

**Northern California Community
Blood Bank
Financial Statements**

June 30, 2011

Martin & Hutchison

CERTIFIED PUBLIC ACCOUNTANTS

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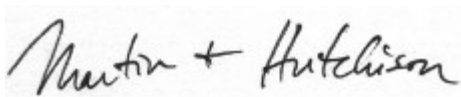
INDEPENDENT AUDITORS' REPORT

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, 2011, 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, 2011, 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 23, 2011

Northern California Community Blood Bank
A Non-Profit Corporation
Statement of Financial Position
June 30, 2011

Assets

Current Assets		
Cash	\$	1,604,507
Investments		1,820
Accounts Receivable		557,638
Inventories		280,849
Prepaid Expenses		<u>104,139</u>
Total Current Assets		\$ 2,548,953
Land, Buildings, Improvements, and Equipment		
Cost		3,331,816
Accumulated Depreciation		<u>(1,900,164)</u>
Net		1,431,652
Other Assets		
Deposits		<u>7,871</u>
Total Other Assets		7,871
Total Assets		<u><u>\$ 3,988,476</u></u>

Liabilities and Net Assets

Current Liabilities		
Accounts Payable	\$	109,264
Accrued Payroll and Payroll Taxes		47,104
Accrued Employee Benefits and Withholdings		11,428
Accrued Paid Time Off		<u>112,682</u>
Total Current Liabilities		\$ 280,477
Net Assets		
Unrestricted Net Assets		3,707,999
Total Liabilities and Net Assets		<u><u>\$ 3,988,476</u></u>

See Accompanying Notes

Northern California Community Blood Bank

A Non-Profit Corporation

Statement of Activities

For the Year Ended June 30, 2011

Revenue and Support

Products and Services	\$	4,529,018	
Donations		1,705	
Customer Service Fees		-	
Interest Income		16,308	
Rental Income		14,406	
Gain on Asset Disposal		25	
Miscellaneous Income		3,234	
Total Revenue and Support			\$ 4,564,696

Functional Expenses

Direct Program Services		3,775,486	
General and Administrative		1,038,933	
Fund Raising		-	
Total Functional Expenses			4,814,419

Change in Net Assets		(249,723)
Unrestricted Net Assets - Beginning of Year		3,957,723
Unrestricted Net Assets - End of Year	\$	<u>3,707,999</u>

See Accompanying Notes

Northern California Community Blood Bank

A Non-Profit Corporation

Statement of Functional Expenses

For the Year Ended June 30, 2011

Expenses	Direct Program Service	General and Management	Fund Raising	Total
Salaries and Wages	\$ 1,606,397	\$ 332,451	\$	\$ 1,938,847
Payroll Taxes	132,993	21,063		154,056
Payroll Benefits	231,158	146,475		377,633
Total Personnel Cost	<u>1,970,547</u>	<u>499,989</u>		<u>2,470,536</u>
Direct Cost of Products Provided	98,567	-		98,567
Advertising	3,962	-		3,962
Automobile	74,691	2,689		77,379
Bad Debts	-	8,191		8,191
Bank Charges	-	1,782		1,782
Computer Software/Hardware	26,770	34		26,803
Computer Access/Programming	43,032	395		43,427
Conference and Meetings	149	4,009		4,158
Depreciation	-	208,939		208,939
Donations	-	17,084		17,084
Dues and Memberships	1,606	39,684		41,290
Equipment Rental	-	6,531		6,531
Expendable Equipment	4,655	1,923		6,578
Insurance	-	40,153		40,153
Janitorial	-	30,142		30,142
Laundry	16,516	-		16,516
Medical Cost	3,077	42		3,119
Postage	4,085	1,563		5,649
Printing	13,383	2,943		16,326
Professional Development	1,957	3,082		5,039
Professional Services	-	63,932		63,932
Record Storage	-	2,677		2,677
Repairs and Maintenance	116,619	15,911		132,529
Security	-	1,437		1,437
Subscriptions and Books	7,007	1,490		8,497
Supplies	630,093	5,546		635,639
Surveys	3,575	-		3,575
Taxes and Licenses	8,981	3,181		12,161
Telephone	11,242	9,532		20,773
Testing Cost	685,331	-		685,331
Travel	21,471	25,161		46,631
Utilities	-	35,621		35,621
Waste Disposal	28,172	5,271		33,443
Total Expenses	<u>\$ 3,775,486</u>	<u>\$ 1,038,933</u>	<u>\$ -</u>	<u>\$ 4,814,419</u>

See Accompanying Notes

Northern California Community Blood Bank
A Non-Profit Corporation
Statement of Cash Flow
For the Year Ended June 30, 2011

Financial Resources Provided by Operations

Net Change to Unrestricted Net Assets	\$	(249,723)
Non-cash Revenue and Expense Adjustments		
Depreciation		208,939
Gain on Sale of Equipment		(25)
Change in Accounts Receivable		78,941
Change in Inventory		(16,079)
Change in Prepaid Expenses		(12,431)
Change in Accounts Payable		(41,426)
Change in Accrued Liabilities		(30,184)
		(30,184)
Financial Resources Provided by Operations	\$	(61,989)

Financial Resources Used by Investing Activities

Change in Deposits		2,603
Purchase of Medical and Lab Equipment		(25,426)
Purchase of Computers and Software		(30,539)
Sale of Equipment		25
		(53,337)
Financial Resources Used by Investing Activities		(53,337)

Net Increase (Decrease) in Cash

Cash at Beginning of Year

Cash at End of Year

Interest Paid for Year

		(115,326)
		1,719,834
		\$ 1,604,507
		\$ 0

See Accompanying Notes

Northern California Community Blood Bank
A Non-Profit Corporation
Notes to Financial Statements
June 30, 2011

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
2524 Buildings and Improvements	1,368,031
2520 Buildings and Improvements	194,791
Medical and Lab Equipment	848,707
Office Furniture and Equipment	75,142
Computers and Software	334,735
Blood Mobiles and Transportation Equipment	<u>488,962</u>
Total	<u>\$3,331,816</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, 2011

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.

	<u>Sales</u>	<u>Balance Due</u>
Mad River Community Hospital	\$153,567	\$ 8,774

The Blood Bank also purchased supplies from Times Printing in the amount of \$13,103.

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, 2011 are:

<u>Accrued</u>	<u>Amount</u>	<u>Balance</u>
June 30, 2011	\$ -0-	\$ -0-

7. **Investments**

Investments as of June 30, 2011, 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, 2011

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, 2011

13. **Concentrated Risk**

The Blood Bank conducts business with four organizations that comprise 78% of its annual products and services sold. These hospitals and their related percentage of sales are:

St. Joseph Hospital	Annual Sales	\$1,294,455	28%
ARC San Jose/Pomona	Annual Sales	1,149,531	25%
Stanford Hospital	Annual Sales	442,817	10%
Blood Source	Annual Sales	678,754	15%

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.