



# Sonnenberg & Company, CPAs

A Professional Corporation

5190 Governor Drive, Suite 201, San Diego, California 92122

Phone: (858) 457-5252 • (800) 464-4HOA • Fax: (858) 457-2211 • (800) 303-4FAX



Leonard C. Sonnenberg, CPA

## I Love A Clean San Diego Financial Statements December 31, 2011

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## INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

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

We have compiled the accompanying statement of financial position of I Love A Clean San Diego (a nonprofit organization) as of December 31, 2011, and the related statements of activities functional expense and cash flows for the year then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

March 21, 2012

Sonnenberg & Company, CPAs

**I Love A Clean San Diego**  
**Statement of Financial Position**  
December 31, 2011

ASSETS:

Operating Assets:

Cash and Cash Equivalents	\$ 243,138
Accounts Receivable	111,932
Prepaid Expenses and Deposits	<u>13,558</u>
Total Operating Assets	<u>368,628</u>

Fixed Assets:

Property and Equipment	64,822
Less: Accumulated Depreciation	<u>(35,953)</u>
Total Fixed Assets	<u>28,869</u>

TOTAL ASSETS	<u>\$ 397,497</u>
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LIABILITIES AND NET ASSETS:

Liabilities:

Accounts Payable	\$ 8,236
Accrued Payroll and Related	39,258
Deferred Revenue	<u>6,624</u>
Total Liabilities	<u>54,118</u>

Net Assets:

Unrestricted	324,603
Temporarily Restricted	<u>18,776</u>
Total Net Assets	<u>343,379</u>

TOTAL LIABILITIES AND NET ASSETS	<u>\$ 397,497</u>
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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, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>SUPPORT AND REVENUE:</b>			
Contributions	\$ 245,098	\$ 7,500	\$ 252,598
Grants & contracts - government	392,632		392,632
Grants & contracts - private	12,559	64,861	77,420
In-kind	406,409		406,409
Other Income	7,778		7,778
Released from use restrictions	<u>102,767</u>	<u>(102,767)</u>	<u>-</u>
<b>TOTAL SUPPORT AND REVENUE</b>	<u>1,167,243</u>	<u>(30,406)</u>	<u>1,136,837</u>
 <b>EXPENSES:</b>			
Program services	870,485		870,485
Supporting services:			
Management and general	143,556		143,556
Fund-raising	<u>75,101</u>		<u>75,101</u>
<b>TOTAL EXPENSES</b>	<u>1,089,142</u>	<u>-</u>	<u>1,089,142</u>
 <b>CHANGE IN NET ASSETS</b>	 \$ 78,101	 \$ (30,406)	 \$ 47,695
 <b>NET ASSETS:</b>			
AT BEGINNING OF YEAR	<u>246,502</u>	<u>49,182</u>	<u>295,684</u>
AT END OF YEAR	<u>\$ 324,603</u>	<u>\$ 18,776</u>	<u>\$ 343,379</u>

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, 2011**

	<u>Program Services</u>	<u>Management &amp; General</u>	<u>Fund- raising</u>	<u>Total</u>
<b>EXPENSES:</b>				
<b>Personnel Expenses:</b>				
Salaries and Wages	\$ 295,007	\$ 73,552	\$ 52,459	\$ 421,018
Payroll Taxes	26,814	6,685	4,768	38,267
Employee Benefits	<u>15,717</u>	<u>3,919</u>	<u>2,795</u>	<u>22,431</u>
Total Personnel Expenses	337,538	84,156	60,022	481,716
<b>Other Expenses:</b>				
Accounting and Audit		5,950		5,950
Advertising and Promotion	17,930	150	31	18,111
Conferences and Meetings	430	489	4,307	5,226
Depreciation	8,908			8,908
Direct Expenses - Cleanups	15,964			15,964
Direct Expenses - Outreach	17,243			17,243
Equipment	387	6,067		6,454
Information Technology	10,166	1,794		11,960
Insurance		11,772		11,772
In-kind	402,525	2,635	1,249	406,409
Miscellaneous	946	2,171	3,405	6,522
Occupancy	25,968	9,988	3,994	39,950
Office Supplies	633	941		1,574
Outside Services	16,596	7,205	400	24,201
Postage and Shipping	608	1,406		2,014
Telephone and Internet	3,386	5,079	641	9,106
Travel	<u>11,257</u>	<u>3,753</u>	<u>1,052</u>	<u>16,062</u>
Total Other Expenses	<u>532,947</u>	<u>59,400</u>	<u>15,079</u>	<u>607,426</u>
<b>TOTAL EXPENSES</b>	<u>\$ 870,485</u>	<u>\$ 143,556</u>	<u>\$ 75,101</u>	<u>\$ 1,089,142</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, 2011**

<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>	
Change in Net Assets	\$ 47,695
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:	
Depreciation	8,908
Disposal of Assets	(6,240)
Decrease (Increase) in:	
Accounts Receivable	(55,606)
Prepaid Expenses and Deposits	(1,061)
Deposits	-
Increase (Decrease) in:	
Accounts Payable	4,340
Accrued Payroll and Related	8,988
Deferred Revenue	<u>(2,962)</u>
Net Cash Provided by Operating Activities	<u>4,061</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>	
Additions of Property and Equipment	<u>165</u>
Net Cash Provided by Investing Activities	<u>165</u>
Net Increase in Cash and Cash Equivalents:	4,226
Cash and Cash Equivalents at:	
BEGINNING OF YEAR	<u>238,911</u>
END OF YEAR	<u>\$ 243,138</u>

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, 2011

**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, 2011

**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.

**I Love A Clean San Diego**  
Notes to the Financial Statements  
For the year ended December 31, 2011

**Note 3.      Receivables**

The Organization's receivables consist of grants and contracts outstanding at December 31, 2011 and are as follows:

County of San Diego	\$	62,360
City of Chula Vista		12,998
City of San Diego		13,107
California Coastal Commission		5,592
San Diego Coast Keeper		14,349
Other sources		3,526
<b>Total Receivables</b>	<b>\$</b>	<b><u>111,932</u></b>

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, 2011, the amounts of temporarily restricted net assets are as follows:

Ellen Browning Scripps Foundation	\$	7,540
Creek to Bay		6,000
Nearby Nature Program		3,736
Heller Foundation		1,500
<b>Total Temporarily Restricted Net Assets</b>	<b>\$</b>	<b><u>18,776</u></b>

**Note 5.      Donated Goods and Services**

Donated Goods

During the year ended December 31, 2011 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 \$342,300.

Donated Services

The Organization did not have any donated services in 2011 that qualified per generally accepted accounting principles to be valued and recorded on the face of the financial statements. Nonetheless, the Organization used 71,602 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, 2011

**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 2011 was \$39,600. The remaining lease obligation is as follows:

For the year ended December 31,	
2012	45,302
2013	47,174
2014	47,646
2015	41,671
<b>Total Lease Obligation</b>	<b>\$ <u>181,793</u></b>