



Sonnenberg & Company, CPAs

A Professional Corporation

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Leonard C. Sonnenberg, CPA

**San Diego Coastkeeper
Reviewed Financial Statements
December 31, 2007**

Table of Contents

	<u>Pages No.</u>
ACCOUNTANT'S REVIEW REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Activities	3
Statement of Cash Flows	4
Statement of Functional Expenses	5
Notes to Financial Statements	6-8



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ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of
San Diego Coastkeeper

We have reviewed the accompanying statement of financial position of San Diego Coastkeeper, a non-profit corporation, as of December 31, 2007, and the related statements of activities, cash flows, and functional expenses for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the Organization's management.

A review consists principally of inquiries of personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with U.S. generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with U.S. generally accepted accounting principles.

Sonnenberg & Company, CPAs

May 6, 2008

San Diego Coastkeeper
Statement of Financial Position
December 31, 2007

	2007
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 28,893
Accounts/Pledges/Grants Receivable	234,226
Prepaid expenses	7,069
TOTAL CURRENT ASSETS	270,188
Property and Equipment	
Leasehold improvements	63,912
Furniture and equipment	100,790
Boat	49,166
	213,868
Less: Accumulated depreciation and amortization	(84,721)
	129,147
Deposits	
Endowment Fund	5,363
	65,131
TOTAL ASSETS	\$ 469,829
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable	\$ 72,250
Payroll liabilities	20,901
Deferred revenue	91,353
TOTAL CURRENT LIABILITIES	184,504
TOTAL LIABILITIES	184,504
NET ASSETS	
Unrestricted	10,551
Temporarily restricted	209,643
Permanently restricted	65,131
TOTAL NET ASSETS	285,325
TOTAL LIABILITIES AND NET ASSETS	\$ 469,829

See Accompanying Notes to Financial Statements and Accountant's Review Report

San Diego Coastkeeper
Statement of Activities
For the Fiscal Year Ended December 31, 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2007 Totals</u>
SUPPORT AND REVENUE				
Grants	\$ 361,963	\$ 279,933	\$	\$ 641,896
Event income, net of \$118,961 expenses	65,218			65,218
Donations, memberships, sponsorships	185,198	42,265		227,463
Interest & investment income	3,842		5,436	9,278
Other income	17,447			17,447
In-Kind revenue	60,686			60,686
Net Asset Released from Restrictions:				
Satisfied by payments	<u>324,782</u>	<u>(324,782)</u>		<u>0</u>
TOTAL SUPPORT AND REVENUE	1,019,136	(2,584)	5,436	1,021,988
EXPENSES:				
Program Services	777,286			777,286
Supporting Activities				0
Management and General	111,813			111,813
Fund-Raising	<u>64,412</u>			<u>64,412</u>
TOTAL EXPENSES	<u>953,511</u>	<u>0</u>	<u>0</u>	<u>953,511</u>
Change in Net Assets	\$ 65,625	\$ (2,584)	\$ 5,436	\$ 68,477
Net Assets at Beginning of Fiscal Year	<u>(55,074)</u>	<u>212,227</u>	<u>59,695</u>	<u>271,922</u>
Net Assets at End of Fiscal Year	<u>\$ 10,551</u>	<u>\$ 209,643</u>	<u>\$ 65,131</u>	<u>\$ 340,399</u>

See Accompanying Notes to Financial Statements and Accountant's Review Report

San Diego Coastkeeper
Statement of Cash Flows
For the Fiscal Year Ended December 31, 2007

	2007
CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in Net Assets	\$ 68,477
Adjustments to Reconcile Change in Net Assets to Net Cash Provided / (Used) by Operating Activities:	
Depreciation	23,145
Non-cash and restricted contributions	
(Increase) / Decrease in Current Assets:	
Accounts/Pledges/Grants Receivable	(137,820)
Prepaid expenses	1,929
Deposits	2,630
Endowment Fund	(5,436)
Increase / (Decrease) in Current Liabilities:	
Accounts payable	(10,034)
Payroll liabilities	5,119
Deferred revenue	90,147
Net Cash Provided by Operating Activities	38,157
CASH FLOWS FROM INVESTMENT ACTIVITIES:	
Purchase of Fixed Assets	(137,333)
Net Cash Provided / (Used) by Investing Activities	(137,333)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Net Cash Provided / (Used) by Financing Activities	_____
Net (Decrease) / Increase in Cash and Cash Equivalents	(99,176)
Cash and Cash Equivalents at:	
Beginning of Year	128,069
End of Year	\$ 28,893

See Accompanying Notes to Financial Statements and Accountant's Review Report

San Diego Coastkeeper
Statement of Functional Expenses
For the Fiscal Year Ended December 31, 2007

	SUPPORTING ACTIVITIES			2007 Totals
	Program Services	Management and General	Fundraising	
Payroll & Related Expenses				
Salaries and Wages	\$ 343,117	\$ 34,209	\$ 34,797	\$ 412,123
Payroll taxes	31,132	3,104	3,157	37,393
Other employee benefits	21,949	1,898	1,752	25,599
Total Payroll & Related	396,198	39,211	39,706	475,115
Operating Expenses:				
Accounting	6,283	47,125	9,425	62,833
Boat expenses	2,931	-	-	2,931
Continuing Education	55	2,055	-	2,110
Contract services	88,568	-	-	88,568
Environmental monitoring	11,834	-	-	11,834
Financing fees	-	2,231	507	2,738
Insurance	5,319	296	296	5,911
In-kind services	48,682	740	3,637	53,059
Lab services	4,418	-	-	4,418
Legal	36,500	-	-	36,500
Marketing	6,858	381	381	7,620
Meetings & conferences	3,197	178	178	3,553
Membership dues	4,862	270	270	5,402
Moving expense	1,013	549	169	1,731
Newsletter	5,566	-	864	6,430
Occupancy	32,953	5,819	1,920	40,692
Equipment rental & maint	3,252	181	181	3,614
Network & IT	15,924	1,873	937	18,734
Strategic planning	3,325	175	-	3,500
Computer/web consulting	9,360	146	309	9,815
Supplies	23,370	2,066	2,568	28,004
Postage and shipping	4,280	238	238	4,756
Printing and copying	8,063	448	448	8,959
Social & hospitality	7,189	399	399	7,987
Telephone	8,133	452	452	9,037
Travel	15,976	1,810	89	17,875
Taxes, licenses & permits	3,905	518	13	4,436
Depreciation	18,420	4,065	660	23,145
Other admin	852	587	765	2,204
Total Operating Expenses	381,088	72,602	24,706	478,396
Total Expenses	\$ 777,286	\$ 111,813	\$ 64,412	\$ 953,511

See Accompanying Notes to Financial Statements and Accountant's Review Report

San Diego Coastkeeper
Notes to Financial Statements
For the Year Ended December 31, 2007

Note 1. Organization and Purpose

San Diego Coastkeeper, a.k.a Coastkeeper (the Organization) is a nonprofit corporation that was organized in 1995 as San Diego Baykeeper to protect the region's bays, beaches, watersheds and ocean for people and wildlife that depend on them. The name was subsequently changed to San Diego Coastkeeper. The aim is to balance community outreach, education, and advocacy to promote stewardship of clean water and a healthy coastal ecosystem.

Coastkeeper operates the following programs:

- Beach Cleanups
- Community Events
- Education
- Harbor Safety
- Kelp Restoration & Monitoring
- Marine Protect Areas & Areas of Special Biological Significance
- Water Monitoring

Note 2. Summary of Significant Accounting Policies

The accompanying financial statements are presented in accordance with the AICPA Accounting and Audit Guide for Not-for-Profit Organizations. The financial statements are presented on the accrual basis in accordance with U.S. generally accepted accounting principles, whereby all revenue is recognized when earned and expenses are recognized when incurred.

The Organization follows Statement of Financial Accounting Standards (SFAS) No. 116, Accounting for Contributions Received and Contributions Made. Accordingly, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Temporarily restricted contributions which are received and expended during the year are included in unrestricted net assets at the Organization's fiscal year-end. All donor-restricted support is reported as an increase in temporarily or permanently net assets, depending on the nature of the restriction. When a restriction expires, (either when the stipulated time restriction or purpose restriction is accomplished) temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restriction.

The Organization's financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its SFAS No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

San Diego Coastkeeper
Notes to Financial Statements
For the Year Ended December 31, 2007

Note 2. Summary of Significant Accounting Policies (Continued)

Accounts Receivable – Accounts and grants receivable consists primarily of grants and conditional promises to give that are due in less than one year. No allowance for doubtful accounts is deemed necessary.

Deferred Revenue - In accordance with accrual accounting, cash received but not earned from grants deemed to be exchange transactions are accrued at year end.

Fixed Assets and Depreciation – Acquisitions of property and equipment of \$1,000 or more are capitalized on the financial statements and are recorded at cost or fair market value at date of donation. Depreciation is computed on the straight-line method over the estimated useful life of the assets. Expenditures for maintenance and repairs are charged against operations.

Contributed Services - A number of unpaid volunteers have made contributions of their time to assist the Organization's programs. The value of this contributed time is not reflected in the financial statements as it is not susceptible to objective measurement or valuation.

Cash and Cash Equivalents - According to the provisions of SFAS No. 95, *Statement of Cash Flows*, cash equivalents consist primarily of certificates of deposits with original maturities of 90 days or less. Securities with original maturities over 90 days are to be classified as short-term investments. The Organization considers all its bank accounts to consist of cash or cash equivalents.

Contributed Materials and Services – contributed materials are recorded at their fair market value where an objective basis is available to measure their value. Such items are capitalized or charged to operations as appropriate. The fair market value of contributed professional services is reported as support and expenses in the period in which the services are performed.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Note 3. Income Taxes

The Organization is a California not-for-profit corporation exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and California State Tax Code 23701(d), respectively.

San Diego Coastkeeper
Notes to Financial Statements
For the Year Ended December 31, 2007

Note 4. Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

Note 5. Lease of Facilities

Coastkeeper has lease agreements for its office premises, which expire on April 30, 2011. Rent expense was \$32,593 for the year ended December 31, 2007.

Future minimum lease payments under the agreement are as follows:

2008	\$ 31,244
2009	32,445
2010	34,048
2011	<u>35,650</u>
Total	<u>\$133,387</u>