

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

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

For the Years Ended
June 30, 2013 and 2012

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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 financial statements of The Coral Reef Alliance (a California nonprofit public benefit corporation), which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses are presented for 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, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Doran & Associates

October 4, 2013

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

STATEMENTS OF FINANCIAL POSITION
June 30, 2013

	Unrestricted	Temporarily Restricted	Total
ASSETS			
Current assets:			
Cash and cash equivalents (Note 1)	\$ 781,557	\$ 1,246,415	\$ 2,027,972
Grants receivable (Note 2)	-	50,000	50,000
Pledges receivable, net of allowance for doubtful accounts (Note 2)	8,702	-	8,702
Accounts receivable (Note 2)	50,676	-	50,676
Prepaid expenses	<u>18,544</u>	<u>-</u>	<u>18,544</u>
Total current assets	859,479	1,296,415	2,155,894
Rental deposit	2,771	-	2,771
Property and equipment, net of accumulated depreciation of \$26,894 (Notes 1 and 4)	<u>12,076</u>	<u>-</u>	<u>12,076</u>
Total assets	<u>\$ 874,326</u>	<u>\$ 1,296,415</u>	<u>\$ 2,170,741</u>
LIABILITIES AND NET ASSETS			
Current liabilities:			
Accounts payable	\$ 87,058	\$ -	\$ 87,058
Accrued expenses	<u>747,284</u>	<u>-</u>	<u>747,284</u>
Total liabilities	834,342	-	834,342
Net assets (Note 6)	<u>39,984</u>	<u>1,296,415</u>	<u>1,336,399</u>
Total liabilities and net assets	<u>\$ 874,326</u>	<u>\$ 1,296,415</u>	<u>\$ 2,170,741</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, 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 ACTIVITIES
For the year ended June 30, 2013

	Unrestricted	Temporarily Restricted	Total
SUPPORT, REVENUE AND TRANSFERS			
Public support:			
Foundation and government grants	\$ 169,532	\$ 3,361,556	\$ 3,531,088
Individual and corporate donations	<u>468,315</u>	<u>55,139</u>	<u>523,454</u>
Total public support	<u>637,847</u>	<u>3,416,695</u>	<u>4,054,542</u>
Revenue:			
Investment income (Note 3)	329	1,295	1,624
Program fees and other income	<u>184,595</u>	<u>-</u>	<u>184,595</u>
Total revenue	<u>184,924</u>	<u>1,295</u>	<u>186,219</u>
Temporarily restricted net assets released from restrictions (Note 7)	<u>2,618,892</u>	<u>(2,618,892)</u>	<u>-</u>
Total support, revenue and transfers	<u>3,441,663</u>	<u>799,098</u>	<u>4,240,761</u>
EXPENSES			
Program services	3,158,465	-	3,158,465
General and administrative	186,814	-	186,814
Fundraising	<u>154,113</u>	<u>-</u>	<u>154,113</u>
Total expenses	<u>3,499,392</u>	<u>-</u>	<u>3,499,392</u>
Change in net assets	(57,729)	799,098	741,369
Net assets, beginning of year	<u>97,713</u>	<u>497,317</u>	<u>595,030</u>
Net assets, end of year	<u>\$ 39,984</u>	<u>\$ 1,296,415</u>	<u>\$ 1,336,399</u>

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

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

STATEMENTS OF ACTIVITIES (CONTINUED)
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 CASH FLOWS
For the years ended June 30, 2013 and 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	<u>\$ 741,369</u>	<u>\$ 307,198</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	5,250	4,309
Donated marketable equity securities	-	(11,932)
Realized and unrealized gain on investments	(17)	(569)
Changes in assets and liabilities:		
Grants receivable	150,000	(155,000)
Pledges receivable	707	29,618
Accounts receivable	39,863	(21,227)
Prepaid expenses	(10,152)	8,690
Rental deposit	2,500	2,217
Accounts payable	30,377	28,292
Accrued expenses	691,354	9,929
Deferred revenue	(5,088)	5,088
Total adjustments	<u>904,794</u>	<u>(100,585)</u>
Net cash provided by operating activities	<u>1,646,163</u>	<u>206,613</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of equipment	(6,918)	(1,548)
Proceeds from sale of marketable equity securities	9,293	3,225
Net cash provided by investing activities	<u>2,375</u>	<u>1,677</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of line of credit	-	(24,000)
Net cash used by financing activities	<u>-</u>	<u>(24,000)</u>
Net increase in cash and cash equivalents	1,648,538	184,290
Cash and cash equivalents, beginning of year	<u>379,434</u>	<u>195,144</u>
Cash and cash equivalents, end of year	<u>\$ 2,027,972</u>	<u>\$ 379,434</u>
Supplementary information:		
Non-cash transactions:		
Contributions of marketable equity securities	<u>\$ 7,662</u>	<u>\$ 11,932</u>
Cash paid for interest	<u>\$ -</u>	<u>\$ 593</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, 2013 and 2012

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 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, 2013 and 2012.

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. From time to time, the Corporation may have a significant concentration of credit risk arising from cash on deposit in excess of FDIC insured limits.

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

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2013 and 2012

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, 2013 and 2012

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. No in-kind contributions were received during the years ended June 30, 2013 and 2012.

Advertising Costs - Advertising costs are expensed as incurred and totaled \$403 and \$7,887 for the years ended June 30, 2013 and 2012, respectively.

Subsequent Events - Subsequent events have been evaluated through October 4, 2013, which is the date the financial statements were available to be issued.

NOTE 2 RECEIVABLES

The Corporation had recorded the following receivables as of June 30, 2013 and 2012:

<u>June 30, 2013:</u>	<u>Current Portion</u>	<u>Long-term Portion</u>	<u>Total</u>
Grants receivable	\$ 50,000	\$ -	\$ 50,000
Pledges receivable	\$ 10,000	\$ -	\$ 10,000
Less: allowance for doubtful accounts	1,298	-	1,298
	<u>\$ 8,702</u>	<u>\$ -</u>	<u>\$ 8,702</u>
Accounts receivable, including completed government contracts billed	<u>\$ 50,676</u>	<u>\$ -</u>	<u>\$ 50,676</u>

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

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2013 and 2012

NOTE 2 RECEIVABLES (Continued)

<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>

In the opinion of management, the allowance for doubtful accounts accurately reflects the expected collectibility of related receivables.

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	<u>\$ 9,276</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,276</u>

The following summarizes the investment income, including amounts earned from interest-bearing bank accounts, during the years ended June 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Interest and dividend income	\$ 1,607	\$ 316
Realized and unrealized gain on investments	<u>17</u>	<u>569</u>
	<u>\$ 1,624</u>	<u>\$ 885</u>

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

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2013 and 2012

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2013 and 2012:

	Furniture and Leasehold Improvements	Equipment	Total
<u>Property and equipment, at cost</u>			
Balance, June 30, 2011	\$ 23,696	\$ 6,808	\$ 30,504
Additions	-	1,548	1,548
Balance, June 30, 2012	23,696	8,356	32,052
Additions	-	6,918	6,918
Balance, June 30, 2013	23,696	15,274	38,970
<u>Accumulated depreciation</u>			
Balance, June 30, 2011	11,730	5,605	17,335
Depreciation expense	3,129	1,180	4,309
Balance, June 30, 2012	14,859	6,785	21,644
Depreciation expense	3,128	2,122	5,250
Balance, June 30, 2012	17,987	8,907	26,894
Property and equipment, net	<u>\$ 5,709</u>	<u>\$ 6,367</u>	<u>\$ 12,076</u>

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 years 2013 and 2012, which is based on the prime rate plus 3.0%. The maturity date is February 25, 2014. At June 30, 2013 and 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.

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

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2013 and 2012

NOTE 6 NET ASSETS (Continued)

Temporarily restricted net assets:

Temporarily restricted net assets are restricted by time and/or purpose and consisted of the following at June 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Reefs Tomorrow Initiative	\$ 949,195	\$ -
Honduras	122,715	287,042
Indonesia	102,124	-
Fiji	70,956	15,371
Hawaii	46,629	86,367
Mexico	3,478	-
Raja Ampat	1,318	47,081
Time-restricted	-	60,000
Park Buddy program	-	1,346
Microgrants	-	110
	<u>\$ 1,296,415</u>	<u>\$ 497,317</u>

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, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Reefs Tomorrow Initiative	\$ 1,528,943	\$ -
MARTI: Mexico	459,272	453,000
Honduras	266,259	123,851
Hawaii	141,175	112,335
Fiji	69,415	34,584
Time-restricted	60,000	50,325
Raja Ampat	45,763	37,919
Indonesia	46,609	7,325
Resilience training	1,456	3,430
Smithsonian exhibit	-	6,512
Belize	-	6,053
	<u>\$ 2,618,892</u>	<u>\$ 835,334</u>

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

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2013 and 2012

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, 2013 and 2012, the Corporation paid between \$7,312 and \$7,898 per month in rent, for a total of \$101,337 and \$94,065, respectively.

The future minimum payments for base rent are as follows:

Year ending <u>June 30,</u>	
2014	\$ 97,403
2015	<u>24,570</u>
	<u>\$ 121,973</u>

NOTE 9 JOINT COSTS

The Corporation achieves some of its programmatic goals in newsletter mailings which include requests for contributions. In 2013 and 2012, the costs of these activities include \$57,340 and \$59,462, 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 \$36,802 and \$38,225 to program expenses, respectively, and \$20,538 and \$21,237, respectively, to fundraising expenses.

NOTE 10 RETIREMENT PLANS

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 and whose regularly scheduled service is 1,000 hours or greater per year are eligible to participate. All participating employees receive employer matching contributions, which are discretionary. The Corporation contributed \$19,790 and \$18,134, respectively, to the plan on behalf of employees during the years ended June 30, 2013 and 2012.

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.

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

NOTES TO FINANCIAL STATEMENTS
For the years ended June 30, 2013 and 2012

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.

During the year ended June 30, 2013, the Corporation received a grant from one funder totaling \$2,476,834, accounting for 58% of total income for the year.

NOTE 12 CONTINGENCIES AND COMMITMENT

As of June 30, 2013, the Corporation had exceeded the Federal Depository Insurance Corporation limit cash limit of \$250,000 on its depository accounts. At June 30, 2013, the Corporation had approximately \$1,742,000 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, 2013

	Program Services	General and Administrative	Fundraising	Total
Salaries and wages	\$ 544,240	\$ 131,309	\$ 98,985	\$ 774,534
Payroll taxes and benefits	89,671	23,902	14,422	127,995
Contributions to retirement plan	13,597	3,462	2,731	19,790
Accounting and legal services	2,500	12,175	-	14,675
Regional representatives	292,014	-	-	292,014
Other consultants	153,949	973	3,291	158,213
Grants to others	1,609,575	-	-	1,609,575
Community initiatives	34,815	-	-	34,815
Travel	85,731	593	3,026	89,350
Community training and workshops	127,902	-	-	127,902
Postage	9,311	211	4,576	14,098
Mailing services	7,066	-	2,659	9,725
Printing and production	32,931	427	6,223	39,581
Occupancy	98,291	2,878	6,676	107,845
Telecommunications	17,029	1,745	1,844	20,618
Supplies and equipment	28,112	714	438	29,264
Depreciation and amortization	4,425	487	338	5,250
Insurance	-	5,734	-	5,734
Bank charges	5,510	1,978	4,655	12,143
Other expenses	1,796	226	4,249	6,271
	<u>\$ 3,158,465</u>	<u>\$ 186,814</u>	<u>\$ 154,113</u>	<u>\$ 3,499,392</u>

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

SCHEDULES OF FUNCTIONAL EXPENSES (CONTINUED)
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>