

**Northern California Community
Blood Bank
Financial Statements**

June 30, 2010

Martin & Hutchison

CERTIFIED PUBLIC ACCOUNTANTS

2601 Harrison Avenue

Eureka, CA 95501

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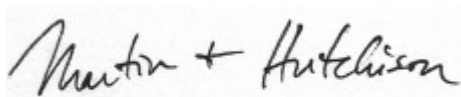
INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Northern California Community Blood Bank
2524 Harrison Avenue
Eureka, California 95501-3280

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

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 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, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Martin & Hutchison, CPAs
November 15, 2010

Northern California Community Blood Bank

A Non-Profit Corporation

Statement of Financial Position

June 30, 2010

Assets

Current Assets		
Cash	\$	1,719,834
Investments		1,820
Accounts Receivable		636,579
Inventories		264,770
Prepaid Expenses		91,708
Total Current Assets		<u>\$ 2,714,711</u>
Land, Buildings, Improvements, and Equipment		
Cost		3,303,789
Accumulated Depreciation		<u>(1,719,164)</u>
Net		1,584,625
Total Assets		<u><u>\$ 4,299,336</u></u>

Liabilities and Net Assets

Current Liabilities		
Accounts Payable	\$	150,689
Accrued Payroll and Payroll Taxes		89,783
Accrued Employee Benefits and Withholdings		11,403
Accrued Paid Time Off		100,212
Total Current Liabilities		<u>\$ 352,087</u>
Net Assets		
Unrestricted Net Assets		3,947,249
Total Liabilities and Net Assets		<u><u>\$ 4,299,336</u></u>

See Accompanying Notes

Northern California Community Blood Bank

A Non-Profit Corporation

Statement of Activities

For the Year Ended June 30, 2010

Revenue and Support

Products and Services	\$	5,032,051	
Donations		1,705	
Customer Service Fees		6,320	
Interest Income		24,629	
Rental Income		14,406	
Gain on Asset Disposal		9,730	
Miscellaneous Income		3,243	
Total Revenue and Support			\$ 5,092,084

Functional Expenses

Direct Program Services		4,086,678	
General and Administrative		1,049,342	
Fund Raising		-	
Total Functional Expenses			5,136,020

Change in Net Assets		(43,936)
Unrestricted Net Assets - Beginning of Year		3,991,185
Unrestricted Net Assets - End of Year	\$	<u>3,947,249</u>

See Accompanying Notes

Northern California Community Blood Bank

A Non-Profit Corporation

Statement of Functional Expenses

For the Year Ended June 30, 2010

Expenses	Direct Program Service	General and Management	Fund Raising	Total
Salaries and Wages	\$ 1,694,585	\$ 348,368	\$ -	\$ 2,042,953
Payroll Taxes	142,011	24,497	-	166,508
Payroll Benefits	232,743	106,324	-	339,067
Total Personnel Cost	2,069,339	479,189	-	2,548,528
Direct Cost of Products Provided	199,981	-	-	199,981
Advertising	7,129	223	-	7,352
Automobile	72,011	6,176	-	78,187
Bad Debts	-	10,552	-	10,552
Bank Charges	-	582	-	582
Computer Software/Hardware	14,999	31	-	15,030
Computer Access/Programming	31,056	395	-	31,451
Conference and Meetings	842	3,499	-	4,341
Depreciation	-	217,847	-	217,847
Donations	-	13,455	-	13,455
Dues and Memberships	2,321	40,498	-	42,819
Equipment Rental	-	6,542	-	6,542
Expendable Equipment	3,562	425	-	3,987
Insurance	-	41,151	-	41,151
Janitorial	(322)	32,594	-	32,272
Laundry	15,061	-	-	15,061
Medical Cost	2,927	142	-	3,069
Postage	5,006	4,149	-	9,155
Printing	18,638	7,148	-	25,786
Professional Development	1,370	3,057	-	4,427
Professional Services	-	68,763	-	68,763
Record Storage	-	3,280	-	3,280
Repairs and Maintenance	110,326	15,222	-	125,548
Security	-	1,269	-	1,269
Subscriptions and Books	7,241	2,152	-	9,393
Supplies	728,211	5,631	-	733,842
Surveys	4,994	-	-	4,994
Taxes and Licenses	8,160	4,238	-	12,398
Telephone	9,140	11,014	-	20,154
Testing Cost	726,475	-	-	726,475
Travel	23,825	29,413	-	53,238
Unclassified	235	-	-	235
Utilities	-	34,864	-	34,864
Waste Disposal	24,151	5,841	-	29,992
Total Expenses	\$ 4,086,678	\$ 1,049,342	\$ -	\$ 5,136,020

See Accompanying Notes

Northern California Community Blood Bank
A Non-Profit Corporation
Statement of Cash Flow
For the Year Ended June 30, 2010

Financial Resources Provided by Operations

Net Change to Unrestricted Net Assets	\$	(43,936)
Non-cash Revenue and Expense Adjustments		
Depreciation		217,847
Gain on Sale of Equipment		(9,730)
Change in Accounts Receivable		297,238
Change in Inventory		30,786
Change in Prepaid Expenses		(21,963)
Change in Accounts Payable		26,810
Change in Accrued Liabilities		<u>(30,027)</u>
Financial Resources Provided by Operations	\$	467,025

Financial Resources Used by Investing Activities

Purchase of Building and Improvements		1,540
Purchase of Medical and Lab Equipment		19,383
Purchase of Computers and Software		26,186
Sale of Equipment		<u>(9,730)</u>
Financial Resources Used by Investing Activities		37,379

Net Increase (Decrease) in Cash

429,646

Cash at Beginning of Year

1,290,188

Cash at End of Year

\$ 1,719,834

Interest Paid for Year

\$ 0

See Accompanying Notes

Northern California Community Blood Bank

A Non-Profit Corporation

Notes to Financial Statements

June 30, 2010

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	\$ 21,448
2520 Buildings and Improvements	1,368,031
2524 Buildings and Improvements	194,791
Medical and Lab Equipment	862,436
Office Furniture and Equipment	75,142
Computers and Software	291,696
Blood Mobiles and Transportation Equipment	<u>490,245</u>
Total	<u>\$3,303,789</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, 2010

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	201,143	25,310

The Blood Bank also purchased supplies from Times Printing in the amount of \$15,321.

The Blood Bank sold a vehicle to Administrator, Tom Schallert, by vote of the board for Kelly Blue Book Trade-In Value of \$9,125.

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, 2010 are:

	Accrued	Amount	Balance
June 30, 2010	\$ -0-	\$ -0-	\$ -0-

7. Investments

Investments as of June 30, 2010, 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, 2010

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

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Notes to Financial Statements

June 30, 2010

13. Concentrated Risk

The Blood Bank conducts business with four organizations that comprise 75% of its annual products and services sold. These hospitals and their related percentage of sales are:

St. Joseph Hospital	Annual Sales	\$1,390,382	28%
ARC San Jose/Pomona	Annual Sales	1,060,946	21%
Stanford Hospital	Annual Sales	981,319	20%
Blood Source	Annual Sales	350,213	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.