



**FINANCIAL STATEMENTS**

**JUNE 30, 2018 AND 2017**



**Leaf & Cole, LLP**  
*Certified Public Accountants*

**BALBOA PARK CONSERVANCY  
FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

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Leaf & Cole, LLP  
Certified Public Accountants  
A Partnership of Professional Corporations

## **Independent Auditor's Report**

To the Board of Directors  
Balboa Park Conservancy

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Balboa Park Conservancy, which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and cash flows for the years 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.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 auditor's 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.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Balboa Park Conservancy as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matter***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary schedules of functional expenses for the years ended June 30, 2018 and 2017 are presented for purposes of additional analysis and are 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.

Leaf & Cole LLP

San Diego, California  
November 13, 2018

**BALBOA PARK CONSERVANCY  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2018 AND 2017**

**ASSETS**

	<u>2018</u>	<u>2017</u>
<b><u>Current Assets:</u></b> (Notes 2 and 3)		
Cash and cash equivalents:		
Unrestricted	\$ 203,327	\$ 272,517
Restricted	660,550	703,576
Total cash and cash equivalents	<u>863,877</u>	<u>976,093</u>
Accounts receivable	173,724	125,601
Grants receivable	17,912	45,000
Pledges receivable	118,263	97,459
Inventories	144,360	125,907
Prepaid expenses	19,621	26,057
Total Current Assets	<u>1,337,757</u>	<u>1,396,117</u>
<b><u>Noncurrent Assets:</u></b> (Notes 2, 3 and 4)		
Pledges receivable, net	257,644	301,400
Property and equipment, net	215,208	227,410
Total Noncurrent Assets	<u>472,852</u>	<u>528,810</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,810,609</u>	<u>\$ 1,924,927</u>

**LIABILITIES AND NET ASSETS**

<b><u>Current Liabilities:</u></b> (Note 2)		
Accounts payable and accrued expenses	\$ 191,585	\$ 129,294
Prepaid rents	22,517	22,947
Total Current Liabilities	<u>214,102</u>	<u>152,241</u>
<b><u>Commitments</u></b> (Notes 6 and 9)		
<b><u>Net Assets:</u></b> (Notes 2, 7 and 8)		
Unrestricted:		
Unrestricted	542,138	648,598
Board designated	282,230	281,760
Total Unrestricted	<u>824,368</u>	<u>930,358</u>
Temporarily restricted	772,139	842,328
Total Net Assets	<u>1,596,507</u>	<u>1,772,686</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 1,810,609</u>	<u>\$ 1,924,927</u>

The accompanying notes are an integral part of the financial statements.

**BALBOA PARK CONSERVANCY  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

	2018			2017		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b><u>Revenue and Support:</u></b>						
Retail operations	\$ 1,288,655	\$ -	\$ 1,288,655	\$ 1,373,973	\$ -	\$ 1,373,973
Rental income	1,007,871	-	1,007,871	937,481	-	937,481
In-kind contributions	758,738	-	758,738	65,714	-	65,714
Contributions	184,414	238,436	422,850	192,560	548,170	740,730
Grants	89,277	253,951	343,228	95,154	75,000	170,154
Miscellaneous income	101,827	-	101,827	77,902	-	77,902
Event management fee	42,387	-	42,387	45,352	-	45,352
Interest income	471	-	471	434	-	434
Net assets released from restrictions	562,576	(562,576)	-	323,051	(323,051)	-
<b>Total Revenue and Support</b>	<b>4,036,216</b>	<b>(70,189)</b>	<b>3,966,027</b>	<b>3,111,621</b>	<b>300,119</b>	<b>3,411,740</b>
<b><u>Expenses:</u></b>						
<b><u>Program Expenses:</u></b>						
Retail operations and guest services	1,207,483	-	1,207,483	1,270,097	-	1,270,097
House of Hospitality historic facilities and gardens	603,013	-	603,013	571,738	-	571,738
Park activation	902,783	-	902,783	221,520	-	221,520
Other programs	633,456	-	633,456	358,840	-	358,840
<b>Total Program Expenses</b>	<b>3,346,735</b>	<b>-</b>	<b>3,346,735</b>	<b>2,422,195</b>	<b>-</b>	<b>2,422,195</b>
<b><u>Supporting Services:</u></b>						
General and administrative	380,803	-	380,803	314,169	-	314,169
Fundraising	414,668	-	414,668	374,633	-	374,633
<b>Total Supporting Services</b>	<b>795,471</b>	<b>-</b>	<b>795,471</b>	<b>688,802</b>	<b>-</b>	<b>688,802</b>
<b>Total Expenses</b>	<b>4,142,206</b>	<b>-</b>	<b>4,142,206</b>	<b>3,110,997</b>	<b>-</b>	<b>3,110,997</b>
Change in Net Assets	(105,990)	(70,189)	(176,179)	624	300,119	300,743
Net Assets at Beginning of Year	930,358	842,328	1,772,686	929,734	542,209	1,471,943
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 824,368</b>	<b>\$ 772,139</b>	<b>\$ 1,596,507</b>	<b>\$ 930,358</b>	<b>\$ 842,328</b>	<b>\$ 1,772,686</b>

The accompanying notes are an integral part of the financial statements.

**BALBOA PARK CONSERVANCY  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b><u>Cash Flows From Operating Activities:</u></b>		
Change in net assets	\$ (176,179)	\$ 300,743
<b>Adjustments to reconcile change in net assets to net cash used in operating activities:</b>		
Depreciation	28,743	20,340
<b>(Increase) Decrease in:</b>		
Accounts receivable	(48,123)	11,726
Grants receivable	27,088	(29,500)
Pledges receivable, net	22,952	(398,859)
Inventories	(18,453)	(28,772)
Prepaid expenses	6,436	(5,132)
<b>Increase (Decrease) in:</b>		
Accounts payable and accrued expenses	62,291	(79,444)
Prepaid rents	(430)	(3,206)
Net Cash Used in Operating Activities	<u>(95,675)</u>	<u>(212,104)</u>
<b><u>Cash Flows From Investing Activities:</u></b>		
Purchases of property and equipment	<u>(16,541)</u>	<u>(43,655)</u>
Net Cash Used in Investing Activities	<u>(16,541)</u>	<u>(43,655)</u>
Net Decrease in Cash and Cash Equivalents	(112,216)	(255,759)
Cash and Cash Equivalents at Beginning of Year	<u>976,093</u>	<u>1,231,852</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ <u>863,877</u></b>	<b>\$ <u>976,093</u></b>

The accompanying notes are an integral part of the financial statements.

**BALBOA PARK CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

**Note 1 - Organization:**

Balboa Park Conservancy (“The Conservancy”) was organized on November 3, 1923. The Conservancy is the City of San Diego’s partner as advocates for the greater good of Balboa Park (“the Park”). The Conservancy collaborates with and supports all the entities in the Park, as a thought convener and organizer for activating and realizing the best interests of the Park. The Conservancy’s focus is to sustain the legacy of the Park, enhance Park assets, and envision the future of the Park to benefit both citizens and visitors for decades to come.

**Mission**

The Conservancy’s mission is to provide expertise, advocacy and resources to sustain, enhance and envision Balboa Park in partnership with the City of San Diego and in collaboration with other organizations in Balboa Park and the community.

Our vision is for Balboa Park to become a sustainable, world-class destination where all visitors are inspired, engaged and enriched.

**Goals for Action**

- Sustainability: The Conservancy will assume a leadership role in seeking solutions to improving and enhancing Balboa Park for the use of future generations of visitors.
- Accessibility: The Conservancy will take ownership for ensuring that access to, from and within Balboa Park is improved.
- Possibility: The Conservancy will create a process to keep Balboa Park interesting and entertaining to visitors by seeking and using cutting edge ideas and technology to continually renew the visitor experience.

The Conservancy’s **guiding principles** are collaboration, transparency, respect, passion and knowledge.

The Conservancy’s programs include the following:

**Visitors Center: Retail Operations and Guest Services**

The Conservancy’s Balboa Park Visitor Center informs, educates and serves over 500,000 annual visitors to Balboa Park. The Balboa Park Visitor Center, the largest in the region, is staffed by multilingual co-workers and volunteers with diverse backgrounds who are trained to promote Park-wide institutions and activities. The Balboa Park Visitor Center operates a gift store to offset the cost of visitor services and sells Balboa Park multi-museum passes, zoo and harbor tickets to visitors.

**House of Hospitality: Historic Facilities and Gardens**

The Conservancy provides security and maintains the House of Hospitality, a National historic building and grounds, including the electrical and mechanical systems within the building. The Balboa Park Visitors Center is housed in the House of Hospitality, along with the Balboa Park Conservancy office, The Prado Restaurant, a ballroom and meeting rooms, and offices for cultural and educational organizations operating within the Park. The House of Hospitality serves visitors numbering over 1,000,000 each year.



**BALBOA PARK CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

**Note 1 - Organization: (Continued)**

**Park Activation**

The Conservancy provides improvements to and activation of Balboa Park through a series of curated events such as Cinco de Mayo, Food Truck Fridays, Fiesta Botanica, Halloween Family Day and Balboa Park December Nights.

**Other Programs**

The Conservancy's process for selecting programs and capital improvement projects includes regular collaboration with and ongoing input from Balboa Park stakeholders and the City of San Diego. The Conservancy will:

- Review major proposals and collect input from subject matter specialists, and
- Make recommendations to the Board of Directors for support of those strategic proposals that best advance the sustainability, preservation and visitor experience in Balboa Park.
- Some proposals will be recommended for funding support.
- The Conservancy will provide major proposal leadership and coordination in an inclusive and transparent manner.

The Conservancy's other programs that sustain and enhance Balboa Park include the following data driven initiatives:

**Cultural Landscape Report** - provides a record of what was added to Balboa Park, when and how much of it survives today, helping to determine what elements in Balboa Park are most historic;

**Balboa Park Benefits Report** - measures the impact that Balboa Park has on the regional economy providing critical information in order to identify and promote the economic value of Balboa Park to the region;

**Trees and Reforestation** - a comprehensive Tree Inventory, site specific tree plantings and a CAL Fire funded initiative to plant 500 trees in Balboa Park;

**Wayfinding and Signage** - a comprehensive signage inventory to improve the visitor experience and enhance access, circulation and orientation; Planning, Design and Outreach - collaborative planning, design and outreach including a series of stakeholder meetings and support for programs such as December Nights.

**Capital Projects: Botanical Building and Gardens**

Using our inclusive stakeholder engagement process, in the fall of 2013 The Conservancy's volunteer board decided to proceed with the organization's inaugural capital improvement project - the rehabilitation and restoration of the iconic Botanical Building and Gardens in Balboa Park.

Situated at the center of Balboa Park's central mesa, the Botanical Building is one of the most visited and photographed structures in the Park. The Botanical Building was constructed for the 1915 Panama-California Exposition as one of just four structures intended to remain as permanent.

**BALBOA PARK CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

**Note 1 - Organization: (Continued)**

**Capital Projects: Botanical Building and Gardens (Continued)**

The Conservancy has completed the restoration plans for the building and gardens, which have been approved by the City of San Diego. Additionally, the Conservancy developed a comprehensive recognition program, in accordance with new guidelines, and approved by the City of San Diego. The next phase of the project entails the creation of a Programmatic Plan, which will help guide the long-term programming, financing, management, and care of the historic facility. While the programmatic plan is being developed, Conservancy staff and board members continue to pursue funding opportunities for leadership and support gifts to advance the project.

**Note 2 - Significant Accounting Policies:**

**Accounting Method**

The financial statements of The Conservancy have been prepared on the accrual basis of accounting which is in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and, accordingly, reflect all significant receivables, payables, and other liabilities.

**Financial Statement Presentation**

The financial statements present information regarding the financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

- Unrestricted net assets – Net assets not subject to donor-imposed stipulations.
- Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that will be met by actions of The Conservancy and/or the passage of time. When a donor stipulated time restriction ends or a purpose restriction 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.
- Permanently restricted net assets – Net assets subject to donor-imposed stipulations requiring that they be maintained permanently by The Conservancy. The income from these assets is available for either general operations or specific programs as specified by the donor.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**BALBOA PARK CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

**Note 2 - Significant Accounting Policies: (Continued)**

**Fair Value Measurements**

Fair value accounting standards define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value and enhance disclosure requirements for fair value measurements. The fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Level 1 or 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy). The Conservancy had no financial instruments at June 30, 2018 and 2017.

**Allowance for Doubtful Accounts**

Bad debts are recognized on the allowance method based on historical experience and management's evaluation of outstanding receivables. Management believes that all accounts receivable, grants receivable and pledges receivable were fully collectible; therefore, no allowance for doubtful accounts receivable, grants receivable and pledges receivable was recorded at June 30, 2018 and 2017.

**Inventories**

Inventories of the Balboa Park Visitor Center merchandise consist primarily of books, periodicals, tickets and other gift items. Inventories are valued at the lower of average cost (first-in, first-out) or market.

**Capitalization and Depreciation**

The Conservancy capitalizes all expenditures in excess of \$5,000 for property and equipment at cost, while donations of property and equipment are recorded at their estimated fair values. Such donations are reported as unrestricted unless the donor has restricted the donated asset 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. Absent donor stipulations regarding how long those donated assets must be maintained, The Conservancy reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Conservancy reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Property and equipment are depreciated using the straight-line method over the estimated useful asset lives as follows:

Leasehold improvements	5 - 30 years
Furniture and equipment	5 - 10 years

Depreciation expense totaled \$28,743 and \$20,340 for the years ended June 30, 2018 and 2017, respectively.

Maintenance and repairs are charged to operations as incurred. Upon sale or disposition of property or equipment, the asset account is reduced by the cost and the accumulated depreciation account is reduced by the depreciation taken prior to the sale or disposition. Any resultant gain or loss is recorded as income or expense.

**BALBOA PARK CONSERVANCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

**Note 2 - Significant Accounting Policies: (Continued)**

**Compensated Absences**

Accumulated unpaid vacation and other employee benefit amounts totaling \$50,627 and \$31,246 at June 30, 2018 and 2017, respectively, are accrued when incurred and included in accounts payable and accrued expenses.

**Revenue Recognition**

**Rental Income**

Advance receipts of rental income are deferred or classified as liabilities until earned. Prepaid rents totaled \$22,517 and \$22,947 at June 30, 2018 and 2017, respectively.

**Contributions**

Contributions are recognized when the donor makes a promise to give in writing to the Conservancy that is in substance, unconditional. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily restricted net assets. When the stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets. Contributions to be received in future periods are discounted at an appropriate discount rate. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

**Grants**

The Conservancy was the recipient of grants in the amounts of \$81,277 and \$72,154 for the years ended June 30, 2018 and 2017, respectively, from the City of San Diego Commission for Arts and Culture, for the purpose of supporting the Balboa Park December Nights Event (Note 6). These have been recorded as grants revenue and grants expense for the years ended June 30, 2018 and 2017, respectively.

**In-Kind Contributions**

The Conservancy utilizes the services of many volunteers throughout the year. This contribution of services by the volunteers is not recognized in the financial statements unless the services received (a) create or enhance nonfinancial assets or (b) require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The donated services of volunteers did not meet the requirements above; therefore, no amounts for these services were recognized in the financial statements.

The Conservancy has received donations of professional services. The professional services are recorded at their fair value and totaled \$124,580 and \$39,750 for the years ended June 30, 2018 and 2017, respectively. The amounts have been included in both revenue and expense in the accompanying financial statements.

**BALBOA PARK CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

**Note 2 - Significant Accounting Policies: (Continued)**

**In-Kind Contributions (Continued)**

The Conservancy has received donations of landscaping, advertising, legal services, and marketing materials and furniture, fixtures and equipment during the year. The donations are recorded at their fair value and totaled \$634,158 and \$25,964, for the years ended June 30, 2018 and 2017, respectively. The amounts have been included in both revenue and expense in the accompanying financial statements.

**Allocated Expenses**

The Conservancy allocates its expenses on a functional basis among its various programs and supporting services. Expenditures which can be identified with a specific program or support services are allocated directly, according to their natural expenditure classification. Costs that are common to several functions are allocated among the program and supporting services on the basis of time records, space utilized, and estimates made by The Conservancy's management.

**Income Taxes**

The Conservancy is a public charity and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code except on net income derived from unrelated business activities. The Conservancy believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Conservancy is not a private foundation.

The Conservancy's Return of Organization Exempt from Income Tax for the years ended June 30, 2018, 2017, 2016 and 2015 are subject to examination by Internal Revenue Service and State taxing authorities, generally three to four years after the returns are filed.

**Concentration of Credit Risk**

The Conservancy maintains its cash in bank deposit accounts and money market funds which, at times, may exceed federally insured limits. The Conservancy has not experienced any losses in such accounts. The Conservancy believes it is not exposed to any significant credit risk on cash and cash equivalents.

**Cash and Cash Equivalents**

For purposes of the statements of cash flows, The Conservancy considers all highly liquid investment instruments purchased with a maturity of three months or less to be cash equivalents.

**Subsequent Events**

In preparing these financial statements, the Conservancy has evaluated events and transactions for potential recognition or disclosure through November 13, 2018, the date the financial statements were available to be issued and concluded that there were no events or transactions that needed to be disclosed.

**BALBOA PARK CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

**Note 3 - Pledges Receivable:**

Pledges receivable consist of the following at June 30:

	<u>2018</u>	<u>2017</u>
Current:		
Due in less than one year	\$ 118,263	\$ 97,459
Noncurrent:		
Due in one to five years	266,694	318,567
Due in more than five years	6,150	200
Less: Discount to present value	<u>(15,200)</u>	<u>(17,367)</u>
Total Noncurrent, Net	<u>257,644</u>	<u>301,400</u>
Total Pledges Receivable, Net	<u>\$ 375,907</u>	<u>\$ 398,859</u>

The pledges receivable have been discounted to their present value using a discount rate of 1.84% at June 30, 2018 and 2017.

**Note 4 - Property and Equipment:**

Property and equipment consist of the following at June 30:

	<u>2018</u>	<u>2017</u>
Leasehold improvements	\$ 344,062	\$ 345,902
Furniture and equipment	<u>167,085</u>	<u>173,186</u>
Subtotal	511,147	519,088
Less: Accumulated depreciation	<u>(295,939)</u>	<u>(291,678)</u>
Property and Equipment, Net	<u>\$ 215,208</u>	<u>\$ 227,410</u>

**Note 5 - Rental Income:**

The Conservancy leases office and restaurant space under operating leases through May 2022, and other offices under month-to-month leases. Rental income totaled \$1,007,871 and \$937,481 for the years ended June 30, 2018 and 2017, respectively. The related future minimum lease income is as follows:

<u>Years Ended June 30</u>	
2019	\$ 333,743
2020	137,971
2021	18,045
2022	<u>16,541</u>
Total	<u>\$ 506,300</u>

**BALBOA PARK CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

**Note 6 - Balboa Park December Nights Event:**

On August 14, 2013, The Conservancy entered into an agreement with the City of San Diego to serve as the non-profit fiduciary and managing agent for the Balboa Park December Nights Event. The December Nights Event is an annual event held in Balboa Park in December to enhance the balance of community and culture in San Diego. December Nights has been a part of the fabric of San Diego for over thirty-five years. The agreement expired on April 30, 2018.

In accordance with the agreement with the City of San Diego, The Conservancy is paid sixty percent (60%) of the net event proceeds as an event management fee. For the December Nights Event held in December 2017 and 2016, The Conservancy earned \$42,387 and \$45,352, respectively, in event management fees, which has been reported as event management fee in the statements of activities for the years ended June 30, 2018 and 2017, respectively.

**Note 7 - Unrestricted – Board Designated Net Assets:**

The Board has designated unrestricted net assets for the following purposes at June 30:

	<u>2018</u>	<u>2017</u>
Capital reserve	\$ 261,720	\$ 261,516
Botanical Building	20,510	20,244
Total Unrestricted – Board Designated Net Assets	<u>\$ 282,230</u>	<u>\$ 281,760</u>

**Note 8 - Temporarily Restricted Net Assets:**

Temporarily restricted net assets consist of the following at June 30:

	<u>2018</u>	<u>2017</u>
Pledges receivable, net	\$ 375,907	\$ 398,859
Botanical Building	345,709	317,939
Shuttle stop	16,479	-
Nate's Point	14,160	14,160
Park Activation	10,782	11,080
Garden Funds	7,000	-
Economic impact report	2,102	29,610
Tree fund	-	42,690
Project management	-	18,272
Cultural landscape report	-	9,718
Total Temporarily Restricted Net Assets	<u>\$ 772,139</u>	<u>\$ 842,328</u>

Net assets totaling \$562,576 and \$323,051 were released from donor restrictions for the years ended June 30, 2018 and 2017, respectively, by incurring expenses satisfying the purpose or time restrictions specified by donors.

**BALBOA PARK CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

**Note 9 - Commitments:**

**Employee Benefit Plan**

The Conservancy has established a 403(b) Plan covering full-time employees. Employees may defer a percentage of their annual compensation, not to exceed the annual amount allowed by law. The Conservancy makes a matching contribution equal to 100% of employee salary deferrals not to exceed 3% of employee compensation after 6 months of service. The Conservancy contributed \$18,294 and \$14,417 to the Plan for the years ending June 30, 2018 and 2017, respectively.

**Operating Lease**

The Conservancy has a noncancelable operating lease agreement with the City of San Diego for the period October 1997 through September 2018. The Conservancy pays a monthly minimum rent plus percentage rent based on certain income generated by the leased facilities. The lease agreement with the City of San Diego is currently being renegotiated. As of June 30, 2018 the renegotiation is still ongoing. Rent expense for this lease totaled \$98,245 and \$90,930 for the years ended June 30, 2018 and 2017, respectively. The following is a schedule of future minimum lease payments under the lease:

<u>Years Ended June 30</u>	
2019	\$ <u>17,709</u>
Total	\$ <u><u>17,709</u></u>



**BALBOA PARK CONSERVANCY  
SUPPLEMENTARY SCHEDULE OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2018**

	Program Expenses											Supporting Services				Total 2018			
	Other Programs											Total Program Expenses	General and Administrative	Fundraising	Total Supporting Services				
	Retail Operations	Facilities	Park Activation	Planning, Design and Outreach	Botanical Building	Cultural Landscape	Benefits Study	Wayfinding and Signage	Project Management	Tree Fund	Garden Fund								
<b>Salaries and Related Expenses:</b>																			
Salaries and wages	\$ 245,859	\$ 151,420	\$ 80,740	\$ 107,505	\$ -	\$ -	\$ -	\$ 12,237	\$ 17,652	\$ 16,695	\$ -	\$ 632,108	\$ 230,606	\$ 246,778	\$ 477,384	\$ 1,109,492			
Payroll taxes and employee benefits	83,757	55,694	9,498	25,025	-	-	-	-	620	1,402	-	175,996	38,728	42,184	80,912	256,908			
Total Salaries and Related Expenses	<u>329,616</u>	<u>207,114</u>	<u>90,238</u>	<u>132,530</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,237</u>	<u>18,272</u>	<u>18,097</u>	<u>-</u>	<u>808,104</u>	<u>269,334</u>	<u>288,962</u>	<u>558,296</u>	<u>1,366,400</u>			
<b>Nonsalary Related Expenses:</b>																			
Accounting fees	-	-	-	-	-	-	-	-	-	-	-	-	14,700	-	14,700	14,700			
Advertising and marketing	-	-	669,067	-	-	-	-	-	-	-	-	669,067	-	-	-	669,067			
Banking expenses	21,241	-	2,272	-	-	-	-	-	-	-	-	23,513	105	3,380	3,485	26,998			
Copier rental expense	1,073	-	664	645	-	-	-	-	-	-	-	2,382	440	1,151	1,591	3,973			
Cost of sales	755,072	-	-	-	-	-	-	-	-	-	-	755,072	-	-	-	755,072			
Depreciation	3,725	14,082	998	4,145	-	-	-	-	-	-	-	22,950	972	4,821	5,793	28,743			
Donor recognition and cultivation	-	-	-	-	-	-	-	-	-	-	-	-	-	32,784	32,784	32,784			
Dues and subscriptions	835	-	690	2,779	-	-	-	-	-	-	-	4,304	8,359	641	9,000	13,304			
Employee discounts	20,247	-	-	-	-	-	-	-	-	-	-	20,247	-	-	-	20,247			
Facilities maintenance	-	102,983	-	-	-	-	-	-	-	-	-	102,983	-	-	-	102,983			
Fees and permits	147	50	1,486	5	-	-	-	-	-	-	-	1,688	5,937	-	5,937	7,625			
Furniture, fixtures and equipment	5,442	145	2,287	6,347	-	-	-	-	-	598	-	14,819	192	219	411	15,230			
Grants expense	94	-	81,277	15,550	-	-	-	-	-	-	-	96,921	-	-	-	96,921			
Information technology	9,835	907	2,464	4,585	-	-	-	-	-	-	-	17,791	1,832	9,607	11,439	29,230			
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	11,125	-	11,125	11,125			
Legal	-	-	-	-	-	-	-	-	-	-	-	-	49,996	-	49,996	49,996			
Other expenses	1,192	2,657	111	214	-	-	-	-	-	-	-	4,174	460	493	953	5,127			
Outside services	3,046	36,994	43,957	51,177	-	9,718	26,160	129,003	-	135,924	-	435,979	325	27,761	28,086	464,065			
Postage and shipping	177	14	497	37	-	-	-	-	-	-	-	725	916	688	1,604	2,329			
Printing	24,993	234	3,335	732	-	-	721	-	-	835	-	30,850	1,410	2,686	4,096	34,946			
Project expenses	-	-	298	398	2,230	-	627	-	-	22,733	3,017	29,303	-	-	-	29,303			
Rent	-	98,245	-	-	-	-	-	-	-	-	-	98,245	-	-	-	98,245			
Seminars and training	249	-	43	70	-	-	-	-	-	-	-	362	44	26,085	26,129	26,491			
Supplies	11,934	815	864	718	-	-	-	-	-	10,624	-	24,955	3,614	4,223	7,837	32,792			
Telecommunications	4,671	6,567	382	1,050	-	-	-	-	-	-	-	12,670	2,480	1,564	4,044	16,714			
Travel and meetings	1,803	38	1,853	21,678	-	-	-	-	-	-	-	25,372	8,562	9,603	18,165	43,537			
Uniforms	2,041	1,728	-	-	-	-	-	-	-	-	-	3,769	-	-	-	3,769			
Utilities	-	130,440	-	-	-	-	-	-	-	-	-	130,440	-	-	-	130,440			
Volunteer expense	10,050	-	-	-	-	-	-	-	-	-	-	10,050	-	-	-	10,050			
Total Nonsalary Related Expenses	<u>877,867</u>	<u>395,899</u>	<u>812,545</u>	<u>110,130</u>	<u>2,230</u>	<u>9,718</u>	<u>27,508</u>	<u>129,003</u>	<u>-</u>	<u>170,714</u>	<u>3,017</u>	<u>2,538,631</u>	<u>111,469</u>	<u>125,706</u>	<u>237,175</u>	<u>2,775,806</u>			
<b>TOTAL EXPENSES</b>	<u>\$ 1,207,483</u>	<u>\$ 603,013</u>	<u>\$ 902,783</u>	<u>\$ 242,660</u>	<u>\$ 2,230</u>	<u>\$ 9,718</u>	<u>\$ 27,508</u>	<u>\$ 141,240</u>	<u>\$ 18,272</u>	<u>\$ 188,811</u>	<u>\$ 3,017</u>	<u>\$ 3,346,735</u>	<u>\$ 380,803</u>	<u>\$ 414,668</u>	<u>\$ 795,471</u>	<u>\$ 4,142,206</u>			

**BALBOA PARK CONSERVANCY  
SUPPLEMENTARY SCHEDULE OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2017**

	Program Expenses										Supporting Services				
	Other Programs										Total Program Expenses	General and Administrative	Fundraising	Total Supporting Services	Total 2017
	Retail Operations	Facilities	Park Activation	Planning, Design and Outreach	Botanical Building	Cultural Landscape	Nate's Point	Wayfinding and Signage	Project Management	Tree Fund					
<b>Salaries and Related Expenses:</b>															
Salaries and wages	\$ 246,734	\$ 154,313	\$ 74,007	\$ 53,118	\$ -	\$ -	\$ -	\$ -	\$ 52,788	\$ -	\$ 580,960	\$ 186,444	\$ 201,848	\$ 388,292	\$ 969,252
Payroll taxes and employee benefits	78,664	57,994	8,696	16,030	-	-	-	-	3,940	-	165,324	42,580	37,116	79,696	245,020
Total Salaries and Related Expenses	<u>325,398</u>	<u>212,307</u>	<u>82,703</u>	<u>69,148</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>56,728</u>	<u>-</u>	<u>746,284</u>	<u>229,024</u>	<u>238,964</u>	<u>467,988</u>	<u>1,214,272</u>
<b>Nonsalary Related Expenses:</b>															
Accounting fees	-	-	-	-	-	-	-	-	-	-	-	14,700	-	14,700	14,700
Advertising and marketing	85	-	69,661	-	-	-	-	-	-	-	69,746	-	-	-	69,746
Banking expenses	22,213	-	-	818	-	-	-	-	-	-	23,031	645	2,751	3,396	26,427
Copier rental expense	1,068	-	2,813	-	-	-	-	-	-	-	3,881	1,440	-	1,440	5,321
Cost of sales	833,701	-	-	-	-	-	-	-	-	-	833,701	-	-	-	833,701
Depreciation	3,725	14,393	141	999	-	-	-	-	-	-	19,258	83	999	1,082	20,340
Donor recognition and cultivation	-	-	-	-	-	-	-	-	-	-	-	-	32,289	32,289	32,289
Dues and subscriptions	576	-	800	60	-	-	-	-	-	-	1,436	8,544	770	9,314	10,750
Employee discounts	13,298	-	-	-	-	-	-	-	-	-	13,298	-	-	-	13,298
Facilities maintenance	2,424	114,771	-	-	-	-	-	-	-	-	117,195	-	-	-	117,195
Fees and permits	134	960	863	-	-	-	-	-	-	-	1,957	1,608	-	1,608	3,565
Furniture, fixtures and equipment	4,614	6,212	1,518	2,631	-	-	-	-	-	-	14,975	6,958	7,110	14,068	29,043
Grants expense	261	-	-	92,804	-	-	-	-	-	-	93,065	-	-	-	93,065
Information technology	5,205	651	4,594	1,752	-	-	-	-	-	-	12,202	2,480	9,469	11,949	24,151
Insurance	-	-	-	-	-	-	-	-	-	-	-	9,098	-	9,098	9,098
Other expenses	223	155	-	35	-	-	-	-	-	-	413	1,073	55	1,128	1,541
Outside services	4,014	3,058	23,431	12,047	-	17,020	1,215	6,750	-	8,952	76,487	7,547	34,836	42,383	118,870
Postage and shipping	489	9	241	-	-	-	-	-	-	-	739	888	229	1,117	1,856
Printing	23,712	-	2,032	2,643	-	-	115	-	-	-	28,502	861	4,029	4,890	33,392
Project expenses	-	-	30,000	-	68,328	77	77	-	-	5,610	104,092	-	-	-	104,092
Rent	-	90,930	-	-	-	-	-	-	-	-	90,930	-	-	-	90,930
Seminars and training	140	-	-	-	-	-	-	-	-	-	140	1,638	26,556	28,194	28,334
Supplies	11,656	152	1,859	599	-	-	-	-	-	-	14,266	3,893	701	4,594	18,860
Telecommunications	4,404	5,959	384	784	-	-	-	-	-	-	11,531	1,571	1,104	2,675	14,206
Travel and meetings	1,433	46	480	9,648	-	-	-	-	-	-	11,607	22,118	14,771	36,889	48,496
Uniforms	1,700	1,995	-	-	-	-	-	-	-	-	3,695	-	-	-	3,695
Utilities	-	120,140	-	-	-	-	-	-	-	-	120,140	-	-	-	120,140
Volunteer expense	9,624	-	-	-	-	-	-	-	-	-	9,624	-	-	-	9,624
Total Nonsalary Related Expenses	<u>944,699</u>	<u>359,431</u>	<u>138,817</u>	<u>124,820</u>	<u>68,328</u>	<u>17,097</u>	<u>1,407</u>	<u>6,750</u>	<u>-</u>	<u>14,562</u>	<u>1,675,911</u>	<u>85,145</u>	<u>135,669</u>	<u>220,814</u>	<u>1,896,725</u>
<b>TOTAL EXPENSES</b>	<u>\$ 1,270,097</u>	<u>\$ 571,738</u>	<u>\$ 221,520</u>	<u>\$ 193,968</u>	<u>\$ 68,328</u>	<u>\$ 17,097</u>	<u>\$ 1,407</u>	<u>\$ 6,750</u>	<u>\$ 56,728</u>	<u>\$ 14,562</u>	<u>\$ 2,422,195</u>	<u>\$ 314,169</u>	<u>\$ 374,633</u>	<u>\$ 688,802</u>	<u>\$ 3,110,997</u>