



Sonnenberg & Company, CPAs

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Leonard C. Sonnenberg, CPA

**I Love A Clean San Diego
Audited Financial Statements
December 31, 2010**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
I Love A Clean San Diego

We have audited the accompanying statement of financial position of I Love A Clean San Diego (a nonprofit organization) as of December 31, 2010, and the related statements of activities, functional expenses and of cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of I Love A Clean San Diego, as of December 31, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Sonnenberg & Company, CPAs

April 15, 2011

I Love A Clean San Diego
Statement of Financial Position
December 31, 2010

ASSETS:

Operating Assets:

Cash and Cash Equivalents	\$	238,911
Accounts Receivable		56,326
Prepaid Expenses and Deposits		12,497
Total Operating Assets		307,733

Fixed Assets:

Property and Equipment		64,988
Less: Accumulated Depreciation		(33,285)
Total Fixed Assets		31,703

TOTAL ASSETS	\$	339,436
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LIABILITIES AND NET ASSETS:

Liabilities:

Accounts Payable	\$	3,896
Accrued Payroll and Related		30,270
Deferred Revenue		9,586
Total Liabilities		43,752

Net Assets:

Unrestricted		246,502
Temporarily Restricted		49,182
Total Net Assets		295,684

TOTAL LIABILITIES AND NET ASSETS	\$	339,436
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The Accompanying Notes are an Integral Part of these Financial Statements

I Love A Clean San Diego
Statement of Activities
For the Year Ended December 31, 2010

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE:			
Support:			
Contributions			
Cash	\$ 62,142	\$ 212,025	\$ 274,167
In-kind	359,182		359,182
Released from Use Restrictions	221,588	(221,588)	-
Total Support	642,913	(9,563)	633,350
Revenue:			
Contracts	490,667		490,667
Other Income	2,027		2,027
Total Revenue	492,694	-	492,694
 TOTAL SUPPORT AND REVENUE	 1,135,606	 (9,563)	 1,126,043
 EXPENSES:			
Program Services	872,512		872,512
Supporting Services:			
Management and General	175,446		175,446
Fund-raising	58,794		58,794
TOTAL EXPENSES	1,106,752	-	1,106,752
 CHANGE IN NET ASSETS	 \$ 28,854	 \$ (9,563)	 \$ 19,291
 NET ASSETS:			
AT BEGINNING OF YEAR	217,648	58,745	276,393
AT END OF YEAR	\$ 246,502	\$ 49,182	\$ 295,684

The Accompanying Notes are an Integral Part of these Financial Statements

I Love A Clean San Diego
Statement of Functional Expenses
For the Year Ended December 31, 2010

	<u>Program Services</u>	<u>Management & General</u>	<u>Fund- raising</u>	<u>Total</u>
EXPENSES:				
Personnel Expenses:				
Salaries and Wages	\$ 264,096	\$ 101,575	\$ 40,630	\$ 406,301
Payroll Taxes	22,475	8,644	3,458	34,577
Employee Benefits	13,742	5,285	2,114	21,141
Total Personnel Expenses	<u>300,313</u>	<u>115,505</u>	<u>46,202</u>	<u>462,020</u>
Other Expenses:				
Accounting and Audit		1,100		1,100
Advertising and Promotion	79,881	415	82	80,378
Conferences and Meetings	311	990	187	1,488
Depreciation	9,551			9,551
Direct Expenses - Cleanups	29,761		4	29,765
Direct Expenses - Outreach	26,372			26,372
Equipment	466	7,859		8,325
Information Technology	16,338	4,161		20,499
Insurance		10,702		10,702
In-kind	355,432			355,432
Miscellaneous		2,192	57	2,249
Occupancy	36,616	14,083	5,633	56,333
Office Supplies	328	877		1,205
Outside Services	500	2,040	5,944	8,484
Postage and Shipping	379	1,551	7	1,937
Storage		2,508		2,508
Telephone and Internet	5,824	8,365		14,189
Travel	10,440	3,098	678	14,216
Total Other Expenses	<u>572,199</u>	<u>59,941</u>	<u>12,592</u>	<u>644,733</u>
TOTAL EXPENSES	<u><u>\$ 872,512</u></u>	<u><u>\$ 175,446</u></u>	<u><u>\$ 58,794</u></u>	<u><u>\$ 1,106,752</u></u>

The Accompanying Notes are an Integral Part of these Financial Statements

I Love A Clean San Diego
Statement of Cash Flows
For the Year Ended December 31, 2010

CASH FLOW FROM OPERATING ACTIVITIES:

Change in Net Assets	\$ 19,291
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:	
Depreciation	9,551
Decrease (Increase) in:	
Accounts Receivable	1,909
Inventory	(2,324)
Deposits	-
Increase (Decrease) in:	
Accounts Payable	242
Accrued Payroll and Related	17,164
Deferred Revenue	5,105
Net Cash Provided by Operating Activities	50,938

CASH FLOW FROM INVESTING ACTIVITIES:

Additions of Property and Equipment	(13,894)
Net Cash (Used) by Investing Activities	(13,894)

Net Increase in Cash and Cash Equivalents: 37,044

Cash and Cash Equivalents at:	
BEGINNING OF YEAR	201,868
END OF YEAR	\$ 238,911

The Accompanying Notes are an Integral Part of these Financial Statements

I Love A Clean San Diego
Notes to the Financial Statements
For the year ended December 31, 2010

Note 1. Organization and Purpose

I Love A Clean San Diego (the Organization) is a pioneering leader in encouraging environmental awareness close to home. Known best for successful beach cleanups, the Organization spearheads a spectrum of environmental initiatives focusing on: resource conservation, waste reduction and recycling, community enhancement, and pollution prevention. Since its inception in 1954, the Organization has been the go-to organization for programs that enhance and conserve San Diego's environment.

The Organization is supported primarily through grants and contracts with the County of San Diego, City of San Diego, other local municipalities, and various private sources.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation

The Organization presents its financial statements on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Under the accrual basis, revenues are recorded when earned and expenses are recorded when incurred, resulting in related receivables and payables.

The costs of providing programs and other activities have been summarized on a functional basis in the statement of activities and the statement of functional expenses. Accordingly, certain costs have been allocated among program and supporting services (management and general, and fund-raising).

Accounting

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. That 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. Accordingly, all financial transactions have been recorded and reported by net asset class as follows:

Unrestricted. These generally result from revenues generated by receiving unrestricted contributions, providing services, and receiving interest from investments less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

Temporarily Restricted. The Organization reports gifts of cash and other assets as temporarily restricted support 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from program or capital restrictions.

I Love A Clean San Diego
Notes to the Financial Statements
For the year ended December 31, 2010

Note 2. Summary of Significant Accounting Policies (Continued)

Permanently Restricted. These net assets are restricted by donors who stipulate that resources are to be maintained permanently, but permit the Organization to expend all of the income (or other economic benefits) derived from the donated assets.

Property and Equipment

Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets. Maintenance and repair costs are charged to expense as incurred.

Cash and Cash Equivalents

The Organization has defined cash and cash equivalents as cash in banks and certificates of deposits with an original maturity of three months or less.

Donated Goods and Services

Contributions of donated goods are recorded at fair value at the date of donation. Donated services are recorded if they meet certain specified criteria: they either: (a) improve the value of a nonfinancial asset, or (b) require specialized skill, and are donated by someone who possess those skills, which would have had to be purchased if not donated.

Use of 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 effect reported amount assets, liabilities, revenues, and expenses as of the date and for the period presented.

Promises to Give (Pledges)

An unconditional promise to give is recorded as a receivable when the pledge is made, provided that it is reasonably certain to be collected and the amount is known.

Income Tax Status

The Organization is a not-for-profit organization exempt from federal income tax under Internal Revenue Code Section 501(c)(3) and exempt from state income taxes under Section 23701(d) of California's Revenue and Tax Code.

Date of Management's Review

Management has evaluated subsequent events through April 15, 2011, the date the financial statements were available to be issued.

I Love A Clean San Diego
Notes to the Financial Statements
For the year ended December 31, 2010

Note 3. Receivables

The Organization's receivables consist of grants and contracts outstanding at December 31, 2010 and are as follows:

County of San Diego	\$	26,844
City of Chula Vista		7,445
City of San Diego		6,784
California Coastal Commission		5,723
San Diego Coast Keeper		4,320
Other sources		<u>5,210</u>
Total Receivables	\$	<u>56,326</u>

The Organization's management has evaluated the accounts receivable to determine whether an allowance for doubtful accounts should be recorded and has deemed all outstanding receivables collectible. Therefore, no allowance has been recorded.

Note 4. Restricted Net Assets

As of December 31, 2010, the amounts of temporarily restricted net assets are as follows:

Cigarette Litter Prevention	\$	1,015
Coastal Cleanup Day		5,008
Creek to Bay Event		2,000
Environmental Education		7,438
Neighborhood Clean Watch		28,279
Other		<u>5,442</u>
Total Temporarily Restricted Net Assets	\$	<u>49,182</u>

Note 5. Donated Goods and Services

Donated Goods

During the year ended December 31, 2010 a substantial amount of the in-kind donations recorded on the financial statements consist of media spots contributed by a local cable network, recorded at the retail value of \$285,000.

Donated Services

The Organization did not have any donated services in 2010 that qualified per generally accepted accounting principles to be valued and recorded on the face of the financial statements. Nonetheless, the Organization used 81,531 volunteer hours in beach cleanups and other program activities.

I Love A Clean San Diego
Notes to the Financial Statements
For the year ended December 31, 2010

Note 6. Operating Lease Obligations

During the year ended December 31, 2010, the Organization obtained a 60-month lease at its new location for approximately 2,407 square feet of cubicle and office space within a shared suite environment. Rent expense during 2010 was \$42,475. The remaining lease obligation is as follows:

For the year ended December 31,		
2011	\$	43,888
2012		45,302
2013		47,174
2014		47,646
2015		41,671
Total Lease Obligation	\$	<u>225,681</u>