



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

Accountant's Compilation Report

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

Management is responsible for the accompanying financial statements of I Love A Clean San Diego (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America.

We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

March 3, 2016


Sonnenberg & Company, CPAs



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 Compiled Financial Statements December 31, 2015

Table of Contents

	<u>Page</u>
Accountant's Compilation report	1
FINANCIAL STATEMENTS	
Statements of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statements of Cash Flows	5
Notes to the Financial Statements	6 - 10

I Love A Clean San Diego
Statement of Financial Position
December 31, 2015

ASSETS:

Operating Assets:	
Cash and Cash Equivalents	\$ 430,950
Investments	150,731
Accounts Receivable	120,587
Prepaid Expenses and Deposits	12,561
Inventory	8,232
Total Operating Assets	723,061
Fixed Assets:	
Property and Equipment	87,004
Less: Accumulated Depreciation	(56,739)
Total Fixed Assets	30,265
TOTAL ASSETS	\$ 753,326

LIABILITIES AND NET ASSETS:

Liabilities:	
Accounts Payable	\$ 43,486
Accrued Payroll and Related	68,827
Deferred Revenue	13,250
Total Liabilities	125,563
Net Assets:	
Unrestricted	568,512
Unrestricted - Board Designated	8,518
Temporarily Restricted	50,733
Total Net Assets	627,763
TOTAL LIABILITIES AND NET ASSETS	\$ 753,326

See accompanying notes and accountant's compilation report

I Love A Clean San Diego
Statement of Activities
For the Year Ended December 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE:			
Contributions	\$ 320,251	\$	\$ 320,251
Grants & Contracts - Government	602,736		602,736
Grants & Contracts - Private	61,672	86,500	148,172
In-Kind	217,735		217,735
Special Events	17,138		17,138
Less: Direct Expenses	(5,024)		(5,024)
Merchandise Sales	4,263		4,263
Less: Cost of Goods Sold	(3,282)		(3,282)
Other Income	23,153		23,153
Released from Use Restrictions	66,173	(66,173)	-
TOTAL SUPPORT AND REVENUE	<u>1,304,815</u>	<u>20,327</u>	<u>1,325,142</u>
 EXPENSES:			
Program Services	885,440		885,440
Supporting Services:			
Management and General	151,811		151,811
Fund-raising	148,461		148,461
TOTAL EXPENSES	<u>1,185,712</u>	<u>-</u>	<u>1,185,712</u>
 CHANGE IN NET ASSETS	 \$ 119,103	 \$ 20,327	 \$ 139,430
 NET ASSETS:			
AT BEGINNING OF YEAR	<u>457,927</u>	<u>30,406</u>	<u>488,333</u>
AT END OF YEAR	<u>\$ 577,030</u>	<u>\$ 50,733</u>	<u>\$ 627,763</u>

See accompanying notes and accountant's compilation report

I Love A Clean San Diego
Statement of Functional Expenses
For the Year Ended December 31, 2015

	<u>Program Services</u>	<u>Management & General</u>	<u>Fund- raising</u>	<u>Total</u>
EXPENSES:				
Personnel Expenses:				
Salaries and Wages	\$ 440,195	\$ 66,419	\$ 79,609	\$ 586,223
Payroll Taxes	38,205	5,765	6,909	50,879
Employee Benefits	35,761	5,397	6,467	47,625
Total Personnel Expenses	<u>514,161</u>	<u>77,581</u>	<u>92,985</u>	<u>684,727</u>
Other Expenses:				
Accounting		3,150		3,150
Advertising and Promotion	17,152	2,273	5,592	25,017
Conferences and Meetings	3,067	11,651	1,272	15,990
Depreciation	4,264	4,264		8,528
Direct Expenses - Cleanups	30,412			30,412
Direct Expenses - Outreach	12,825			12,825
Equipment	15,383	10,665	1,298	27,346
Information Technology	8,516	2,059	4,748	15,323
Insurance	2,325	11,302		13,627
In-kind	195,248	1,940	20,548	217,736
Miscellaneous	5,619	4,175	1,372	11,166
Occupancy	36,704	18,352	6,117	61,173
Office Supplies	1,278	1,488	1,804	4,570
Outside Services	16,013	1,413	8,965	26,391
Postage and Shipping	467	284	850	1,601
Travel	22,006	1,214	2,910	26,130
Total Other Expenses	<u>371,279</u>	<u>74,230</u>	<u>55,476</u>	<u>500,985</u>
TOTAL EXPENSES	<u>\$ 885,440</u>	<u>\$ 151,811</u>	<u>\$ 148,461</u>	<u>\$ 1,185,712</u>

See accompanying notes and accountant's compilation report

I Love A Clean San Diego
Statement of Cash Flows
For the Year Ended December 31, 2015

CASH FLOW FROM OPERATING ACTIVITIES:	
Change in Net Assets	\$ 139,430
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:	
Depreciation	8,529
Decrease (Increase) in:	
Investments	(50,536)
Accounts Receivable	(27,185)
Prepaid Expenses and Deposits	1,056
Inventory	314
Increase (Decrease) in:	
Accounts Payable	16,423
Accrued Payroll and Related	6,712
Deferred Revenue	500
Net Cash Provided by Operating Activities	95,243
CASH FLOW FROM INVESTING ACTIVITIES:	
Additions of Property and Equipment	(21,631)
Net Cash (Used) by Investing Activities	(21,631)
Net Change in Cash and Cash Equivalents:	73,612
Cash and Cash Equivalents at:	
BEGINNING OF YEAR	357,338
END OF YEAR	\$ 430,950

See accompanying notes and accountant's compilation report

I Love A Clean San Diego
Notes to the Financial Statements
For the year ended December 31, 2015

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 accounting principles generally accepted in the United States of America. 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. The Board of Directors has designated \$8,518 for strategic initiatives.

I Love A Clean San Diego
Notes to the Financial Statements
For the year ended December 31, 2015

Note 2. Summary of Significant Accounting Policies (Continued)

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. The Organization had temporarily restricted net assets of \$50,733 at December 31, 2015.

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. The Organization had no permanently restricted net assets at December 31, 2015.

Property and Equipment

Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. The Organizations policy is to capitalize acquisitions valued greater than \$600 with a useful life of one year or more. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets as follows:

Computer Equipment	5 years
Vehicles	7 years
Furniture	10 years

Maintenance and repair costs are charged to expense as incurred.

Impairment of Long-lived Assets

The Organization evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the estimated future cash flows (undiscounted and without interest charges) from the use of an asset are less than the carrying value, a write-down will be recorded to reduce the related asset to its estimated fair value. To date, no such write-downs have occurred.

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.

I Love A Clean San Diego
Notes to the Financial Statements
For the year ended December 31, 2015

Note 2. Summary of Significant Accounting Policies (Continued)

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 the reported amounts of assets, liabilities, revenues, and expenses as of the date of the financial statements and for the period presented. Actual results could differ from those estimates.

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 exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California State Revenue and Taxation Code. Accordingly, no provision for income taxes is included in the accompanying financial statements.

The Organization has reviewed its position for all open tax years and believes 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 Organization's federal and state Exempt Organization Tax Returns are subject to examination, generally for three years after they were filed.

Note 3. Concentrations

The Organization maintains bank accounts at two banking institutions. Accounts at one institution are insured by the Federal Deposit Insurance Corporation, and the others are insured by the National Credit Union Administration, both up to \$250,000. At times, the Organizations bank accounts may exceed federally insured deposit limits. The Organization has not experienced any losses in such accounts.

I Love A Clean San Diego
Notes to the Financial Statements
For the year ended December 31, 2015

Note 4. Receivables

The Organization's receivables consist of grants and contracts outstanding at December 31, 2015 and are as follows:

County of San Diego	\$	40,971
City of Chula Vista		28,374
City of San Diego		20,409
California Coastal Commission		7,206
Network for Good		4,229
City of La Mesa		2,902
Port of San Diego		1,721
City of Lemon Grove		1,344
Other sources		13,431
Total Receivables	\$	<u>120,587</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 5. Temporarily Restricted Net Assets

As of December 31, 2015, the amounts of temporarily restricted net assets are as follows:

	Balance		Received		Used		Balance
	12/31/14		2015		2015		12/31/15
Carlsbad Charitable	\$ 14,533	\$	13,500	\$	(25,603)	\$	2,430
Cox Communications	-		2,000		(800)		1,200
Ellen Browning Scripps Foundation	6,013		15,000		(19,513)		1,500
Escondido Charitable Foundation	-		17,000		(750)		16,250
Heller Foundation	-		2,500		-		2,500
Keep America Beautiful - CLPP	-		5,500		(4,247)		1,253
La Jolla Foundation	-		6,000		(2,000)		4,000
Qualcomm Foundation	5,000		10,000		(5,000)		10,000
SDG&E	4,860		15,000		(8,260)		11,600
Total	<u>\$ 30,406</u>	\$	<u>86,500</u>	\$	<u>(66,173)</u>	\$	<u>50,733</u>

I Love A Clean San Diego
Notes to the Financial Statements
For the year ended December 31, 2015

Note 6. Donated Goods and Services

Donated Goods

During the year ended December 31, 2015 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 \$100,000, and program material and equipment of \$117,735. Total in-kind contributions were \$217,735 for the year ended December 31, 2015.

Donated Services

The Organization did not have any donated services in 2015 that qualified per generally accepted accounting principles to be valued and recorded on the face of the financial statements. Nonetheless, the Organization used 85,242 volunteer hours in beach cleanups and other program activities.

Note 7. Operating Lease Obligations

The Organization leases approximately 2,407 square feet of cubicle and office space within a shared suite environment. The lease is for a 3 year term expiring October 31, 2018. Rent expense during 2015 was \$53,329. The annual lease obligation for future years is as follows:

For the year ending December 31,

2016	\$	58,183
2017		62,602
2018		<u>55,237</u>
Total	\$	<u><u>176,022</u></u>

Note 8. Date of Management's Review

The Organization has evaluated subsequent events through March 3, 2016 the date the financial statements were available to be issued. Management is not aware of any subsequent events that would require adjustment to, or disclosure in, the financial statements.