

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

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

For the Years Ended
June 30, 2012 and 2011

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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, 2012 and 2011, 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, 2012 and 2011, 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 11, 2012

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

STATEMENTS OF FINANCIAL POSITION
June 30, 2012

	Unrestricted	Temporarily Restricted	Total
ASSETS			
Current assets:			
Cash and cash equivalents (Note 1)	\$ 90,819	\$ 288,615	\$ 379,434
Grants receivable (Note 2)	-	200,000	200,000
Pledges receivable, net of allowance for doubtful accounts (Note 2)	707	8,702	9,409
Accounts receivable (Note 2)	90,539	-	90,539
Prepaid expenses	<u>8,392</u>	<u>-</u>	<u>8,392</u>
Total current assets	190,457	497,317	687,774
Marketable equity securities (Note 3)	9,276	-	9,276
Rental deposit	5,271	-	5,271
Property and equipment, net of accumulated depreciation of \$21,644 (Notes 1 and 4)	<u>10,408</u>	<u>-</u>	<u>10,408</u>
Total assets	<u>\$ 215,412</u>	<u>\$ 497,317</u>	<u>\$ 712,729</u>
LIABILITIES AND NET ASSETS			
Current liabilities:			
Accounts payable	\$ 56,681	\$ -	\$ 56,681
Accrued expenses	55,930	-	55,930
Deferred revenue (Note 1)	<u>5,088</u>	<u>-</u>	<u>5,088</u>
Total liabilities	117,699	-	117,699
Net assets (Note 6)	<u>97,713</u>	<u>497,317</u>	<u>595,030</u>
Total liabilities and net assets	<u>\$ 215,412</u>	<u>\$ 497,317</u>	<u>\$ 712,729</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, 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 4)	<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 5)	<u>24,000</u>	<u>-</u>	<u>24,000</u>
Total liabilities	98,390	-	98,390
Net assets (Note 6)	<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 ACTIVITIES
For the year ended June 30, 2012

	Unrestricted	Temporarily Restricted	Total
SUPPORT, REVENUE AND TRANSFERS			
Public support:			
Foundation and government grants	\$ 476,222	\$ 1,165,548	\$ 1,641,770
Individual and corporate donations	<u>526,603</u>	<u>16,702</u>	<u>543,305</u>
Total public support	<u>1,002,825</u>	<u>1,182,250</u>	<u>2,185,075</u>
Revenue:			
Investment income (Note 3)	885	-	885
Program fees and other income	<u>190,031</u>	<u>-</u>	<u>190,031</u>
Total revenue	<u>190,916</u>	<u>-</u>	<u>190,916</u>
Temporarily restricted net assets released from restrictions (Note 7)	<u>835,334</u>	<u>(835,334)</u>	<u>-</u>
Total support, revenue and transfers	<u>2,029,075</u>	<u>346,916</u>	<u>2,375,991</u>
EXPENSES			
Program services	1,689,287	-	1,689,287
General and administrative	201,832	-	201,832
Fundraising	<u>177,674</u>	<u>-</u>	<u>177,674</u>
Total expenses	<u>2,068,793</u>	<u>-</u>	<u>2,068,793</u>
Change in net assets	(39,718)	346,916	307,198
Net assets, beginning of year	<u>137,431</u>	<u>150,401</u>	<u>287,832</u>
Net assets, end of year	<u>\$ 97,713</u>	<u>\$ 497,317</u>	<u>\$ 595,030</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, 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 3)	(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 CASH FLOWS
For the years ended June 30, 2012 and 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	<u>\$ 307,198</u>	<u>\$ (439,567)</u>
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	4,309	3,791
Donated marketable equity securities	(11,932)	(1,031)
Realized and unrealized (gain) loss on investments	(569)	1,549
Changes in assets and liabilities:		
Grants receivable	(155,000)	60,000
Pledges receivable	29,618	264,833
Accounts receivable	(21,227)	(32,635)
Prepaid expenses	8,690	(12,088)
Rental deposit	2,217	1,934
Accounts payable	28,292	6,558
Accrued expenses	9,929	(6,801)
Deferred revenue	5,088	(2,823)
Total adjustments	<u>(100,585)</u>	<u>283,287</u>
Net cash provided (used) by operating activities	<u>206,613</u>	<u>(156,280)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of equipment	(1,548)	-
Proceeds from sale of marketable equity securities	<u>3,225</u>	<u>36,307</u>
Net cash provided by investing activities	<u>1,677</u>	<u>36,307</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
(Repayment of) proceeds from line of credit	<u>(24,000)</u>	<u>24,000</u>
Net cash (used) provided by financing activities	<u>(24,000)</u>	<u>24,000</u>
Net increase (decrease) in cash and cash equivalents	184,290	(95,973)
Cash and cash equivalents, beginning of year	<u>195,144</u>	<u>291,117</u>
Cash and cash equivalents, end of year	<u>\$ 379,434</u>	<u>\$ 195,144</u>
Supplementary information:		
Non-cash transactions:		
Contributions of marketable equity securities	<u>\$ 11,932</u>	<u>\$ 1,031</u>
Cash paid for interest	<u>\$ 593</u>	<u>\$ 83</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, 2012 and 2011

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.

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 diminishment 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 diminishment 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, 2012 and 2011.

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, 2012 and 2011

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 3 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.

Deferred Revenue - The Corporation received an advance on a fee-for-service contract. As of June 30, 2012, \$5,088 had been received in unearned fees, which is reported as deferred revenue.

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.

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

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2012 and 2011

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

In-Kind Contributions - The Corporation occasionally receives the benefit of in-kind services that create either (a) create or enhance a nonfinancial asset or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased by the organization if they had not been provided by contribution. During the year ended June 31, 2011, the Corporation recorded the benefit of certain in-kind goods and services measured at fair value using the market method on a non-recurring basis, as follows:

<u>Description</u>	<u>Fair Value Measurements at June 30, 2011, Using</u>			<u>Total</u>
	Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Executive search commission	\$ -	\$ 15,000	\$ -	\$ 15,000
Equipment	-	400	-	400
In-kind rent	-	7,313	-	7,313
	<u>\$ -</u>	<u>\$ 22,713</u>	<u>\$ -</u>	<u>\$ 22,713</u>

No in-kind contributions were received during the year ended June 30, 2012.

Advertising Costs - Advertising costs are expensed as incurred and totaled \$7,887 and \$1,780 for the years ended June 30, 2012 and 2011, respectively.

Subsequent Events - Subsequent events have been evaluated through September 11, 2012, which is the date the financial statements were available to be issued.

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

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2012 and 2011

NOTE 2 RECEIVABLES

The Corporation had recorded the following receivables as of June 30, 2012 and 2011:

<u>June 30, 2012:</u>	<u>Current Portion</u>	<u>Long-term Portion</u>	<u>Total</u>
Grants receivable	\$ 200,000	\$ -	\$ 200,000
Pledges receivable	\$ 10,707	\$ -	\$ 10,707
Less: allowance for doubtful accounts	<u>1,298</u>	<u>-</u>	<u>1,298</u>
	<u>\$ 9,409</u>	<u>\$ -</u>	<u>\$ 9,409</u>
Accounts receivable, including completed government contracts billed	<u>\$ 90,539</u>	<u>\$ -</u>	<u>\$ 90,539</u>
<u>June 30, 2011:</u>			
Grants receivable	<u>\$ 35,000</u>	<u>\$ 10,000</u>	<u>\$ 45,000</u>
Pledges receivable	\$ 20,325	\$ 20,000	\$ 40,325
Less: allowance for doubtful accounts	<u>654</u>	<u>644</u>	<u>1,298</u>
	<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>

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.

The Corporation was awarded a long-term grant of \$294,807, conditional upon a match of the balance of a project budget. The Corporation also received a \$25,000 grant conditional upon a 2-to-1 funding match. These conditional grants will be recorded upon completion of the donor conditions, and are not reflected in these financial statements.

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

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2012 and 2011

NOTE 3 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, 2012, 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, 2012, 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	\$ 9,276	\$ -	\$ -	\$ 9,276

The following summarizes the investment income (loss), including amounts earned from interest-bearing bank accounts, during the years ended June 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Interest and dividend income	\$ 316	\$ 183
Realized and unrealized gain (loss) on investments	569	(1,549)
	<u>\$ 885</u>	<u>\$ (1,366)</u>

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2012 and 2011:

	<u>Furniture and Leasehold Improvements</u>	<u>Equipment</u>	<u>Total</u>
<u>Property and equipment, at cost</u>			
Balance, June 30, 2010	\$ 28,092	\$ 13,497	\$ 41,589
Disposals	(4,396)	(6,689)	(11,085)
Balance, June 30, 2011	23,696	6,808	30,504
Additions	-	1,548	1,548
Balance, June 30, 2012	<u>23,696</u>	<u>8,356</u>	<u>32,052</u>
<u>Accumulated depreciation</u>			
Balance, June 30, 2010	13,188	11,441	24,629
Depreciation expense	2,938	853	3,791
Disposals	(4,396)	(6,689)	(11,085)
Balance, June 30, 2011	11,730	5,605	17,335
Depreciation expense	3,129	1,180	4,309
Balance, June 30, 2012	<u>14,859</u>	<u>6,785</u>	<u>21,644</u>
Property and equipment, net	<u>\$ 8,837</u>	<u>\$ 1,571</u>	<u>\$ 10,408</u>

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

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2012 and 2011

NOTE 5 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 year 2011, 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; at June 30, 2012, there was no balance drawn on the line of credit.

NOTE 6 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, 2012 and 2011:

	2012	2011
Honduras	\$ 287,042	\$ -
Hawaii	86,367	-
Time-restricted	60,000	60,325
Raja Ampat	47,081	-
Fiji	15,371	25,000
Park Buddy program	1,346	1,346
Microgrants	110	110
Shark conservation	-	40,000
Indonesia	-	7,325
Smithsonian exhibit	-	6,512
Belize	-	4,353
Resilience training	-	3,430
Reef signs	-	2,000
	\$ 497,317	\$ 150,401

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

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2012 and 2011

NOTE 7 TEMPORARILY RESTRICTED NET ASSETS RELEASED FROM RESTRICTIONS

The Corporation fulfilled the use and/or time restrictions of the following temporarily restricted items and they were released to unrestricted net assets during the years ended June 30, 2012 and 2011:

	2012	2011
MARTI: Mexico	\$ 453,000	\$ -
Honduras	123,851	-
Hawaii	112,335	-
Time-restricted	50,325	328,135
Smithsonian exhibit	6,512	43,488
Raja Ampat	37,919	27,328
Fiji	34,584	25,000
Belize	6,053	23,647
Indonesia	7,325	2,675
Resilience training	3,430	1,570
Mesoamerica CRSD	-	135,597
Saving Hawaii reefs	-	9,511
San Pedro	-	3,675
	\$ 835,334	\$ 600,626

NOTE 8 LEASE

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, 2012 and 2011, the Corporation paid between \$7,020 and \$7,605 per month in rent, for a total of \$94,065 and \$86,873, respectively.

The future minimum payments for base rent are as follows:

Year ending		
<u>June 30,</u>		
2013	\$	93,893
2014		97,403
2015		24,570
	\$	215,866

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

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2012 and 2011

NOTE 9 JOINT COSTS

The Corporation achieves some of its programmatic goals in newsletter mailings which include requests for contributions. In 2012 and 2011, the costs of these activities include \$59,462 and \$59,469, 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 \$38,225 and \$38,112 to program expenses, respectively, and \$21,237 and \$21,357, respectively, to fundraising expenses.

NOTE 10 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 \$18,134 and \$14,718, respectively, to the plan on behalf of employees during the years ended June 30, 2012 and 2011.

NOTE 11 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 12 CONTINGENCIES AND COMMITMENT

As of June 30, 2012, the Corporation had exceeded the Federal Depository Insurance Corporation limit and the Securities Investor Protection Corporation cash limit of \$250,000 on its non-interest-bearing depository accounts. At June 30, 2012, the Corporation had approximately \$73,000 on deposit in excess of federally insured limits.

SUPPLEMENTARY INFORMATION

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

SCHEDULES OF FUNCTIONAL EXPENSES
For the year ended June 30, 2012

	Program Services	General and Administrative	Fundraising	Total
Salaries and wages	\$ 428,827	\$ 117,246	\$ 110,772	\$ 656,845
Payroll taxes and benefits	61,589	23,123	17,576	102,288
Contributions to retirement plan	11,836	4,644	3,371	19,851
Accounting and legal services	-	10,800	-	10,800
Regional representatives	339,222	-	-	339,222
Other consultants	113,980	24,158	4,855	142,993
Grants to others	210,423	-	-	210,423
Community initiatives	68,210	-	-	68,210
Travel	162,241	2,330	5,223	169,794
Community training and workshops	68,458	-	-	68,458
Postage	9,500	547	5,499	15,546
Mailing services	7,095	-	2,771	9,866
Printing and production	68,017	180	6,920	75,117
Occupancy	88,521	3,794	8,223	100,538
Telecommunications	18,042	2,708	2,250	23,000
Supplies and equipment	19,590	1,476	516	21,582
Depreciation	3,020	965	324	4,309
Insurance	330	4,585	-	4,915
Bank charges	9,064	4,082	5,367	18,513
Other expenses	1,322	1,194	4,007	6,523
	<u>\$ 1,689,287</u>	<u>\$ 201,832</u>	<u>\$ 177,674</u>	<u>\$ 2,068,793</u>

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

SCHEDULES OF FUNCTIONAL EXPENSES (CONTINUED)
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>