

**Northern California Community
Blood Bank
Financial Statements**

June 30, 2009

Martin & Hutchison

CERTIFIED PUBLIC ACCOUNTANTS

2601 Harrison Avenue
Eureka, CA 95501

CERTIFIED PUBLIC ACCOUNTANTS
2601 HARRISON AVENUE
EUREKA, CA 95501

Web site cuttaxnow.com
email twmrah@cuttaxnow.com
(707)445-8476
(707)445-8477 fax

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, 2009 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, 2009, 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
November 20, 2009

Northern California Community Blood Bank
A Non-Profit Corporation
Statement of Financial Position
June 30, 2009

Assets

Current Assets			
Cash	\$	1,290,188	
Investments		1,820	
Accounts Receivable		933,817	
Inventories		295,556	
Prepaid Expenses		69,745	
Total Current Assets		<u>2,591,126</u>	\$ 2,591,126
Land, Buildings, Improvements, and Equipment			
Cost		3,324,909	
Accumulated Depreciation		<u>(1,569,545)</u>	
Net			1,755,364
Total Assets			<u>\$ 4,346,490</u>

Liabilities and Net Assets

Current Liabilities			
Accounts Payable	\$	123,881	
Accrued Payroll and Payroll Taxes		93,927	
Accrued Employee Benefits and Withholdings		14,924	
Accrued Paid Time Off		122,573	
Total Current Liabilities		<u>355,305</u>	\$ 355,305
Net Assets			
Unrestricted Net Assets			3,991,185
Total Liabilities and Net Assets			<u>\$ 4,346,490</u>

See Accompanying Notes

Northern California Community Blood Bank
A Non-Profit Corporation
Statement of Activities
For the Year Ended June 30, 2009

Revenue and Support

Products and Services	\$ 5,396,195	
Donations	2,340	
Customer Service Fees	13,850	
Interest Income	40,328	
Rental Income	14,172	
Gain on Asset Disposal	25	
Miscellaneous Income	4,548	
Total Revenue and Support	\$ 5,471,458	

Functional Expenses

Direct Program Services	4,427,831	
General and Administrative	1,018,652	
Fund Raising	-	
Total Functional Expenses	5,446,483	

Change in Net Assets	24,975
Unrestricted Net Assets - Beginning of Year	3,966,210
Unrestricted Net Assets - End of Year	\$ 3,991,185

See Accompanying Notes

Northern California Community Blood Bank
A Non-Profit Corporation
Statement of Functional Expenses
For the Year Ended June 30, 2009

Expenses	Direct Program Service	General and Management	Fund Raising	Total
Salaries and Wages	\$ 1,827,726	\$ 330,349	\$	\$ 2,158,075
Payroll Taxes	151,169	22,228		173,397
Payroll Benefits	193,088	93,546		286,634
Total Personnel Cost	<u>2,171,983</u>	<u>446,123</u>	-	<u>2,618,106</u>
Direct Cost of Products Provided	186,612	-		186,612
Advertising	5,500	564		6,064
Automobile	79,055	5,356		84,411
Bad Debts	-	4,675		4,675
Bank Charges & Interest	-	94		94
Computer Software/Hardware	50,137	1,375		51,512
Computer Access/Programming	84,890	197		85,087
Conference and Meetings	711	11,036		11,747
Depreciation	-	206,697		206,697
Donations	-	3,601		3,601
Dues and Memberships	1,604	39,364		40,968
Equipment Rental	-	3,314		3,314
Expendable Equipment	7,870	1,981		9,851
Insurance	-	35,372		35,372
Janitorial	732	31,495		32,227
Laundry	13,038	-		13,038
Medical Cost	6,662	767		7,429
Printing	17,769	7,848		25,617
Professional Development	2,529	3,842		6,371
Professional Services	1,198	58,753		59,951
Postage	5,255	5,224		10,479
Record Storage	-	2,575		2,575
Repairs and Maintenance	80,488	28,342		108,830
Security	-	2,850		2,850
Subscriptions and Books	9,981	1,116		11,097
Supplies	768,976	7,278		776,254
Surveys	535	-		535
Taxes and Licenses	10,662	30,866		41,528
Telephone	13,169	12,000		25,169
Testing Cost	851,958	-		851,958
Travel	32,904	25,934		58,838
Utilities	-	34,519		34,519
Waste Disposal	23,613	5,494		29,107
Total Expenses	<u>\$ 4,427,831</u>	<u>\$ 1,018,652</u>	<u>\$ -</u>	<u>\$ 5,446,483</u>

See Accompanying Notes

Northern California Community Blood Bank
A Non-Profit Corporation
Statement of Cash Flow
For the Year Ended June 30, 2009

Financial Resources Provided by Operations

Net Change to Unrestricted Net Assets	\$	24,975
Non-cash Revenue and Expense Adjustments		
Depreciation		206,697
Gain on Sale of Equipment		(25)
Change in Accounts Receivable		(157,335)
Change in Inventory		990
Change in Prepaid Expenses		12,403
Change in Accounts Payable		(16,318)
Change in Accrued Liabilities		2,206
		2,206
Financial Resources Provided by Operations	\$	73,593

Financial Resources Used by Investing Activities

Purchase of Land and Land Improvements		(8,072)
Purchase of Building and Improvements		(35,399)
Purchase of Medical and Lab Equipment		(97,542)
Purchase of Transportation Equipment		(23,155)
Sale of Equipment		6,825
		6,825
Financial Resources Used by Investing Activities		(157,343)

Net Increase (Decrease) in Cash		(83,750)
Cash at Beginning of Year		1,373,938
Cash at End of Year		\$ 1,290,188
Interest Paid for Year	\$	0

See Accompanying Notes

Northern California Community Blood Bank
A Non-Profit Corporation
Notes to Financial Statements
June 30, 2009

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	\$ 27,948
2520 Buildings and Improvements	1,366,491
2524 Buildings and Improvements	194,791
Medical and Lab Equipment	1,074,686
Office Furniture and Equipment	135,723
Blood Mobiles and Transportation Equipment	<u>525,270</u>
Total	<u>\$3,324,909</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
A Non-Profit Corporation
Notes to Financial Statements
June 30, 2009

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	219,199	202,086

The Blood Bank also purchased supplies from Times Printing in the amount of \$15,203.

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, 2009 are:

Accrued	Amount	Balance
June 30, 2009	\$ -0-	\$ -0-

7. Investments

Investments as of June 30, 2009, 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.

Northern California Community Blood Bank
A Non-Profit Corporation
Notes to Financial Statements
June 30, 2009

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.

Northern California Community Blood Bank
A Non-Profit Corporation
Notes to Financial Statements
June 30, 2009

13. Concentrated Risk

The Blood Bank conducts business with four organizations that comprise 66% of its annual products and services sold. These hospitals and their related percentage of sales are;

St Joseph Hospital	Annual Sales	\$1,222,795	22%
Stanford Hospital	Annual Sales	1,095,580	20%
ARC L.A/Pomona	Annual Sales	801,613	15%
Blood Source	Annual Sales	511,433	9%

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.