



# Sonnenberg & Company, CPAs

A Professional Corporation

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Leonard C. Sonnenberg, CPA

## I Love A Clean San Diego Financial Statements December 31, 2012

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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, 2012, and the related statements of activities, functional expenses 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.

Sonnenberg & Company, CPAs

February 27, 2013

**I Love A Clean San Diego**  
Statement of Financial Position  
December 31, 2012

ASSETS:

Operating Assets:	
Cash and Cash Equivalents	\$ 365,125
Accounts Receivable	99,814
Prepaid Expenses and Deposits	12,391
Total Operating Assets	<u>477,330</u>
Fixed Assets:	
Property and Equipment	70,538
Less: Accumulated Depreciation	<u>(42,657)</u>
Total Fixed Assets	<u>27,881</u>
 TOTAL ASSETS	 \$ <u><u>505,211</u></u>

LIABILITIES AND NET ASSETS:

Liabilities:	
Accounts Payable	\$ 15,258
Accrued Payroll and Related	64,663
Deferred Revenue	16,700
Total Liabilities	<u>96,621</u>
Net Assets:	
Unrestricted	373,564
Temporarily Restricted	<u>35,026</u>
Total Net Assets	<u>408,590</u>
 TOTAL LIABILITIES AND NET ASSETS	 \$ <u><u>505,211</u></u>

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, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>SUPPORT AND REVENUE:</b>			
Contributions	\$ 301,167	\$ 12,176	\$ 313,343
Grants & contracts - government	458,572		458,572
Grants & contracts - private	45,996	22,850	68,846
In-kind	274,774		274,774
Other Income	27,651		27,651
Released from use restrictions	<u>18,776</u>	<u>(18,776)</u>	<u>-</u>
<b>TOTAL SUPPORT AND REVENUE</b>	<u>1,126,936</u>	<u>16,250</u>	<u>1,143,186</u>
 <b>EXPENSES:</b>			
Program services	859,302		859,302
Supporting services:			
Management and general	109,843		109,843
Fund-raising	<u>108,830</u>		<u>108,830</u>
<b>TOTAL EXPENSES</b>	<u>1,077,975</u>	<u>-</u>	<u>1,077,975</u>
 <b>CHANGE IN NET ASSETS</b>	 \$ 48,961	 \$ 16,250	 \$ 65,211
 <b>NET ASSETS:</b>			
AT BEGINNING OF YEAR	<u>324,603</u>	<u>18,776</u>	<u>343,379</u>
AT END OF YEAR	<u>\$ 373,564</u>	<u>\$ 35,026</u>	<u>\$ 408,590</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, 2012

	Program Services	Management & General	Fund- raising	Total
<b>EXPENSES:</b>				
Personnel Expenses:				
Salaries and Wages	\$ 332,672	\$ 53,265	\$ 66,616	\$ 452,553
Payroll Taxes	30,815	4,934	6,170	41,919
Employee Benefits	18,393	2,945	3,683	25,021
Total Personnel Expenses	381,880	61,144	76,469	519,493
Other Expenses:				
Accounting		3,150		3,150
Advertising and Promotion	74,472	573	1,540	76,585
Conferences and Meetings	1,724	415	2,393	4,532
Depreciation	7,625			7,625
Direct Expenses - Cleanups	31,409			31,409
Direct Expenses - Outreach	7,749			7,749
Equipment	1,624	5,037		6,661
Information Technology	11,332	2,936	1,921	16,189
Insurance		12,317		12,317
In-kind	264,111	1,326	9,337	274,774
Miscellaneous	2,149	3,272	7,876	13,297
Occupancy	28,244	10,863	4,345	43,452
Office Supplies	729	1,693		2,422
Outside Services	28,163	851	2,992	32,006
Postage and Shipping	643	1,120	135	1,898
Telephone and Internet	2,632	2,068	268	4,968
Travel	14,816	3,078	1,554	19,448
Total Other Expenses	477,422	48,699	32,361	558,482
<b>TOTAL EXPENSES</b>	<b>\$ 859,302</b>	<b>\$ 109,843</b>	<b>\$ 108,830</b>	<b>\$ 1,077,975</b>

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, 2012

<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		-
Change in Net Assets		\$ 65,211
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation		6,704
Decrease (Increase) in:		
Accounts Receivable		12,118
Prepaid Expenses and Deposits		1,167
Increase (Decrease) in:		
Accounts Payable		7,022
Accrued Payroll and Related		25,405
Deferred Revenue		<u>10,076</u>
Net Cash Provided by Operating Activities		<u>127,703</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Additions of Property and Equipment		<u>(5,716)</u>
Net Cash (used) by Investing Activities		<u>(5,716)</u>
Net Increase in Cash and Cash Equivalents:		121,987
Cash and Cash Equivalents at:		
BEGINNING OF YEAR		<u>243,138</u>
END OF YEAR		<u><u>\$ 365,125</u></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, 2012

**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. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

**I Love A Clean San Diego**  
Notes to the Financial Statements  
For the year ended December 31, 2012

**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, 2012

**Note 3.      Receivables**

The Organization's receivables consist of grants and contracts outstanding at December 31, 2012 and are as follows:

County of San Diego	\$	60,652
City of Chula Vista		8,873
City of San Diego		17,618
California Coastal Commission		5,299
Other sources		7,372
<b>Total Receivables</b>	<b>\$</b>	<b><u>99,814</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, 2012, the amounts of temporarily restricted net assets are as follows:

Ellen Browning Scripps Foundation	\$	9,651
SDG&E		11,574
Creek to Bay		8,000
Clean Beach Coalition		4,176
Sundt Foundation		1,625
<b>Total Temporarily Restricted Net Assets</b>	<b>\$</b>	<b><u>35,026</u></b>

**Note 5.      Donated Goods and Services**

Donated Goods

During the year ended December 31, 2012 a substantial amount of the in-kind donations recorded on the financial statements consist of media spots contributed by local radio and television stations, recorded at the retail value of \$130,675.

Donated Services

The Organization did not have any donated services in 2012 that qualified per generally accepted accounting principles to be valued and recorded on the face of the financial statements. Nonetheless, the Organization used 76,513 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, 2012

**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 2012 was \$41,371. The remaining lease obligation is as follows:

For the year ended December 31,	
2013	47,174
2014	47,646
2015	41,671
<b>Total Lease Obligation</b>	<b>\$ <u>136,491</u></b>