

3CORE
(A NONPROFIT CORPORATION)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED
JUNE 30, 2011

3CORE
(A Nonprofit Corporation)

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Financial Statements:	
Statement of Financial Position	2-3
Statement of Activities	4
Statement of Functional Expenses	5-6
Statement of Cash Flows	7
Notes to Financial Statements	8-14
Schedule of Expenditures of Federal Awards	15
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	16-17
Independent Auditor's Report on Compliance with Requirements That Could Have A Direct and Material Effect on Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	18-19
Schedule of Findings and Questioned Costs	20
Summary Schedule of Prior Audit Findings	21

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
3CORE

We have audited the accompanying statement of financial position of 3CORE (a nonprofit corporation) 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 3CORE's management. Our responsibility is to express an opinion on these financial statements based on our audit.

HARRISON-
DAILEY-WRIGHT
accountancy
corporation



CERTIFIED PUBLIC
ACCOUNTANTS

Michael E. Wright
CPA

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Susan M. Farr
CPA

Ruth Wright
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Lisanne M. Kelly
CPA

FOUNDED IN
1977 BY
RETIRED PRINCIPALS

Richard L. Harrison
George F. Dailey

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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, in all material respects, the financial position of 3CORE (a nonprofit corporation) as of June 30, 2011, and the changes in net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2011, on our consideration of 3CORE's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts, 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 considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements 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-Profit Organizations*, and is not a required part of the 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

HARRISON-DAILEY-WRIGHT
Accountancy Corporation

October 5, 2011

3CORE
(A Nonprofit Corporation)

STATEMENT OF FINANCIAL POSITION
June 30, 2011

ASSETS

Current Assets:

Cash	\$ 94,652
Accounts receivable	50,690
Deposits and prepaid expenses	<u>5,665</u>

Total Current Assets \$ 151,007

Restricted Assets - Revolving Loan and Grant Programs:

Cash	967,542
Cash - loan loss reserve	101,233
North Valley Community Foundation Loan Confidence Fund	209,084
Land	42,000
Loans receivable	<u>2,990,530</u>

Total Restricted Assets - Revolving
Loan and Grant Programs 4,310,389

Fixed Assets:

Equipment	81,449
Leasehold improvements	1,279
Accumulated depreciation	<u>(68,931)</u>

Total Fixed Assets 13,797

Other Asset - North Valley Community Foundation

28,609

TOTAL ASSETS

\$ 4,503,802

The accompanying notes are an integral part of this statement.

3CORE
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STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, Support, Gains, Losses and Other				
Reclassifications:				
Federal grants:				
Planning	\$ 78,555			\$ 78,555
Sub-Recipient	163,901	\$ 10,456		174,357
Local grants	71,139			71,139
Interest income:				
Loan programs:				
Loans		173,761		173,761
Bank	402	2,801		3,203
Late and prepayment fees		800		800
Fee for services, loan fees:				
Loan program		36,086		36,086
Fee for service	23,247	35,961		59,208
Contributions	21,000			21,000
Gain on investments	4,980			4,980
Adjustment to Deposit in Trust	2,702			2,702
Net assets released from restrictions:				
Restrictions satisfied by payments	335,967	(335,967)		-
Total Revenues, Support, Gains, Losses and Other	701,893	(76,102)		625,791
Expenses:				
Program services	617,749			617,749
Management and general	52,279			52,279
Adjustment to fixed assets	5,409			5,409
Total Expenses	675,437			675,437
Changes in Net Assets	26,456	(76,102)		(49,646)
Net Assets, Beginning of Year	235,170	193,652	\$ 1,958,721	2,387,543
Net Assets, End of Year	\$ 261,626	\$ 117,550	\$ 1,958,721	\$ 2,337,897

The accompanying notes are an integral part of this statement.

3CORE
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STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2011

	Program Services			
	Activity Delivery	Application Preparation	Business Technical Assistance	Portfolio Management
Salaries	\$ 33,217	\$ 915	\$ 12,952	\$ 139,025
Payroll taxes	2,627	71	984	11,762
Medical insurance	3,082	2	1,872	16,399
Workers' compensation	203	6	78	873
Total Salary Cost	39,129	994	15,886	168,059
Bad debts				
Bank charges	7		2	861
Contract labor	23,833	294	79,242	18,996
Depreciation				
Dues/Subscriptions	3,979	2	386	1,299
Equipment lease	627	13	259	4,705
Insurance	1,555	5	316	3,956
Interest	206		52	35,041
Legal/Accounting	912	26	1,628	9,408
Licenses/Permits/Fees	543		129	1,123
Loan costs	16			2,624
Office supplies	242	9	112	1,678
Other	119		16	518
Postage	46	4	40	418
Promotion/Publicity				
Rent	3,893	95	1,648	17,583
Repairs/Maintenance	993	7	289	4,135
Seminars/Meetings	317	5	151	8,871
Software maintenance	1,363	7	349	2,956
Telephone	456	9	170	1,787
Travel	545	16	218	5,232
Utilities	556	11	207	2,252
Total	<u>\$ 79,337</u>	<u>\$ 1,497</u>	<u>\$ 101,100</u>	<u>\$ 291,502</u>

The accompanying notes are an integral part of this statement.

3CORE
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STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2011

	<u>Program Services</u>		Management and General	<u>Total</u>
	<u>Planning</u>	<u>Total</u>		
Salaries	\$ 90,094	\$ 276,203	\$ 21,742	\$ 297,945
Payroll taxes	7,073	22,517	1,619	24,136
Medical insurance	5,226	26,581	1,282	27,863
Workers' compensation	857	2,017	131	2,148
Total Salary Cost	<u>103,250</u>	<u>327,318</u>	<u>24,774</u>	<u>352,092</u>
Bad debts			11,383	11,383
Bank charges	4	874	9	883
Contract labor	9,886	132,251	1,300	133,551
Depreciation		-	5,633	5,633
Dues/Subscriptions	1,944	7,610	988	8,598
Equipment lease	1,265	6,869	360	7,229
Insurance	2,207	8,039	416	8,455
Interest	219	35,518	196	35,714
Legal/Accounting	2,948	14,922	190	15,112
Licenses/Permits/Fees	323	2,118	1,546	3,664
Loan costs	395	3,035		3,035
Office supplies	916	2,957	260	3,217
Other	347	1,000	88	1,088
Postage	576	1,084	66	1,150
Promotion/Publicity	650	650		650
Rent	8,908	32,127	2,166	34,293
Repairs/Maintenance	2,274	7,698	554	8,252
Seminars/Meetings	3,438	12,782	1,059	13,841
Software maintenance	684	5,359	446	5,805
Telephone	1,092	3,514	226	3,740
Travel	1,829	7,840	354	8,194
Utilities	1,158	4,184	265	4,449
Total	<u>\$ 144,313</u>	<u>\$ 617,749</u>	<u>\$ 52,279</u>	<u>\$ 670,028</u>

The accompanying notes are an integral part of this statement.

3CORE
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STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2011

Cash Flows from Operating Activities:		
Change in net assets	\$ (49,646)	
Noncash expense - depreciation	5,633	
Decrease in accounts receivable	50,818	
Increase in deposits and prepaid expenses	(1,458)	
Decrease in payables and refundable advances	(20,816)	
Adjustment of fixed assets	5,409	
Net Cash Used by Operating Activities		\$ (10,060)
Cash Flows from Investing Activities:		
Decrease in restricted assets	880,121	
Increase in foundation fund	(4,311)	
Net Cash Provided by Investing Activities		875,810
Cash Flows from Financing Activities:		
Decrease in deposits in trust	(38,168)	
Repayment of notes payable	(774,645)	
Repayment of credit line	(75,000)	
Loan loss reserve deposits	11,750	
Willows Cascade Passthrough Fund	(12,871)	
Net Cash Used by Financing Activities		(888,934)
Net Decrease in Cash		(23,184)
Cash at June 30, 2010		117,836
Cash at June 30, 2011		\$ 94,652
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for interest		\$ 37,297

The accompanying notes are an integral part of this statement.