

THE CORAL REEF ALLIANCE
(A California Nonprofit Public Benefit Corporation)

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

For the Years Ended
June 30, 2011 and 2010

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Coral Reef Alliance
San Francisco, California

We have audited the accompanying statements of financial position of The Coral Reef Alliance (a California nonprofit public benefit corporation) as of June 30, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Coral Reef Alliance as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements as a whole. The accompanying schedules of functional expenses are presented for the purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Doran & Associates

September 13, 2011

THE CORAL REEF ALLIANCE
(A California Nonprofit Public Benefit Corporation)

STATEMENTS OF FINANCIAL POSITION
June 30, 2011

	Unrestricted	Temporarily Restricted	Total
ASSETS			
Current assets:			
Cash and cash equivalents (Note 1)	\$ 128,770	\$ 66,374	\$ 195,144
Grants receivable, current portion (Note 2)	-	35,000	35,000
Pledges receivable, current portion, net of allowance for doubtful accounts (Note 2)	-	19,671	19,671
Accounts receivable (Note 2)	69,312	-	69,312
Prepaid expenses	<u>17,082</u>	<u>-</u>	<u>17,082</u>
Total current assets	215,164	121,045	336,209
Grants receivable, net of current portion (Note 2)	-	10,000	10,000
Pledges receivable, net of current portion and allowance for doubtful accounts (Note 2)	-	19,356	19,356
Rental deposit	7,488	-	7,488
Property and equipment, net of accumulated depreciation of \$17,335 (Notes 1 and 3)	<u>13,169</u>	<u>-</u>	<u>13,169</u>
Total assets	<u>\$ 235,821</u>	<u>\$ 150,401</u>	<u>\$ 386,222</u>
LIABILITIES AND NET ASSETS			
Current liabilities:			
Accounts payable	\$ 28,389	\$ -	\$ 28,389
Accrued expenses	46,001	-	46,001
Line of credit (Note 4)	<u>24,000</u>	<u>-</u>	<u>24,000</u>
Total liabilities	98,390	-	98,390
Net assets (Note 5)	<u>137,431</u>	<u>150,401</u>	<u>287,832</u>
Total liabilities and net assets	<u>\$ 235,821</u>	<u>\$ 150,401</u>	<u>\$ 386,222</u>

The accompanying notes are an integral part of these financial statements.

THE CORAL REEF ALLIANCE
(A California Nonprofit Public Benefit Corporation)

STATEMENTS OF FINANCIAL POSITION (CONTINUED)
June 30, 2010

	Unrestricted	Temporarily Restricted	Total
ASSETS			
Current assets:			
Cash and cash equivalents (Note 1)	\$ 118,759	\$ 172,358	\$ 291,117
Grants receivable, current portion (Note 2)	-	85,000	85,000
Pledges receivable, current portion, net of allowance for doubtful accounts (Note 2)	5,400	259,747	265,147
Accounts receivable (Note 2)	36,677	-	36,677
Prepaid expenses	<u>4,994</u>	<u>-</u>	<u>4,994</u>
Total current assets	165,830	517,105	682,935
Marketable equity securities (Note 6)	36,825	-	36,825
Grants receivable, net of current portion (Note 2)	-	20,000	20,000
Pledges receivable, net of current portion and allowance for doubtful accounts (Note 2)	-	38,713	38,713
Rental deposit	9,422	-	9,422
Property and equipment, net of accumulated depreciation of \$24,629 (Notes 1 and 3)	<u>16,960</u>	<u>-</u>	<u>16,960</u>
Total assets	<u>\$ 229,037</u>	<u>\$ 575,818</u>	<u>\$ 804,855</u>
LIABILITIES AND NET ASSETS			
Current liabilities:			
Accounts payable	\$ 21,831	\$ -	\$ 21,831
Accrued expenses	52,802	-	52,802
Deferred revenue	<u>2,823</u>	<u>-</u>	<u>2,823</u>
Total liabilities	77,456	-	77,456
Net assets (Note 5)	<u>151,581</u>	<u>575,818</u>	<u>727,399</u>
Total liabilities and net assets	<u>\$ 229,037</u>	<u>\$ 575,818</u>	<u>\$ 804,855</u>

The accompanying notes are an integral part of these financial statements.

THE CORAL REEF ALLIANCE
(A California Nonprofit Public Benefit Corporation)

STATEMENTS OF ACTIVITIES
For the year ended June 30, 2011

	Unrestricted	Temporarily Restricted	Total
SUPPORT, REVENUE AND TRANSFERS			
Public support:			
Foundation and government grants	\$ 419,697	\$ 175,209	\$ 594,906
Individual and corporate donations	446,073	-	446,073
In-kind contributions (Note 1)	<u>22,713</u>	<u>-</u>	<u>22,713</u>
Total public support	<u>888,483</u>	<u>175,209</u>	<u>1,063,692</u>
Revenue:			
Investment income (loss) (Note 6)	(1,366)	-	(1,366)
Program fees and other income	<u>45,470</u>	<u>-</u>	<u>45,470</u>
Total revenue	<u>44,104</u>	<u>-</u>	<u>44,104</u>
Temporarily restricted net assets released from restrictions (Note 7)	<u>600,626</u>	<u>(600,626)</u>	<u>-</u>
Total support, revenue and transfers	<u>1,533,213</u>	<u>(425,417)</u>	<u>1,107,796</u>
EXPENSES			
Program services	1,240,561	-	1,240,561
General and administrative	139,031	-	139,031
Fundraising	<u>167,771</u>	<u>-</u>	<u>167,771</u>
Total expenses	<u>1,547,363</u>	<u>-</u>	<u>1,547,363</u>
Change in net assets	(14,150)	(425,417)	(439,567)
Net assets, beginning of year	<u>151,581</u>	<u>575,818</u>	<u>727,399</u>
Net assets, end of year	<u>\$ 137,431</u>	<u>\$ 150,401</u>	<u>\$ 287,832</u>

The accompanying notes are an integral part of these financial statements.

THE CORAL REEF ALLIANCE
(A California Nonprofit Public Benefit Corporation)

STATEMENTS OF ACTIVITIES (CONTINUED)
For the year ended June 30, 2010

	Unrestricted	Temporarily Restricted	Total
SUPPORT, REVENUE AND TRANSFERS			
Public support:			
Foundation and government grants	\$ 258,407	\$ 260,150	\$ 518,557
Individual and corporate donations	582,782	398,000	980,782
In-kind contributions (Note 1)	<u>12,020</u>	<u>-</u>	<u>12,020</u>
Total public support	<u>853,209</u>	<u>658,150</u>	<u>1,511,359</u>
Revenue:			
Interest income (Note 6)	454	-	454
Program fees and other income	<u>56,061</u>	<u>-</u>	<u>56,061</u>
Total revenue	<u>56,515</u>	<u>-</u>	<u>56,515</u>
Temporarily restricted net assets released from restrictions (Note 7)	<u>659,663</u>	<u>(659,663)</u>	<u>-</u>
Total support, revenue and transfers	<u>1,569,387</u>	<u>(1,513)</u>	<u>1,567,874</u>
EXPENSES			
Program services	1,178,328	-	1,178,328
General and administrative	156,086	-	156,086
Fundraising	<u>228,338</u>	<u>-</u>	<u>228,338</u>
Total expenses	<u>1,562,752</u>	<u>-</u>	<u>1,562,752</u>
Change in net assets	6,635	(1,513)	5,122
Reclassification (Note 8)	(80,460)	80,460	-
Net assets, beginning of year	<u>225,406</u>	<u>496,871</u>	<u>722,277</u>
Net assets, end of year	<u>\$ 151,581</u>	<u>\$ 575,818</u>	<u>\$ 727,399</u>

The accompanying notes are an integral part of these financial statements.

THE CORAL REEF ALLIANCE
(A California Nonprofit Public Benefit Corporation)

STATEMENTS OF CASH FLOWS
For the years ended June 30, 2011 and 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	<u>\$ (439,567)</u>	<u>\$ 5,122</u>
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	3,791	4,057
Donated marketable equity securities	(1,031)	(42,938)
Realized loss on investments	1,549	-
Changes in assets and liabilities:		
Grants receivable	60,000	60,000
Pledges receivable	264,833	(177,960)
Accounts receivable	(32,635)	19,023
Prepaid expenses	(12,088)	38,419
Rental deposit	1,934	1,108
Accounts payable	6,558	(23,515)
Accrued expenses	(6,801)	(18,977)
Deferred revenue	<u>(2,823)</u>	<u>(42,522)</u>
Total adjustments	<u>283,287</u>	<u>(183,305)</u>
Net cash used by operating activities	<u>(156,280)</u>	<u>(178,183)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of marketable equity securities	<u>36,307</u>	<u>6,113</u>
Net cash provided by investing activities	<u>36,307</u>	<u>6,113</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from line of credit	<u>24,000</u>	<u>-</u>
Net cash provided by financing activities	<u>24,000</u>	<u>-</u>
Net decrease in cash and cash equivalents	(95,973)	(172,070)
Cash and cash equivalents, beginning of year	<u>291,117</u>	<u>463,187</u>
Cash and cash equivalents, end of year	<u>\$ 195,144</u>	<u>\$ 291,117</u>
Supplementary information:		
Non-cash transactions:		
Contributions of marketable equity securities	<u>\$ 1,031</u>	<u>\$ 42,938</u>
Cash paid for interest	<u>\$ 83</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

THE CORAL REEF ALLIANCE
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2011 and 2010

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - The Coral Reef Alliance (a California public benefit corporation) is a member-supported, non-profit organization, dedicated to protecting the health of coral reefs by integrating ecosystem management, sustainable tourism, and community partnerships. The organization works with communities to identify and solve conservation challenges; changes attitudes and behavior through education and training; provides resources to strengthen conservation efforts; and creates incentives for sustainable tourism. The Corporation's major sources of revenue are foundation and government grants and donations.

Basis of Presentation - Resources are classified for accounting and reporting purposes into three classes of net assets, according to externally imposed restrictions:

Unrestricted net assets - Net assets that are not subject to any donor-imposed restrictions. This class also includes restricted gifts whose donor-imposed restrictions were met during the fiscal year.

Temporarily restricted net assets - Net assets resulting (a) from contributions and other inflows of assets whose use by the Corporation is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Corporation pursuant to those stipulations, (b) from other asset enhancements and diminishments that are subject to the same kind of stipulations, and (c) from reclassification from (or to) other classes of net assets as a consequence of donor-imposed stipulations, their expiration by passage of time, or their fulfillment and removal by actions of the Corporation pursuant to those stipulations.

Permanently restricted net assets - Net assets resulting (a) from contributions and other inflows of assets whose use by the Corporation is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Corporation, (b) from other asset enhancements and diminishments that are subject to the same kinds of stipulations, and (c) from reclassification from (or to) other classes of net assets as a consequence of donor-imposed stipulations.

There were no permanently restricted net assets as of June 30, 2011 and 2010.

Method of Accounting - The financial statements of the Corporation are prepared using the accrual basis of accounting, which reflects revenue when earned and expenses as incurred.

Cash and Cash Equivalents - Cash is defined as cash in demand deposit accounts as well as cash on hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and investments so near their maturity that the risk of changes in value due to changes in interest rates is negligible. These are generally investments with maturity dates within three months of the acquisition date.

THE CORAL REEF ALLIANCE
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2011 and 2010

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions - Contributions are recognized when the donor makes a promise to give to the Corporation that is, in substance, unconditional. 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.

Property and Equipment - The Corporation records property and equipment at cost of acquisition, or, if donated, fair market value at date of donation. Depreciation is recognized using the straight-line method over the useful life of the assets, which range from 5 to 10 years. The Corporation capitalizes all property and equipment with a cost in excess of \$1,500.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes - The Corporation is exempt from federal and state taxes under Section 501(c)(3) of the Internal Revenue Service Code and Section 23701d of the California Revenue and Taxation Code, and is considered by the IRS to be an organization other than a private foundation. In the opinion of management, there is no unrelated business income.

Donated Services - Many individuals have donated significant amounts of time in furthering the Corporation's programs and objectives. No amounts have been included in the financial statements for these program-related donated services since no objective basis is available to measure the value of such services.

In-Kind Contributions - During the years ended June 30, 2011 and 2010, the Corporation received the benefit of certain in-kind goods and services, as follows:

	<u>2011</u>	<u>2010</u>
Executive search commission	\$ 15,000	\$ -
Video production service	-	5,000
Equipment	400	-
In-kind rent	<u>7,313</u>	<u>7,020</u>
	<u>\$ 22,713</u>	<u>\$ 12,020</u>

Advertising Costs - Advertising costs are expensed as incurred and totaled \$1,780 and \$2,179 for the years ended June 30, 2011 and 2010, respectively.

THE CORAL REEF ALLIANCE
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2011 and 2010

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events - Subsequent events have been evaluated through September 13, 2011, which is the date the financial statements were available to be issued.

New Accounting Principles, ASC 740-10, Accounting for Uncertainty in Income Taxes - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Corporation to report information regarding its exposure to various tax positions taken by the Corporation. The Corporation has determined whether any tax positions have met the recognition threshold and have measured the Corporation's exposure to those tax positions. Management believes that the Corporation has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal and state tax authorities generally have the right to examine and audit the previous three years of tax returns filed. Any interest or penalties assessed to the Corporation are recorded in operating expenses. No interest or penalties from federal or state tax authorities were recorded in the accompanying financial statements.

Reclassifications - Certain balances at, and for the year ended June 30, 2010, were reclassified to conform with June 30, 2011, balances.

NOTE 2 RECEIVABLES

The Corporation had recorded the following receivables as of June 30, 2011 and 2010:

<u>June 30, 2011:</u>	Current Portion	Long-term Portion	Total
Grants receivable	\$ 35,000	\$ 10,000	\$ 45,000
Pledges receivable	\$ 20,325	\$ 20,000	\$ 40,325
Less: allowance for doubtful accounts	654	644	1,298
	<u>\$ 19,671</u>	<u>\$ 19,356</u>	<u>\$ 39,027</u>
Accounts receivable, including completed government contracts billed	<u>\$ 69,312</u>	<u>\$ -</u>	<u>\$ 69,312</u>

THE CORAL REEF ALLIANCE
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2011 and 2010

NOTE 2 RECEIVABLES (Continued)

<u>June 30, 2010:</u>	Current Portion	Long-term Portion	Total
Grants receivable	<u>\$ 85,000</u>	<u>\$ 20,000</u>	<u>\$ 105,000</u>
Pledges receivable	\$ 273,960	\$ 40,000	\$ 313,960
Less: allowance for doubtful accounts	<u>8,813</u>	<u>1,287</u>	<u>10,100</u>
	<u>\$ 265,147</u>	<u>\$ 38,713</u>	<u>\$ 303,860</u>
Accounts receivable, including completed government contracts billed	<u>\$ 36,677</u>	<u>\$ -</u>	<u>\$ 36,677</u>

In the opinion of management, the allowance for doubtful accounts accurately reflects the expected collectibility of related receivables, and there is no material allowance for a present value discount on long-term receivables as of year-end.

NOTE 3 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2011 and 2010:

	Furniture and Leasehold Improvements	Equipment	Total
<u>Property and equipment, at cost</u>			
Balance, June 30, 2009	\$ 28,092	\$ 13,497	\$ 41,589
Additions	<u>-</u>	<u>-</u>	<u>-</u>
Balance, June 30, 2010	28,092	13,497	41,589
Disposals	<u>(4,396)</u>	<u>(6,689)</u>	<u>(11,085)</u>
Balance, June 30, 2011	<u>23,696</u>	<u>6,808</u>	<u>30,504</u>
<u>Accumulated depreciation</u>			
Balance, June 30, 2009	10,060	10,512	20,572
Depreciation expense	<u>3,128</u>	<u>929</u>	<u>4,057</u>
Balance, June 30, 2010	13,188	11,441	24,629
Depreciation expense	2,938	853	3,791
Disposals	<u>(4,396)</u>	<u>(6,689)</u>	<u>(11,085)</u>
Balance, June 30, 2011	<u>11,730</u>	<u>5,605</u>	<u>17,335</u>
Property and equipment, net	<u>\$ 11,966</u>	<u>\$ 1,203</u>	<u>\$ 13,169</u>

THE CORAL REEF ALLIANCE
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2011 and 2010

NOTE 4 LINE OF CREDIT

The Corporation has established a bank line of credit that provides for maximum borrowings of \$150,000 at an original interest rate of 8% per annum; the effective interest rate was 6.25% during fiscal years 2011 and 2010, which is based on the prime rate plus 3.0%. At June 30, 2011, the Corporation had drawn \$24,000 on the line of credit, and at June 30, 2010, the Corporation had no balance drawn on the line of credit.

NOTE 5 NET ASSETS

Unrestricted net assets:

The Corporation has unrestricted net assets that are not subject to donor imposed restrictions.

Temporarily restricted net assets:

Temporarily restricted net assets are restricted by time and/or purpose and consisted of the following at June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Time-restricted	\$ 60,325	\$ 388,460
Shark conservation	40,000	-
Fiji	25,000	-
Indonesia	7,325	-
Smithsonian exhibit	6,512	50,000
Belize	4,353	15,000
Resilience training	3,430	-
Reef signs	2,000	-
Park Buddy program	1,346	1,346
Microgrants	110	110
Mesoamerica CRSD	-	81,388
Raja Ampat	-	26,328
Saving Hawaii reefs	-	9,511
San Pedro	-	3,675
	<u>\$ 150,401</u>	<u>\$ 575,818</u>

THE CORAL REEF ALLIANCE
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2011 and 2010

NOTE 6 MARKETABLE EQUITY SECURITIES

The following are the major categories of marketable equity securities measured at fair value on a recurring basis during the year ended June 30, 2010, using quoted prices in active markets for identified assets (Level 1); significant other observable inputs (Level 2); and significant unobservable inputs (Level 3):

<u>Description</u>	<u>Fair Value Measurements at June 30, 2010, Using</u>			<u>Total</u>
	<u>Quoted Price in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	
Stocks	<u>\$ 36,825</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,825</u>

The following summarizes the investment income (loss), including amounts earned from interest-bearing bank accounts, during the years ended June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Interest and dividend income	\$ 183	\$ 454
Realized loss on investments	(1,549)	-
	<u>\$ (1,366)</u>	<u>\$ 454</u>

NOTE 7 TEMPORARILY RESTRICTED NET ASSETS RELEASED FROM RESTRICTIONS

The Corporation fulfilled the use restrictions of the following temporarily restricted items and they were released to unrestricted net assets during the years ended June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Time-restricted	\$ 328,135	\$ 130,000
Mesoamerica CRSD	135,597	204,455
Smithsonian exhibit	43,488	-
Raja Ampat	27,328	31,493
Fiji	25,000	-
Belize	23,647	16,977
Saving Hawaii reefs	9,511	15,488
San Pedro	3,675	-
Indonesia	2,675	-
Resilience training	1,570	-
Indo-Pacific Coral Reef		
Sustainable Destination (CRSD)	-	89,015
Deepening CRSD in Hawaii	-	74,085
Major gift campaign	-	50,000
Video and event	-	26,000
Changing Tides	-	17,150
Handbook printing	-	5,000
	<u>\$ 600,626</u>	<u>\$ 659,663</u>

THE CORAL REEF ALLIANCE
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2011 and 2010

NOTE 8 RECLASSIFICATION

During the year ended June 30, 2010, the Corporation identified three pledges receivable, time-restricted under Generally Accepted Accounting Principles, which were classified as unrestricted in a prior year. As a result, \$80,460 was reclassified to temporarily restricted net assets during the year ended June 30, 2010.

NOTE 9 COMMITMENTS AND CONTINGENCIES

On October 1, 2007, the Corporation entered into a seven year lease for office space in San Francisco, California. Under the terms of the lease, the Corporation is required to pay its proportionate share of property taxes and operating expenses. The lease provides for a base monthly rent of \$7,020, increasing to \$8,190 in the final year. During the years ended June 30, 2011 and 2010, the Corporation paid between \$7,020 and \$7,313 per month in rent.

The future minimum payments for base rent are as follows:

Year ending <u>June 30,</u>	
2012	\$ 90,383
2013	93,893
2014	97,403
2015	<u>24,570</u>
	<u>\$ 306,249</u>

NOTE 10 JOINT COSTS

The Corporation achieves some of its programmatic goals in newsletter mailings which include requests for contributions. In 2011 and 2010, the costs of these activities include \$59,469 and \$176,945, respectively, of joint costs that are not directly attributable to the program, fundraising, or management and general component of the activities. These joint costs were allocated \$38,112 and \$144,730 to program expenses, respectively, and \$21,357 and \$32,215, respectively, to fundraising expenses.

THE CORAL REEF ALLIANCE
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2011 and 2010

NOTE 11 RETIREMENT PLANS

Prior to January 1, 2008, the Corporation had a 403(b) deferred income plan for all employees who wished to participate. Voluntary contributions were made up to the extent permissible by law.

On January 1, 2008, the Corporation adopted a 401(k) retirement plan and trust for the benefit of its employees. All employees over the age of 21 that complete one month of service are eligible to participate. Employees must work at least 1,000 hours per year in order to receive employer matching contributions, which are discretionary. The Corporation contributed \$14,718 and \$15,405, respectively, to the plan on behalf of employees during the years ended June 30, 2011 and 2010.

NOTE 12 RISKS, UNCERTAINTIES AND CONCENTRATIONS

The Corporation relies on a significant amount of funding received in the form of donations and grants from individuals and foundations to support its operations. The current global financial markets and discussions of a U.S. economic downturn may have an impact on the level of funding provided by these funding sources. While it is impracticable to determine the impact of these events, management is taking steps to address potential changes in funding levels and reduce the Corporation's exposure to impact from these events.

NOTE 13 SUBSEQUENT EVENTS

On July 11, 2011, the Corporation hired a new Executive Director.

SUPPLEMENTARY INFORMATION

THE CORAL REEF ALLIANCE
(A California Nonprofit Public Benefit Corporation)

SCHEDULES OF FUNCTIONAL EXPENSES
For the year ended June 30, 2011

	Program Services	General and Administrative	Fundraising	Total
Salaries and wages	\$ 330,442	\$ 77,698	\$ 95,016	\$ 503,156
Payroll taxes	31,026	6,044	8,429	45,499
Benefits	34,573	20,377	14,366	69,316
Contributions to retirement plan	9,569	2,387	2,762	14,718
Legal services	564	882	130	1,576
Accounting services	-	10,355	-	10,355
Regional representatives	227,175	-	-	227,175
Other consultants	89,894	985	3,427	94,306
In-kind services and supplies	15,400	-	-	15,400
Community initiatives	89,741	-	-	89,741
Travel	160,538	1,974	766	163,278
Community training and workshops	54,039	-	-	54,039
Postage	8,136	277	7,693	16,106
Mailing services	10,405	-	2,169	12,574
Printing and production	57,773	411	7,722	65,906
Occupancy	75,442	7,041	9,217	91,700
Telecommunications	20,310	1,563	4,982	26,855
Supplies and equipment	14,538	1,182	1,434	17,154
Depreciation	3,036	331	424	3,791
Insurance	306	5,168	-	5,474
Bank charges	7,069	1,460	4,812	13,341
Other expenses	585	896	4,422	5,903
	<u>\$ 1,240,561</u>	<u>\$ 139,031</u>	<u>\$ 167,771</u>	<u>\$ 1,547,363</u>

THE CORAL REEF ALLIANCE
(A California Nonprofit Public Benefit Corporation)

SCHEDULES OF FUNCTIONAL EXPENSES (CONTINUED)
For the year ended June 30, 2010

	Program Services	General and Administrative	Fundraising	Total
Salaries and wages	\$ 383,345	\$ 99,224	\$ 118,296	\$ 600,865
Regional representatives	187,068	-	-	187,068
Other consultants	72,482	1,156	17,716	91,354
Travel	123,658	1,011	889	125,558
Payroll taxes and benefits	73,175	21,453	18,667	113,295
Printing and production	75,522	315	18,405	94,242
Occupancy	68,530	8,070	9,098	85,698
Community initiatives	64,208	-	-	64,208
Mailing services	37,387	-	11,366	48,753
Postage	26,806	364	9,201	36,371
Telecommunications	21,535	2,304	5,073	28,912
Audit and legal	5,277	11,776	7,394	24,447
Contributions to retirement plan	9,473	2,846	3,585	15,904
Supplies and equipment	9,442	877	3,741	14,060
Community training and workshops	11,047	-	-	11,047
Insurance	420	5,733	-	6,153
Other expenses	783	540	4,437	5,760
In-kind services and supplies	5,000	-	-	5,000
Depreciation	3,170	417	470	4,057
	<u>\$ 1,178,328</u>	<u>\$ 156,086</u>	<u>\$ 228,338</u>	<u>\$ 1,562,752</u>