

HUMBOLDT COMMUNITY ACCESS  
AND RESOURCE CENTER

FINANCIAL STATEMENTS

For the Year Ended  
June 30, 2014

AUDITED BY

COUGHLAN NAPA CPA COMPANY, INC.

## HUMBOLDT COMMUNITY ACCESS AND RESOURCE CENTER

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Humboldt Community Access and Resource Center

We have audited the accompanying financial statements of Humboldt Community Access and Resource Center (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Humboldt Community Access and Resource Center as of June 30, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2014, on our consideration of Humboldt Community Access and Resource Center's internal control over financial, reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant 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.

Constance Coughlan, CPA  
Coughlan Napa CPA Company, Inc.  
September 26, 2014

**HUMBOLDT COMMUNITY ACCESS AND RESOURCE CENTER  
STATEMENT OF FINANCIAL POSITION  
As of June 30, 2014**

<b>ASSETS</b>	
<b>Current Assets</b>	
Cash & Cash Equivalents	\$ 689,787
Accounts Receivables - net	374,482
Prepaid Expenses	92,278
<b>Total Current Assets</b>	<u>1,156,547</u>
<b>Property and Equipment</b>	
Land	684,908
Buildings and Improvements	2,101,739
Equipment and Furniture	598,929
Accumulated Depreciation	(3,385,576)
<b>Total Property and Equipment</b>	<u>2,276,158</u>
<b>Other Assets</b>	
Restricted Cash	5,055
Deposits	33,587
Intangible Assets - net	60,131
<b>Total Other Assets</b>	<u>98,773</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 3,531,478</u></u>
<b>LIABILITIES AND NET ASSETS</b>	
<b>Current Liabilities</b>	
Accounts Payable	\$ 15,305
Accrued Expenses	217,752
Security Deposits	1,750
Deferred Revenue	420
Current Portion of Long-Term Debt	55,025
<b>Total current liabilities</b>	<u>290,252</u>
<b>Long-term liabilities</b>	
Long-Term Debt	1,369,143
<b>TOTAL LIABILITIES</b>	<u>1,659,394</u>
<b>Net assets</b>	
Unrestricted Net Assets	1,758,665
Temporarily Restricted Net Assets	108,419
Permanently Restricted Net Assets	5,000
<b>Total net assets</b>	<u>1,872,084</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 3,531,478</u></u>

The accompanying notes are an integral part of the financial statements.

**HUMBOLDT COMMUNITY ACCESS AND RESOURCE CENTER**  
**STATEMENT OF ACTIVITIES**  
For the year ended June 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUES</b>				
<b>Support</b>				
Grants and contracts	\$ 185,022	\$ 29,307	\$ -	\$ 214,329
Contributions and foundation grants	14,965	-	-	14,965
<b>Total support</b>	<u>199,988</u>	<u>29,307</u>	<u>-</u>	<u>229,295</u>
<b>Revenue and gains</b>				
Program fees for services	3,177,450	-	-	3,177,450
Program revenue	147,558	-	-	147,558
Rental income	23,163	-	-	23,163
Interest income	750	-	-	750
Realized losses on investments	(128)	-	-	(128)
Unrealized gains on investments	1,587	-	-	1,587
Other income	7,724	-	-	7,724
<b>Total revenue and gains</b>	<u>3,358,104</u>	<u>-</u>	<u>-</u>	<u>3,358,104</u>
Net assets released from restriction	24,247	(24,247)	-	-
<b>TOTAL REVENUES</b>	<u>3,582,338</u>	<u>5,060</u>	<u>-</u>	<u>3,587,398</u>
<b>EXPENSES</b>				
<b>Program services</b>				
Dances	450	-	-	450
The studio	257,666	-	-	257,666
Day programs	1,029,976	-	-	1,029,976
Baybridge services	283,376	-	-	283,376
Respite services	310,598	-	-	310,598
Support services	733,472	-	-	733,472
Transportation	273,100	-	-	273,100
<b>Total program services</b>	<u>2,888,638</u>	<u>-</u>	<u>-</u>	<u>2,888,638</u>
<b>Support services</b>				
Administration	562,065	-	-	562,065
<b>TOTAL EXPENSES</b>	<u>3,450,703</u>	<u>-</u>	<u>-</u>	<u>3,450,703</u>
<b>CHANGE IN NET ASSETS</b>	131,636	5,060	-	136,696
<b>NET ASSETS, JUNE 30, 2013</b>	<u>1,627,029</u>	<u>103,359</u>	<u>5,000</u>	<u>1,735,388</u>
<b>NET ASSETS, JUNE 30, 2014</b>	<u>\$ 1,758,665</u>	<u>\$ 108,419</u>	<u>\$ 5,000</u>	<u>\$ 1,872,084</u>

The accompanying notes are an integral part of the financial statements.

**HUMBOLDT COMMUNITY ACCESS AND RESOURCE CENTER**  
**STATEMENT OF CASH FLOWS**  
For the year ended June 30, 2014

<b>Cash flows from operating activities</b>	<b>\$ 136,696</b>
Change in net assets	
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	87,622
Realized (gains) losses on investments	128
Unrealized (gains) losses on investments	(1,587)
(Increase) decrease in:	
Accounts receivable	4,440
Prepaid expenses	(65,437)
Increase (decrease) in:	
Accounts payable	(30,456)
Accrued expenses	2,000
Deferred revenue	144
<b>Net cash provided by operating activities</b>	<b>133,551</b>
<b>Cash flows from investing activities</b>	
Purchase of property, equipment, and intangibles	(96,751)
<b>Net cash used in investing activities</b>	<b>(96,751)</b>
<b>Cash flows from financing activities</b>	
Principal payments on short and long-term debt	(48,585)
<b>Net cash provided by (used in) financing activities</b>	<b>(48,585)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(11,786)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>706,629</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 694,843</b>
Supplemental information	
Interest paid	\$ 66,789

The accompanying notes are an integral part of the financial statements.

**HUMBOLDT COMMUNITY ACCESS AND RESOURCE CENTER**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the year ended June 30, 2014

	Program Services							Support Services	Total Support and Program Services	
	Dances	The studio	Day programs	Baybridge services	Respite Services	Support services	Transportation	Total program services		Adminstration
Personnel	\$ -	\$ 185,921	\$ 830,299	\$ 227,295	\$ 265,896	\$ 618,146	\$ 162,314	\$ 2,289,871	\$ -	\$ 2,289,871
Occupancy	465	57,444	126,389	7,051	1,622	5,696	6,373	205,039	-	205,039
Operational	(15)	14,301	73,288	49,030	43,080	109,630	104,413	393,728	-	393,728
Administrative personnel	-	-	-	-	-	-	-	-	323,019	323,019
Administrative occupancy	-	-	-	-	-	-	-	-	56,695	56,695
General and administrative	-	-	-	-	-	-	-	-	182,351	182,351
<b>TOTAL EXPENSES</b>	<b>\$ 450</b>	<b>\$ 257,666</b>	<b>\$ 1,029,976</b>	<b>\$ 283,376</b>	<b>\$ 310,598</b>	<b>\$ 733,472</b>	<b>\$ 273,100</b>	<b>\$ 2,888,638</b>	<b>\$ 562,065</b>	<b>\$ 3,450,703</b>

The accompanying notes are an integral part of the financial statements.

HUMBOLDT COMMUNITY ACCESS AND RESOURCE CENTER  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014

**NOTE A – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -  
CONTINUED**

Property and Equipment

Humboldt Community Access and Resource Center capitalizes all property and equipment in excess of \$500 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets. Purchased property and equipment are capitalized at historical cost. Donated property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, Humboldt Community Access and Resource Center reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Humboldt Community Access and Resource Center reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method based on estimated useful lives of five to forty years.

Contributed Materials, Equipment, and Services

Contributed services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by Humboldt Community Access and Resource Center. Volunteers also provide services throughout the year in serving Humboldt Community Access and Resource Center's mission that are not recognized as contributions in the financial statements because the recognition criteria are not met.

Contributed materials and equipment are recorded as support in the accompanying statements at their estimated value at the date of receipt. All contributions are considered to be available for unrestricted use unless specifically restricted by donor.

Support and Revenue Recognition

Support and revenue received from federal, state, and local governments that are conditioned upon Humboldt Community Access and Resource Center incurring certain qualifying costs, are considered to be exchange transactions and, therefore, are recognized as unrestricted revenue as those costs are incurred.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of 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.

Accounts Receivable

The Organization records an allowance for doubtful accounts. Management reviews accounts receivable and estimates the allowance based on past loss experience, specific impaired balances, adverse situations that may affect the repayment, and current economic conditions. Receivables are considered impaired if payments are not received in accordance with transaction terms.



HUMBOLDT COMMUNITY ACCESS AND RESOURCE CENTER  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014

**NOTE B - CASH AND CASH EQUIVALENTS**

Humboldt Community Access and Resource Center maintains its cash balances in several financial institutions. Accounts at each institution are insured by Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2014, amounts at one bank exceeded the insured amount.

**NOTE C - ACCOUNTS RECEIVABLE**

The accounts receivable was composed of the following at June 30, 2014:

	2014
Redwood Coast Regional Center	\$ 253,001
Department of Transportation	30,956
State Transit Assistance Fund	44,062
Other Receivables	52,812
Allowance for Doubtful Accounts	(6,349)
	\$ 374,482

**NOTE D - PROPERTY AND EQUIPMENT**

The following is a summary of the changes to the property and equipment accounts:

	Balance July 1, 2013	Additions	Retirements and Transfer	Balance June 30, 2014
Land	\$ 684,908	\$ -	\$ -	\$ 684,908
Buildings and Improvements	2,053,003	40,288	(13,069)	2,080,222
Leasehold Improvements	21,517	-	-	21,517
Furniture and Fixtures	10,542	-	-	10,542
Equipment and Machinery	111,484	9,891	-	121,375
Vehicles	467,012	-	-	467,012
Accumulated Depreciation	3,348,466	50,179	(13,069)	3,385,576
	(1,029,436)	(79,982)	-	(1,109,418)
Total	\$ 2,319,030	\$ (29,802)	\$ (13,069)	\$ 2,276,158

Depreciation for the year ended June 30, 2014 was \$79,982.

**NOTE E - RESTRICTED NET ASSETS**

At June 30, 2014, temporarily restricted net assets consisted of the federal 5 year or 150,000 miles restriction on the Organization's new van and also the restriction on the new caravan.

At June 30, 2014, permanently restricted net assets consisted of contributions of \$5,000 received in 1972 restricted to investment in perpetuity, the income from which is expendable to support the bowling program.

HUMBOLDT COMMUNITY ACCESS AND RESOURCE CENTER  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2014

**NOTE F – BOARD DESIGNATED NET ASSETS**

The Board of Directors has designated \$13,193 as an endowment fund.

**NOTE G - NOTES PAYABLE**

	Amount payable
Note payable to U.S. Bank National Association, payable at \$6,036 per month including interest at 7.46%. Secured by real property at 1707 E Street expiring April 5, 2014	\$ 759,828

Note payable to U.S. Bank National Association, payable at \$5,277 per month including interest at 7.46%. Secured by real property at 1001 Searles Street expiring April 5, 2014	664,340
	<u>\$ 1,424,167</u>

The Organization plans to retire and/or refinance the notes payable due April 5, 2014.

The Organization has a credit line in the amount of \$80,000. Interest is payable at 7%. The balance at year end was zero.

**NOTE H - LEASE AGREEMENT**

Humboldt Community Access and Resource Center is leasing commercial property as described below:

The Organization leases the facility that houses its Art Studio program on a lease expiring March 31, 2018 at \$3,350 per month.

The Organization leases a facility that houses a day programs on a lease expiring June 1, 2022 at \$4,918 per month, adjusted in the sixth year to prevailing market rate and annual adjustments to market thereafter for increases.

Future minimum lease payments for the next 5 years:

Year	Amount
2015	\$ 99,216
2016	99,216
2017	99,216
2018	89,166
2019	59,016
Thereafter	42,764
<b>Total</b>	<u><b>\$ 488,594</b></u>

**NOTE I - COMPENSATED ABSENCES**

Accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expense and a liability.

HUMBOLDT COMMUNITY ACCESS AND RESOURCE CENTER  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014

**NOTE J – REHABILITATION GRANT**

The Organization received a grant for rehabilitation of the J Street property. The project is substantially complete. It has brought the building into compliance with local government requirements and allows for better utilization. The grant awarded April 1, 2008 restricts the use of the building and requires a five year subsequent review period.

**NOTE K - TAX EXEMPTION**

Humboldt Community Access and Resource Center is a nonprofit organization and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code.

The Organization is subject to tax on net income from rental activities. There are no uncertain tax positions. Tax years remaining open to examination are three years for federal and four years for state.

**NOTE L - SUBSEQUENT EVENTS**

Management of Humboldt Community Access and Resource Center has evaluated subsequent events for disclosure through September 26, 2014, the date of the Independent Auditor's report and the date the financial statements were available to be issued.

**REPORTS REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of  
Humboldt Community Access and Resource Center

We have audited, in accordance with the 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, the financial statements of Humboldt Community Access and Resource Center (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 26, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Humboldt Community Access and Resource Center's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Humboldt Community Access and Resource Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Humboldt Community Access and Resource Center's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Constance Coughlan, CPA  
Coughlan Napa CPA Company, Inc.  
September 26, 2014