

**CENTER FOR CREATIVE LAND RECYCLING**

---

**REPORT ON AUDIT OF FINANCIAL STATEMENTS AND  
SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

---

**For the Grant Period January 1, 2010 through December 31, 2010**

## CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT . . . . .	1
FINANCIAL STATEMENTS . . . . .	2 – 13
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS . . . . .	14 – 15
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS . . . . .	16
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i> . . . . .	17 – 18
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 . . . . .	19 - 20
SCHEDULE OF FINDINGS AND QUESTIONED COSTS . . . . .	21

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Center for Creative Land Recycling  
San Francisco, California

We have audited the accompanying statement of financial position of Center for Creative Land Recycling (a nonprofit organization) as of December 31, 2010, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's 2009 financial statements and, in our report dated July 19, 2011 we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly the financial position of Center for Creative Land Recycling as of December 31, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2011, on our consideration of Center for Creative Land Recycling's internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Center for Creative Land Recycling taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profits Organizations*, and is not a required part of the basic 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 audit 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 U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



CERTIFIED PUBLIC ACCOUNTANTS

August 30, 2011

**CENTER FOR CREATIVE LAND RECYCLING**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2010**  
**(With Comparative Totals for 2009)**

ASSETS

	<u>2010</u>	<u>2009</u>
Cash and cash equivalents	\$ 332,463	\$ 240,089
Grants receivable	395,088	557,631
Contributions receivable	140,967	84,284
Prepaid expenses	9,936	12,881
Deposits	9,140	16,304
Furniture and equipment, net	<u>15,392</u>	<u>7,231</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 902,986</u></b>	<b><u>\$ 918,420</u></b>

LIABILITIES

Accounts payable	\$ 41,694	\$ 90,902
Accrued expenses	<u>99,315</u>	<u>85,900</u>
<b>TOTAL LIABILITIES</b>	<b><u>141,009</u></b>	<b><u>176,802</u></b>

NET ASSETS

Unrestricted	512,178	389,959
Temporarily restricted	<u>249,799</u>	<u>351,659</u>
<b>TOTAL NET ASSETS</b>	<b><u>761,977</u></b>	<b><u>741,618</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 902,986</u></b>	<b><u>\$ 918,420</u></b>

See notes to financial statements.

**CENTER FOR CREATIVE LAND RECYCLING**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2010**  
**(With Comparative Totals for 2009)**

	<u>Unrestricted</u>	2010 Temporarily <u>Restricted</u>	<u>Total</u>	2009 <u>Total</u>
<b>Support, Revenues and</b>				
<b>Reclassifications:</b>				
Government grants and contract fees	163,493	541,187	704,680	1,039,141
Foundation grants	35,000		35,000	74,500
Individual and corporate contributions	215,500		215,500	180,891
Training fees	150		150	23,295
Consulting fees				19,825
Interest and other income	5,172		5,172	3,162
Inkind contributions	61,472		61,472	36,970
Net assets released from restrictions	<u>643,047</u>	<u>(643,047)</u>	<u>-</u>	<u>-</u>
 Total support and revenues	 1,123,834	 (101,860)	 1,021,974	 1,377,784
 <b>Expenses:</b>				
Program	870,662		870,662	1,232,580
General and administrative	79,682		79,682	61,508
Fundraising	<u>51,271</u>	<u>-</u>	<u>51,271</u>	<u>66,541</u>
 Total expenses	 <u>1,001,615</u>	 <u>-</u>	 <u>1,001,615</u>	 <u>1,360,629</u>
 <b>Change in net assets</b>	 <u>122,219</u>	 <u>(101,860)</u>	 <u>20,359</u>	 <u>17,155</u>
 <b>Net assets, beginning of year</b>	 <u>389,959</u>	 <u>351,659</u>	 <u>741,618</u>	 <u>724,463</u>
 <b>Net assets, end of year</b>	 <u>\$ 512,178</u>	 <u>\$ 249,799</u>	 <u>\$ 761,977</u>	 <u>\$ 741,618</u>

See notes to financial statements.

**CREATIVE CENTER FOR LAND RECYCLING  
STATEMENT OF FUNCTIONAL EXPENSES  
SUMMARY**

**For the Year Ended December 31, 2010  
(With Comparative Totals for 2009)**

	2010			
	Program Services	Supporting Services	Total	2009
Salaries and wages	\$ 389,137	\$ 55,470	\$ 444,607	\$ 404,605
Payroll related expense	128,128	21,284	149,412	133,390
Professional services	246,135	27,472	273,607	593,869
Occupancy	53,343	8,239	61,582	131,479
Direct Program expenses	18,055	10,091	28,146	60,257
Administrative expenses	35,864	8,397	44,261	37,029
	\$ 870,662	\$ 130,953	\$ 1,001,615	\$ 1,360,629

See notes to financial statements.

**CENTER FOR CREATIVE LAND RECYCLING**  
**STATEMENT OF FUNCTIONAL EXPENSES – PROGRAM SERVICES**  
**For the Year Ended December 31, 2010**  
**(With Comparative Totals for 2009)**

	<u>TAB</u> <u>Program</u>	<u>Policy</u> <u>Analysis</u>	<u>Calreuse</u> <u>Program</u>	<u>Eastern</u> <u>Communities</u> <u>Project</u>	<u>2010</u> <u>Total</u> <u>Expenses</u>	<u>2009</u> <u>Total</u>
Salaries and wages	\$ 191,952	\$ 3,945	\$ 79,502	\$ 113,738	\$ 389,137	\$ 288,668
Payroll related expenses	58,694	1,556	30,478	37,400	128,128	93,682
Professional services	140,489	79,104	8,592	17,950	246,135	271,029
Occupancy	27,141	637	13,317	12,248	53,343	36,535
Direct program expenses	15,307	912	706	1,130	18,055	100,437
Administrative expenses	<u>15,409</u>	<u>475</u>	<u>10,918</u>	<u>9,062</u>	<u>35,864</u>	<u>22,354</u>
	<u>\$ 448,992</u>	<u>\$ 86,629</u>	<u>\$ 143,513</u>	<u>\$ 191,528</u>	<u>\$ 870,662</u>	<u>\$ 812,705</u>

See notes to financial statements.

**CENTER FOR CREATIVE LAND RECYCLING**  
**STATEMENT OF FUNCTIONAL EXPENSES – SUPPORT SERVICES**  
**For the Year Ended December 31, 2010**  
**(With Comparative Totals for 2009)**

	<u>General and Administrative</u>	<u>Fundraising</u>	<u>2010 Total</u>	<u>2009 Total</u>
Salaries and wages	\$ 41,976	\$ 13,494	\$ 55,470	\$ 47,584
Payroll related expenses	15,968	5,316	21,284	18,233
Professional services	5,187	22,285	27,472	27,888
Occupancy	6,290	1,949	8,239	18,813
Direct program expenses	3,262	6,829	10,091	7,379
Administrative expenses	<u>6,999</u>	<u>1,398</u>	<u>8,397</u>	<u>8,152</u>
	<u>\$ 79,682</u>	<u>\$ 51,271</u>	<u>\$ 130,953</u>	<u>\$ 128,049</u>

See notes to financial statements.

**CENTER FOR CREATIVE LAND RECYCLING**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended December 31, 2010**  
**(With Comparative Totals for 2009)**

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Change in net assets	\$ 20,359	\$ 17,155
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	3,898	4,453
Inkind donation of furniture	(8,750)	
(Increase) decrease in:		
Grants receivables	162,543	(253,753)
Contributions receivable	(56,683)	84,114
Prepaid expenses	2,945	3,797
Deposits	7,164	(9,140)
Increase (decrease) in:		
Accounts payable	(49,208)	66,527
Accrued expenses	<u>13,415</u>	<u>23,835</u>
Total adjustments	<u>75,324</u>	<u>(80,617)</u>
Net cash provided(used) by operating activities	<u>95,683</u>	<u>(63,012)</u>
Cash flows from investing activities		
Cash payments for purchases of equipment	<u>(3,309)</u>	<u>(4,064)</u>
Net cash (used) by investing activities	<u>(3,309)</u>	<u>(4,064)</u>
Net increase(decrease) in cash and cash equivalents	92,374	(67,076)
Cash and cash equivalents, beginning of year	<u>240,089</u>	<u>307,165</u>
Cash and cash equivalents, end of year	<u>\$ 332,463</u>	<u>\$ 240,089</u>

See notes to financial statements.

**CENTER FOR CREATIVE LAND RECYCLING**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2010**

NOTE A – General and Summary of Significant Accounting Policies

General

Center for Creative Land Recycling (CCLR) is an independent non-profit organization incorporated in the State of California since 1998. CCLR repairs fractured communities and discourages urban sprawl through creative private, public and nonprofit partnerships. CCLR's work is accomplished through training, technical assistance and small grants for communities who are attempting to turn around vacant or environmentally distressed properties.

CCLR's current activities include:

Technical Assistance Brownfield Program (TAB) – The Technical Assistance Brownfield Program offers pro bono technical assistance to help projects achieve specific goals in land recycling and brownfield redevelopment. In addition to providing much needed technical support, TAB aims to study the nature of the problems preventing land reuse, test proposed solutions on selected projects, develop replicable approaches to help bring future brownfield redevelopment projects to fruition, and to use the knowledge gathered to inform the development of practice and policy changes.

Policy Analysis – The policies and practices program formulates specific approaches to reduce or offset the obstacles to economically viable brownfield redevelopment. The program develops integrated programs of short and long term solutions, which can be implemented in a cost effective and politically viable manner.

CALReUSE – CCLR's CALReUSE Grant Program enables redevelopment and community revitalization by offering grants for remediation of brownfield sites statewide. Through the remediation program, projects can receive up to \$5 million for site cleanup. Projects that create affordable housing and meet density requirements, among other criteria, are eligible for grants. CCLR has approved more than \$70 million in grants for brownfield cleanup.

Eastern Communities Project – Through the HUD Eastern Communities project, we support local community development corporations, affordable housing developers, and open space advocates working in Bayview Hunters Point. Project goals include successful redevelopment of contaminated properties in the eastern San Francisco neighborhoods that are protective of human health and the environment, supportive of the community vision, and will prevent the out-migration of current residents through creation of affordable housing and new employment opportunities.

**CENTER FOR CREATIVE LAND RECYCLING**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2010**

NOTE A – General and Summary of Significant Accounting Policies (Continued)

Summary of Significant Accounting Policies

Fair Value Measurements

The following method and assumption was used by the Organization in estimating the fair value disclosures for financial instruments: cash and cash equivalents, accounts receivable, grants and contracts receivable, and all accounts payable and other obligations are reported in the statement of financial position using the approximate fair values because of the short maturities of those instruments.

Furniture and Equipment

Furniture and equipment are recorded at cost and depreciated using the straight line method over the estimated useful life (5 to 7 years) of the assets. The Organization's policy is to capitalize furniture and equipment purchases greater than \$500.

Allowance for Doubtful Receivables

Grants, contracts and contributions receivable are stated at the amount management expects to collect from outstanding balances. It is the policy of management to review the outstanding receivables at year end and establish an allowance for uncollectible accounts, if needed. Grants, contracts and pledges receivable are collected in the subsequent year.

Statement of Cash Flows

For purposes of the statements of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Income Taxes

The Internal Revenue Service and California Franchise Tax Board have determined that the Organization is exempt from federal and state income taxes under Internal Revenue Service Code Section 501(c)(3) and the California Revenue and Taxation Code Section 23701(d).

GAAP provides accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by the Organization in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. The Organization's returns for the years ended December 31, 2008, 2009 and 2010, are subject to examination by federal and state taxing authorities, generally for three years after they are filed.

**CENTER FOR CREATIVE LAND RECYCLING**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2010**

NOTE A – General and Summary of Significant Accounting Policies (Continued)

Summary of Significant Accounting Policies (Continued)

Prior Year Summarized Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2009, from which the summarized information was derived.

Reclassifications

Certain accounts in the 2009 financial statements have been reclassified for comparative purposes to conform to the 2010 financial statements.

Compensated Absences

Accrued vacation is included in accrued expenses on the statement of financial position.

Basis of Accounting and Reporting Accounting Method

The Organization maintains its accounting records on the accrual basis.

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.

Support and Revenue Recognition

Contributions received and unconditional promises to give are measured at their fair values. Contributions are recognized when the donor makes an unconditional promise to give to the Organization. Contributions that are restricted by the donor, and grants and contracts 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.

**CENTER FOR CREATIVE LAND RECYCLING**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2010**

NOTE A – General and Summary of Significant Accounting Policies (Continued)

Summary of Significant Accounting Policies (Continued)

Inkind Contributions

Volunteers provide assistance to the Organization for its various program activities. The value of the donated services is recorded at the estimated fair market values determined by the donors in the period in which the services are provided. Inkind contributions of furniture are recorded at the fair value of the items contributed.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and support services benefited based on management's estimates.

Description of Net Assets:

Unrestricted:

Support is provided to the Organization primarily from individuals, foundations and corporations which are available for general operations.

Temporarily Restricted:

Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

NOTE B – Grants Receivable

At December 31, 2010, grants receivable consist of the following:

U.S. Housing and Urban Development	\$ 238,940
U.S. Environmental Protection Agency	144,477
Environment Now	<u>11,666</u>
	<u>\$ 395,088</u>

**CENTER FOR CREATIVE LAND RECYCLING**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2010**

NOTE C – Furniture and Equipment

Furniture and equipment consist of the following:

Furniture and equipment	\$ 30,674
Less accumulated depreciation	<u>(15,282)</u>
	<u>\$ 15,392</u>

NOTE D – Retirement Plan

The Organization has a 401(k) plan that covers all full time employees. Contributions to the plan by the Organization are at the discretion of the Board of Directors. The amount contributed by the Organization to the plan for 2010 was \$23,526 and is included in employee benefits in the statement of functional expenses.

NOTE E – Inkind Services

Donated services of \$52,722 for the year ended December 31, 2010, is included as inkind contributions and program expenses in the statement of activities and professional services in the statement of functional expenses.

NOTE F – Economic Dependence

The Organization receives a significant portion of its total revenues and support (73% for the year ended December 31, 2010) from government grants and contracts. Reductions in this support could have a significant impact on the Organization’s operations.

NOTE G – Lease Commitments

Minimum lease payments under non-cancelable operating leases for the Organization’s office space in San Francisco and a copier are as follows:

2011	\$ 82,000
2012	90,000
2013	112,000
2014	112,000
2015	<u>114,000</u>
	<u>\$ 510,000</u>

Lease payments aggregating \$61,582 are included in occupancy in the statement of functional expenses for the year ended December 31, 2010.

**CENTER FOR CREATIVE LAND RECYCLING**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2010**

NOTE H – Grant Contingencies

Grant awards require the fulfillment of certain conditions as set forth in the instruments of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization considers this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of the Organization to the provisions of the grants. Management is of the opinion that the Organization has complied with the terms of all grants.

NOTE I – Restrictions of Assets

At December 31, 2010, temporarily restricted net assets were available for the following purposes:

TAB program	\$ 109,297
Eastern Communities Project - HUD	<u>140,502</u>
	<u>\$ 249,799</u>

Temporarily restricted net assets were released from donor restrictions by incurring expenses satisfying the purposes specified by donors as follows:

TAB Program - EPA	\$ 455,436
Eastern Communities Project – HUD	<u>187,611</u>
	<u>\$ 643,047</u>

NOTE J – Evaluation of Subsequent Events

The Organization has evaluated subsequent events through August 30, 2011, the date which the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the financial statements.

**CENTER FOR CREATIVE LAND RECYCLING  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2010**

<u>Federal Grantor/Pass-through Grantor /Program Title</u>	<u>Federal CFDA Number</u>	<u>Disbursements/ Expenditures</u>
<u>U.S. Environmental Protection Agency:</u>		
Direct Program:		
Brownfields Training – Research and Technical Assistance Grants and Cooperative Agreements	66.814	\$ 455,436
<u>U.S. Department of Housing and Urban Development:</u>		
Direct Program:		
Economic Development Initiative – Special Project, Neighborhood Initiative and Miscellaneous Grants	14.251	<u>187,611</u>
		<u>\$ 643,047</u>

**CENTER FOR CREATIVE LAND RECYCLING**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended December 31, 2010**

NOTE A – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Center for Creative Land Recycling and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organization*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basis financial statements.

**CENTER FOR CREATIVE LAND RECYCLING  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For The Year Ended December 31, 2010**

**ENVIRONMENTAL PROTECTION AGENCY**

**Finding #2009-01 Brownsfield Training**

*Condition:* This finding was a significant deficiency in internal control over financial reporting stating that the Data Collection Form (Form SF-SAC) and accompanying reporting package could not be filed by the required filing date since approval from the EPA to include certain expenses as allowable was not obtained until June 16, 2011.

*Recommendation:* The auditor recommended that procedures should be established and implemented to ensure that financial reporting is completed in a timely manner to ensure that all regulatory reporting requirements are met.

*Current Status:* The recommendation was implemented prior to December 31, 2010. No similar findings were noted in the audit for the year ended December 31, 2010.

**Finding #2009-02 Brownsfield Training**

*Condition:* This finding was a significant deficiency in internal control over major federal award programs stating that periodic billings to the EPA were not reconciled by allowable cost category to the accounting records, including the general ledger and payroll and other expense allocations. As a result, the Organization had to obtain subsequent approval from the EPA to include certain expenses as allowable within the approved agreement budget.

*Recommendation:* The auditor recommended that procedures should be established and implemented to ensure that the invoicing and accounting records, including the general ledger, payroll and other expense allocations and approved contract budgets, are integrated and reconciled on an ongoing basis.

*Current Status:* Management of the Organization indicated they had no reason to believe their invoices did not reconcile to allowable costs and are unclear as to what procedures would have brought this issue to light earlier. However, as a corrective action, procedures were established prior to December 31, 2010 to ensure that the invoicing and accounting records, including the general ledger, payroll, and other expense allocations and approved contract budgets, are integrated and reconciled on an ongoing basis. No similar findings were noted in the audit for the year ended December 31, 2010.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors  
Center for Creative Land Recycling  
San Francisco, California

We have audited the financial statements of Center for Creative Land Recycling as of and for the year ended December 31, 2010, and have issued our report thereon dated August 30, 2011. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Center for Creative Land Recycling's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center for Creative Land Recycling's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect or correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of significant deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Board of Directors  
Center for Creative Land Recycling  
August 30, 2011  
Page Two

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Center for Creative Land Recycling's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of the management, board of directors and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

  
CERTIFIED PUBLIC ACCOUNTANTS

August 30, 2011

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Directors  
Center for Creative Land Recycling  
San Francisco, California

Compliance

We have audited Center for Creative Land Recycling's (the Organization's) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Organization's management. Our responsibility is to express an opinion on the Organization's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Organization's compliance with those requirements.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010.

Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal controls over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Organization's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of control deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies over internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The Organization's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Organization's responses, and accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the board of directors, others within the organization and federal award agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



CERTIFIED PUBLIC ACCOUNTANTS

August 30, 2011

**CENTER FOR CREATIVE LAND RECYCLING  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended December 31, 2010**

**SUMMARY OF AUDIT RESULTS**

1. The auditor's report on the financial statements of Center for Creative Land Recycling is unqualified.
2. No significant deficiencies relating to the audit of the financial statements of Center for Creative Land Recycling were disclosed during the audit.
3. No instances of noncompliance material to the financial statements of Center for Creative Land Recycling were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs were disclosed during the audit.
5. The auditor's report on compliance for the major federal award programs for Center for Creative Land Recycling expresses an unqualified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
7. The program tested as a major program was the U. S. Environmental Protection Agency – CFDA No. 66.814 – Brownfields Training – Research and Technical Assistance Grants and Cooperative Agreements.
8. The threshold for distinguishing Types A and B Programs was \$300,000.
9. Center for Creative Land Recycling did not qualify as a low-risk auditee.

**FINDINGS – FINANCIAL STATEMENT AUDIT**

None

**FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS  
AUDIT**

None