

**Northern California Community
Blood Bank
Financial Statements**

June 30, 2008

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Northern California Community Blood Bank.

We have audited the accompanying statement of financial position of Northern California Community Blood Bank as of June 30, 2008, 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.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards required that we 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, in all material respects the financial position of Northern California Community Blood Bank., as of June 30, 2008, and the results of its operations and changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Martin and Hutchison, CPAs
October 20, 2008

Northern California Community Blood Bank
A Non-Profit Corporation
Statement of Financial Position
June 30, 2008

Assets

Current Assets		
Cash	\$	1,373,938
Investments		1,820
Accounts Receivable		783,282
Inventories		296,546
Prepaid Expenses		82,147
Total Current Assets		<u>\$ 2,537,733</u>
Land, Buildings, Improvements, and Equipment		
Cost		3,160,741
Accumulated Depreciation		<u>(1,362,848)</u>
Net		1,797,893
Total Assets		<u><u>\$ 4,335,626</u></u>

Liabilities and Net Assets

Current Liabilities		
Accounts Payable	\$	140,198
Accrued Free Blood and Services		17,346
Accrued Payroll and Payroll Taxes		89,265
Accrued Employee Benefits and Withholdings		10,962
Accrued Paid Time Off		111,645
Total Current Liabilities		<u>\$ 369,416</u>
Net Assets		
Unrestricted Net Assets		3,966,210
Total Liabilities and Net Assets		<u><u>\$ 4,335,626</u></u>

See Accompanying Notes

Northern California Community Blood Bank

A Non-Profit Corporation

Statement of Activities

For the Year Ended June 30, 2008

Revenue and Support

Products and Services	\$	5,275,205	
Donations		94,295	
Customer Service Fees		15,237	
Interest Income		25,061	
Rental Income		12,885	
Loss on Asset Disposal		(1,875)	
Miscellaneous Income		5,695	
Total Revenue and Support			\$ 5,426,503

Functional Expenses

Direct Program Services	4,148,629	
General and Administrative	928,060	
Fund Raising	-	
Total Functional Expenses		5,076,689

Change in Net Assets	349,814
Unrestricted Net Assets - Beginning of Year	3,616,396
Unrestricted Net Assets - End of Year	\$ 3,966,210

See Accompanying Notes

Northern California Community Blood Bank

A Non-Profit Corporation

Statement of Functional Expenses

For the Year Ended June 30, 2008

	Direct Program Service	General and Management	Fund Raising	Total
Expenses				
Salaries and Wages	\$ 1,706,329	\$ 306,488	\$	\$ 2,012,817
Payroll Taxes	143,990	20,395		164,385
Payroll Benefits	243,569	86,601		330,170
Total Personnel Cost	2,093,888	413,484	-	2,507,372
Direct Cost of Products Provided	43,899			43,899
Advertising	4,823	56		4,879
Automobile	72,532	6,601		79,133
Bad Debts	-	4,418		4,418
Bank Charges & Interest	-	140		140
Computer Software/Hardware	48,073	169		48,242
Computer Access/Programming	63,181			63,181
Conference and Meetings	574	10,829		11,403
Depreciation	-	192,682		192,682
Dues and Memberships	2,724	36,616		39,340
Expendable Equipment	10,132	2,307		12,439
Insurance	-	37,854		37,854
Janitorial	393	30,233		30,626
Laundry	12,077			12,077
Medical Cost	7,020	1,146		8,166
Printing	28,426	4,858		33,284
Professional Development	10,675	3,669		14,344
Professional Services	3,558	60,044		63,602
Postage	2,593	6,915		9,508
Record Storage	-	2,031		2,031
Repairs and Maintenance	77,742	21,445		99,187
Security	-	2,306		2,306
Subscriptions and Books	11,598	1,393		12,991
Supplies	726,762	9,865		736,627
Surveys	462	(1)		461
Taxes and Licenses	9,420	1,076		10,496
Telephone	10,085	13,142		23,227
Testing Cost	840,839			840,839
Travel	43,510	24,465		67,975
Utilities	-	35,450		35,450
Waste Disposal	23,643	4,867		28,510
Total Expenses	\$ 4,148,629	\$ 928,060	\$ -	\$ 5,076,689

See Accompanying Notes

Northern California Community Blood Bank

A Non-Profit Corporation

Statement of Cash Flow

For the Year Ended June 30, 2008

Financial Resources Provided by Operations

Net Change to Unrestricted Net Assets	\$	349,814
Non-cash Revenue and Expense Adjustments		
Depreciation		192,682
Basis of Equipment Sold		14,801
Free Blood Services Utilized		(47,067)
Change in Accounts Receivable		173,418
Change in Inventory		(38,424)
Change in Prepaid Expenses		(17,402)
Change in Accounts Payable		(9,028)
Change in Accrued Liabilities		14,759
Financial Resources Provided by Operations	\$	633,553

Financial Resources Used by Investing Activities

Purchase of Building and Improvements	(63,780)
Purchase of Office Furniture and Equipment	(2,353)
Purchase of Medical and Lab Equipment	(123,965)
Financial Resources Used by Investing Activities	(190,098)

Net Increase in Cash	443,455
Cash at Beginning of Year	930,483
Cash at End of Year	<u>\$ 1,373,938</u>
Interest Paid for Year	<u>\$ 0</u>

See Accompanying Notes

Northern California Community Blood Bank
A Non-Profit Corporation
Notes to Financial Statements
June 30, 2008

1. Organization

The Northern California Community Blood Bank (The Blood Bank) is a not-for-profit corporation, governed by volunteers. The organization's mission is to provide a safe and adequate supply of blood and other blood services to patients, physicians and hospitals.

Their office is located in Eureka, California. In addition to this facility, The Blood Bank operates three blood mobiles for community collection.

2. Significant Accounting Policies

The Blood Bank uses the accrual basis of accounting.

Acquisitions of goods or services which benefit more than one year are capitalized and amortized over their estimated useful lives by the straight-line method.

Inventories and cost of supplies are stated at cost on a first-in, first-out basis and verified by physical count at the end of each year. Blood and Blood Product inventories are computed using a production cost approach.

3. Land Buildings and Equipment

Land Buildings and Equipment are carried at Cost.

Land and Land Improvements	\$ 19,876
2520 Buildings and Improvements	1 ,343,587
2524 Buildings and Improvements	182,296
Medical and Lab Equipment	977,145
Office Furniture and Equipment	135,722
Blood Mobiles and Transportation Equipment	<u>502,115</u>
Total	<u>\$3,160,741</u>

4. Income Taxes

The Blood Bank is a not-for-profit organization that is exempt from income tax under Internal Revenue Code 501 (c)(3) and did not incur any unrelated business income, therefore, no provision for income taxes are required.

Northern California Community Blood Bank
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Notes to Financial Statements
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5. Related Party Transactions

The Blood Bank conducts business with members of the board of directors. The transactions consist of selling blood and blood products to board member organizations and purchasing supplies from board member businesses. The Blood Bank sold blood and blood products to and has accounts receivable balances from the following related parties.

	Sales	Balance Due
Mad River Community Hospital	252,252	214,596

The Blood Bank also purchased supplies from Times Printing in the amount of \$21,556.

6. Free Blood Services

The Blood Bank has agreed to provide free blood services to hospitals. The amount is calculated using an agreed upon formula. The amounts must be used within 13 months of the fiscal year end. Accrual and balances at June 30, 2008 are:

	Accrued	Amount	Balance
June 30, 2006		\$ 64,413	\$ 17,346
June 30, 2007		-0-	-0-
June 30, 2008		-0-	-0-

7. Investments

Investments as of June 30, 2008, consist of the following;

Series E Savings Bonds	\$ 350
Stancorp Stock	<u>1,470</u>
Total	<u>\$1,820</u>

8. 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.

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9. Retirement

The Blood Bank maintains a 403(b) tax deferred annuity plan with Lincoln National Life Insurance Company. The program requires contributions by both the employer and the employee if election to be covered is made. Employer contributions are based on the length of service and amount of employee elective contributions ranging from 1% to 6% of the employees annual salary. All contributions are 100% vested.

10. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Blood Bank considers all highly liquid investments with an initial maturity of one year or less to be cash equivalents. Investments in savings bonds and stock securities are not considered cash equivalents as these funds are not readily available for operation use.

11. Contributed Services

Non-professional contributed services and blood donations have not been recorded in these financial statements.

12. Basis of Presentation

The Blood Bank reports its financial statements in accordance with Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for Profit Organizations." Under SFAS No. 117, the Agency is required to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted net assets are the part of net assets of the Organization that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

Temporarily restricted net assets are those whose use by the Organization have been limited by donors to a specific time period or purpose.

Permanently restricted net assets have been restricted by donors to be maintained by the Organization in perpetuity.

The Blood Bank has no temporarily restricted or permanently restricted net assets.

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13. Concentrated Risk

The Blood Bank conducts business with three hospitals and the American Red Cross LA/Pomona that comprise over 75% of its annual products and services sold. These hospitals and their related percentage of sales are;

St Joseph Hospital	Annual Sales	\$1,271,851	24%
Stanford Hospital	Annual Sales	1,082,163	21%
Sutter Coast	Annual Sales	341,850	7%
ARC LA/Pomona	Annual Sales	863,025	16%
ARC San Jose	Annual Sales	382,268	7%

The loss of any of the above organizations would have a significant impact on the operations of the Blood Bank.

14. Accrued Paid Time Off

The Blood Bank maintains a Paid Time Off (PTO) program which combines vacation, holiday and sick benefits into a single PTO bank. All regular and part time employees are eligible and accruals are based on lengths of service.

15. Bad Debts

The Blood Bank uses an allowance for doubtful accounts. Based on prior years experience, management has determined that the allowance for doubtful accounts should be zero. Any debts or bad check realized above this level are immediately recognized as an expense.