	275,792	33,173	-	-	-	32,002	307,794	-
J8110110022	Research and Educational Projects & Programs	12/2010-12/2015	25,000	-	25,000	19,929	-	-	(5,071)	762	762	20,691	4,309
	Sub Total		332,794	-	332,794	295,721	33,173	-	(5,071)	762	32,764	328,485	4,309
Facilities													
P16AC00268	Cheesboro Trailhead Design	03/2016-12/2017	18,900	-	18,900	17,727	1,173	-	-	-	1,173	18,900	-
P17AC01362	Trail Network Support	08/2017-08/2019	99,075	207,000	306,075	23,882	91,244	-	-	-	91,244	115,126	190,949
	Sub Total		117,975	207,000	324,975	41,609	92,417	-	-	-	92,417	134,026	190,949
Stewardship													
P16AC00972	Building Stewardship through Public Communication:	06/2016-03/2021	116,800	39,985	156,785	59,924	77,288	-	-	-	77,288	137,212	19,573
P17AC01155	Nature Neighbor Program: Urban Interface Conservationis	08/2017-08/2022	65,500	64,895	130,395	27,141	73,656	-	-	-	73,656	100,797	29,598
	Sub Total		182,300	104,880	287,180	87,065	150,944	-	-	-	150,944	238,009	49,171
Special													
<u>Protection</u>													
P17AC01711	Horse Operations, Boundary Integrity, and General Support	09/2017-09/2020	16,000	16,000	32,000	2,757	27,000	-	-	-	27,000	29,757	2,243
<u>SAMO Capacity</u>													
P17AC00142	Front Desk Services	02/2017-02/2022	20,000	15,000	35,000	9,327	16,433	-	-	-	16,370	25,697	9,303
	Sub Total		36,000	31,000	67,000	12,084	43,433	-	-	-	43,370	55,454	11,546
	Totals		\$ 2,028,608	\$ 666,535	\$ 2,695,143	\$1,251,523	\$ 515,928	\$ -	\$ (238,440)	\$ 50,863	\$ 564,290	\$ 1,815,813	\$ 879,330

See independent auditors' report.