

IAN SOMERHALDER FOUNDATION

FINANCIAL STATEMENTS
DECEMBER 31, 2012



WINDES & MCCLAUGHRY
ACCOUNTANCY CORPORATION
Certified Public Accountants & Consultants

EXCEEDING EXPECTATIONS SINCE 1926

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Ian Somerhalder Foundation

We have audited the accompanying financial statements of Ian Somerhalder Foundation (the Foundation) which comprise the statement of financial position as of December 31, 2012, and the related statements of activities and changes in net assets, and cash flows for the year 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 Foundation as of December 31, 2012, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Long Beach, California
March 11, 2013

IAN SOMERHALDER FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2012

ASSETS

ASSETS	
Cash and cash equivalents	\$ 506,685
Certificate of deposit	3,765
Prepaid expenses	4,299
Other assets	<u>634</u>
TOTAL ASSETS	<u>\$ 515,383</u>

LIABILITIES AND NET ASSETS

LIABILITIES	<u>None</u>
NET ASSETS	
Unrestricted	<u>\$ 515,383</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 515,383</u>

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

IAN SOMERHALDER FOUNDATION

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2012**

CHANGE IN UNRESTRICTED NET ASSETS:

REVENUE AND SUPPORT

Contributions	\$ 362,711
Special events, net of direct expenses of \$27,048	34,457
Other revenue	2,729
Interest income	<u>175</u>
Total Unrestricted Revenue and Support	<u>400,072</u>

EXPENSES

General and administrative	84,872
Fund-raising	<u>68,045</u>
Total Expenses	<u>152,917</u>

CHANGE IN UNRESTRICTED NET ASSETS 247,155

UNRESTRICTED NET ASSETS AT BEGINNING OF YEAR 268,228

UNRESTRICTED NET ASSETS AT END OF YEAR \$ 515,383

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

IAN SOMERHALDER FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in unrestricted net assets	\$ 247,155
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Change in prepaid expenses	(3,710)
Net Cash Provided By Operating Activities	<u>243,445</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from maturity of certificate of deposit	3,750
Purchase of certificate of deposit	(3,765)
Net Cash Used In Investing Activities	<u>(15)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	243,430
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>263,255</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 506,685</u>

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

IAN SOMERHALDER FOUNDATION, INC.

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012**

NOTE 1 – Nature of Business

Ian Somerhalder Foundation (the Foundation) was established in November 2010 as a California nonprofit corporation. The purpose of the Foundation is to advance science; promote the conservation of natural resources such as forests, lands, and wildlife, for the benefit of the entire community; provide relief to the poor, distressed, and underprivileged; and support other organizations conducting activities under Section 501(c)(3) of the Internal Revenue Code. The Foundation aims to empower, educate, and collaborate with people and projects to positively impact the planet and its creatures by conducting fundraising events and providing financial disbursements to other tax-exempt organizations whose ultimate purposes are to conserve the environment and protect animals.

NOTE 2 – Summary of Significant Accounting Policies

Financial Statement Presentation

Under Accounting Standards Codification (ASC) 958-205, *Presentation of Financial Statements*, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. As of December 31, 2012, the Foundation had no temporarily or permanently restricted net assets.

Use of Estimates and Assumptions

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

Cash and Cash Equivalents

The Foundation considers cash equivalents to be all highly liquid debt instruments purchased with an initial maturity of three months or less. Cash and cash equivalents includes cash and a treasury note.

IAN SOMERHALDER FOUNDATION, INC.

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012**

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Certificate of Deposit

The Foundation holds a certificate of deposit with an original maturity of less than one year. This instrument is reported at cost, which approximates fair value due to its short-term nature.

Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and nature of any donor restrictions. Contributions are recognized as support in the period received or pledged.

Special event revenue, and interest and dividend income are recognized in the period earned.

Noncash Contributions

A substantial number of volunteers make significant contributions of their time in the furtherance of the Foundation's purpose. The value of this contributed time is not reflected in the accompanying financial statements, as they do not meet the recognition criteria for contributed services.

Allocation of Expenses

Expenses that can be identified with a specific program or supporting service are charged directly to the program or supporting service. Expenses which apply to more than one functional category have been allocated based on estimates made by management.

Income Tax Status

The Foundation has received tax-exempt status from the Internal Revenue Service under Section 501(c)(3) of the Internal Revenue Code.

The Foundation recognizes the financial statement benefit of tax positions, such as its position of being tax-exempt, only after determining that the relevant tax authority would more likely than not sustain the position following an audit. The Foundation is subject to potential income tax audits on open tax years by any taxing jurisdiction in which it operates. The statute of limitations for federal and state purposes is generally three and four years, respectively.

IAN SOMERHALDER FOUNDATION, INC.

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012**

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Subsequent Events

The Foundation's management has evaluated subsequent events and transactions for potential recognition or disclosure through March 11, 2013, the date the financial statements were available to be issued.