



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, 2017

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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, 2017, 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.

Sonnenberg & Company, CPAs

March 16, 2018

I Love A Clean San Diego
Statement of Financial Position
December 31, 2017

ASSETS:

Operating Assets:

Cash and Cash Equivalents	\$ 233,953
Investments	412,782
Accounts Receivable	184,928
Prepaid Expenses and Deposits	16,529
Inventory	6,598
Total Operating Assets	<u>854,790</u>

Fixed Assets:

Property and Equipment	138,450
Less: Accumulated Depreciation	<u>(75,650)</u>
Total Fixed Assets	<u>62,800</u>

TOTAL ASSETS \$ 917,590

LIABILITIES AND NET ASSETS:

Liabilities:

Accounts Payable	\$ 30,304
Accrued Payroll and Related	96,195
Deferred Revenue	-
Total Liabilities	<u>126,499</u>

Net Assets:

Unrestricted	644,550
Unrestricted - Board Designated	89,558
Temporarily Restricted	56,983
Total Net Assets	<u>791,091</u>

TOTAL LIABILITIES AND NET ASSETS \$ 917,590

See accompanying notes and accountant's compilation report

I Love A Clean San Diego
Statement of Activities
For the Year Ended December 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE:			
Contributions	\$ 462,054	\$	\$ 462,054
Grants & Contracts - Government	620,565		620,565
Grants & Contracts - Private	63,133	75,500	138,633
In-Kind	199,617		199,617
Special Events	27,833		27,833
Less: Direct Expenses	(6,992)		(6,992)
Merchandise Sales	3,263		3,263
Less: Cost of Goods Sold	(3,148)		(3,148)
Investment Income	5,063		5,063
Unrealized Gain (loss) on investments	2,530		2,530
Other Income	25,420		25,420
Released from Use Restrictions	59,027	(59,027)	-
TOTAL SUPPORT AND REVENUE	<u>1,458,365</u>	<u>16,473</u>	<u>1,474,838</u>
 EXPENSES:			
Program Services	1,018,092		1,018,092
Supporting Services:			
Management and General	171,288		171,288
Fund-raising	199,046		199,046
TOTAL EXPENSES	<u>1,388,426</u>	<u>-</u>	<u>1,388,426</u>
 CHANGE IN NET ASSETS	 \$ 69,939	 \$ 16,473	 \$ 86,412
 NET ASSETS:			
AT BEGINNING OF YEAR	<u>664,169</u>	<u>40,510</u>	<u>704,679</u>
AT END OF YEAR	<u>\$ 734,108</u>	<u>\$ 56,983</u>	<u>\$ 791,091</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, 2017

	<u>Program Services</u>	<u>Management & General</u>	<u>Fund- raising</u>	<u>Total</u>
EXPENSES:				
Personnel Expenses:				
Salaries and Wages	\$ 511,267	\$ 73,795	\$ 121,108	\$ 706,170
Payroll Taxes	44,066	6,360	10,438	60,864
Employee Benefits	39,918	5,762	9,456	55,136
Total Personnel Expenses	<u>595,251</u>	<u>85,917</u>	<u>141,002</u>	<u>822,170</u>
Other Expenses:				
Accounting		5,650		5,650
Advertising and Promotion	43,314	190	5,087	48,591
Conferences and Meetings	1,879	5,265	2,000	9,144
Depreciation	8,815	7,052	1,763	17,630
Direct Expenses - Cleanups	32,550			32,550
Direct Expenses - Outreach	11,277			11,277
Equipment	17,689	5,464	2,886	26,039
Information Technology	19,534	4,738	5,453	29,725
Insurance	4,623	9,246	1,541	15,410
In-kind	168,433	8,264	22,919	199,616
Miscellaneous	7,178	4,055	2,426	13,659
Occupancy	42,185	21,093	7,031	70,309
Office Supplies	1,208	1,398	627	3,233
Outside Services	35,731	11,950	3,556	51,237
Travel	28,425	1,006	2,755	32,186
Total Other Expenses	<u>422,841</u>	<u>85,371</u>	<u>58,044</u>	<u>566,256</u>
TOTAL EXPENSES	\$ <u>1,018,092</u>	\$ <u>171,288</u>	\$ <u>199,046</u>	\$ <u>1,388,426</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, 2017

CASH FLOW FROM OPERATING ACTIVITIES:

Change in Net Assets	\$ 86,412
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:	
Depreciation	17,630
Unrealized Gain on Investments	(4,414)
Donated Securities	(81,110)
Decrease (Increase) in:	
Accounts Receivable	(96,839)
Prepaid Expenses and Deposits	(1,730)
Inventory	(1,138)
Increase (Decrease) in:	
Accounts Payable	18,573
Accrued Payroll and Related	12,162
Deferred Revenue	<u>(50,438)</u>
Net Cash (Used) by Operating Activities	<u>(100,892)</u>

CASH FLOW FROM INVESTING ACTIVITIES:

Additions of Property and Equipment	(30,242)
Proceeds from Sale of Investments	100,000
Purchase of Certificates of Deposit	<u>(100,000)</u>
Net Cash (Used) by Investing Activities	<u>(30,242)</u>

Net Change in Cash and Cash Equivalents: (131,134)

Cash and Cash Equivalents at:	
BEGINNING OF YEAR	<u>365,087</u>
END OF YEAR	<u><u>\$ 233,953</u></u>

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, 2017

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, City of Chula Vista and 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 \$89,558 for strategic initiatives.

I Love A Clean San Diego
Notes to the Financial Statements
For the year ended December 31, 2017

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 \$56,983 at December 31, 2017.

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, 2017.

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, 2017

Note 2. Summary of Significant Accounting Policies (Continued)

Investments

Certificates of deposit totaling \$329,141 are included in the accompanying financial statements. The certificates bear interest ranging from .4% to .8% and have maturities ranging from one to two years, with penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect on the financial statements.

During 2017, the Organization received a donation of stock. The stock is restricted for a period of ten years. Any income received on the stock is unrestricted and may be used at the Organizations discretion. The value of the stocks held at December 31, 2017 is \$83,640.

Certificates of deposit	\$ 329,142
Donation of stock	<u>83,640</u>
Total Investments	<u>\$ 412,782</u>

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined by the first-in, first-out method. When evidence exists that the net realizable value of inventory is lower than its cost, the difference is recognized as a loss in the statement of activities in the period in which it occurs.

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.

I Love A Clean San Diego
Notes to the Financial Statements
For the year ended December 31, 2017

Note 2. Summary of Significant Accounting Policies (Continued)

Income Tax Status (Continued)

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 three 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.

Note 4. Receivables

The Organization's receivables consist of grants and contracts outstanding at December 31, 2017 and are as follows:

County of San Diego	\$	87,952
City of San Diego		21,577
City of Chula Vista		17,577
California Coastal Commission		10,491
Port of San Diego		7,870
Network for Good		6,150
City of Encinitas		3,035
City of Vista		2,762
Other sources		27,514
Total Receivables	\$	<u><u>184,928</u></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.

I Love A Clean San Diego
Notes to the Financial Statements
For the year ended December 31, 2017

Note 5. Donated Goods and Services

Donated Goods

During the year ended December 31, 2017 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 \$81,500, and program materials and equipment of \$113,337. In-kind contributions for donated goods total \$194,837 for the year ended December 31, 2017.

Donated Services

During the year ended December 31, 2017, the Organization received in-kind legal services valued at \$4,780. The Organization used 57,799 volunteer hours in beach cleanups and other program activities.

In-kind contributions total \$199,617 for the year ended December 31, 2017.

Note 6. Temporarily Restricted Net Assets

As of December 31, 2017, the amounts of temporarily restricted net assets are as follows:

	<u>Balance</u> <u>12/31/16</u>	<u>Received</u> <u>2017</u>	<u>Used</u> <u>2017</u>	<u>Balance</u> <u>12/31/17</u>
Education	\$ 18,409	\$ 50,500	\$ (36,585)	\$ 32,324
Clean Beach Coalition	2,500	3,000	(2,500)	3,000
Kids Ocean Day	5,000	5,000	(5,341)	4,659
Creek to Bay	4,000	5,000	(4,000)	5,000
Other Clean ups	10,601	12,000	(10,601)	12,000
Total	<u>\$ 40,510</u>	<u>\$ 75,500</u>	<u>\$ (59,027)</u>	<u>\$ 56,983</u>

Note 7. Operating Lease Obligations

The Organization leases approximately 2,639 square feet of cubicle and office space within a shared suite environment. The lease is for a 4 year term expiring October 31, 2019. Rent expense during 2017 was \$64,358. The remaining lease obligation at December 31, 2017 is \$123,304.

I Love A Clean San Diego
Notes to the Financial Statements
For the year ended December 31, 2017

Note 8. Retirement Plan

During 2016, the Organization adopted a 403(b) plan effective January 1, 2016. All employees that work 1,000 hours or more are eligible to participate in the plan. Plan expenses were \$1,704 for the year ended December 31, 2017.

Note 9. Date of Management's Review

The Organization has evaluated subsequent events through March 16, 2018 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.