

**COASTSIDE HOPE**  
**FINANCIAL STATEMENTS**  
**June 30, 2007 and 2006**

**COASTSIDE HOPE**

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POMARES GARDNER  
AN ACCOUNTANCY CORPORATION

INDEPENDENT AUDITORS' REPORT

To The Board of Directors  
Coastside Hope  
El Granada, California

We have audited the accompanying statements of financial position of the Coastside Hope as of June 30, 2007 and 2006, and the related statements of activity and cash flows for the years 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 audits.

We conducted our audits in accordance with generally accepted auditing standards 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 audits provide 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 the Coastside Hope as of June 30, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended, in conformity with generally accepted accounting principles accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Coastside Hope Statement of Functional Expenses on page 9 is presented for the purposes of additional analysis and is not required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Pomares Gardner*

An Accountancy Corporation

October 18, 2007  
Sacramento, CA

**Coastside Hope**  
**Statement of Financial Position**  
**As of June 30**

	<u>2007</u>	<u>2006</u>
<b>ASSETS</b>		
Current Assets		
Cash in Bank	\$ 131,930	\$ 77,356
Accounts Receivable	46,675	86,673
Current Portion of Pledges Receivable (Note 2)	1,583	0
Prepaid Expenses	303	4,445
	180,491	168,474
Property and Equipment - Net of Depreciation (Note 3)	683,759	759,206
Pledges Receivable - Less Current Portion (Note 2)	13,002	0
<b>Total Assets</b>	<b><u>\$ 877,252</u></b>	<b><u>\$ 927,680</u></b>

**LIABILITIES AND NET ASSETS**

Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 33,667	\$ 41,409
Current Portion of Long-Term Liabilities	2,756	2,675
Total Current Liabilities	36,423	44,084
Long Term Liabilities		
Line of Credit (Note 4 & 5)	39,000	41,000
Note Payable - Less Current Portion (Note 4)	343,066	345,822
Total Long Term Liabilities	382,066	386,822
Total Liabilities	418,489	430,906
Net Assets		
Temporarily Restricted (Note 8)	39,727	24,252
Unrestricted	419,036	472,522
Total Net Assets	458,763	496,774
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 877,252</u></b>	<b><u>\$ 927,680</u></b>

See notes to the financial statements

**Coastside Hope**  
**Statement of Activities**  
**For the Years Ended June 30**

	<u>2007</u>	<u>2006</u>
<b>Changes in Unrestricted Net Assets</b>		
Revenue and Support		
Government Grants - Services	\$ 586,149	\$ 530,327
Public Grants and Contributions	215,406	224,530
In-Kind Donations	111,129	73,770
Medical Transportation Fees	3,577	5,062
Fees for Services	157,917	126,071
Other Income	16,955	15,425
Total Revenue and Support	<u>1,091,133</u>	<u>975,185</u>
Temporarily Restricted Net Assets Released From Restrictions		
Grants and Contributions	<u>3,017</u>	<u>9,403</u>
<b>EXPENSES</b>		
Program Services	1,127,666	876,836
Supporting Services	5,023	107,673
Fundraising	<u>14,945</u>	<u>15,834</u>
Total Expenses	1,147,634	1,000,343
Net increase (Decrease) in Unrestricted Net Assets	(53,484)	(15,755)
<b>Changes in Temporarily Restricted Net Assets</b>		
Grants and Contributions	18,490	3,758
Assets Released from Restrictions	<u>(3,017)</u>	<u>(9,403)</u>
Net Changes in Temporarily Restricted Net Assets	<u>15,473</u>	<u>(5,645)</u>
Increase (Decrease) in Net Assets	(38,011)	(21,400)
Net Assets, Beginning of Year	496,774	518,174
Net Assets, End of Year	<u>\$ 458,763</u>	<u>\$ 496,774</u>

See notes to the financial statements

**Coastside Hope  
Statement of Cash Flows  
For the Years Ended June 30**

	<u>2007</u>	<u>2006</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received From Customers	\$ 997,143	\$ 927,535
Interest Received	178	223
Cash Paid to Vendors and Employees	(982,303)	(906,184)
Interest Paid	<u>(5,769)</u>	<u>(5,050)</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>9,249</u>	<u>16,524</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Disposal of Property	50,000	0
Cash Payments for Purchase of Property & Equipment	0	(2,975)
Cash Payments for Building Improvements	<u>0</u>	<u>(2,509)</u>
<b>Net Cash Provided By (Used In) Investing Activities</b>	<u>50,000</u>	<u>(5,484)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal Payments on Long Term Debt	<u>(4,675)</u>	<u>(3,596)</u>
<b>Net Cash Provided By (Used In) Financing Activities</b>	<u>(4,675)</u>	<u>(3,596)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	54,574	7,444
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>77,356</u>	<u>69,912</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 131,930</u>	<u>\$ 77,356</u>
<b>Reconciliation of Increase (Decrease) in Net Assets</b>		
<b>Cash Provided (Used) by Operating Activities</b>		
Increase (Decrease) in Net Assets	\$ (38,011)	\$ (21,400)
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by (Used In) Operating Activities:		
Depreciation and Amortization	44,659	45,965
Losses (Gains) on Sale of Fixed Assets	(5,077)	0
Donated Vehicles & Equipment	(14,135)	(39,600)
Decrease (Increase) in Operating Assets:		
Accounts Receivable	25,413	38,488
Other	4,142	3,225
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	<u>(7,742)</u>	<u>(10,154)</u>
Total Adjustments	<u>47,260</u>	<u>37,924</u>
<b>Net Cash Provided By (Used in) Operating Activities</b>	<u>\$ 9,249</u>	<u>\$ 16,524</u>

See notes to the financial statements

Coastside Hope  
Notes to Financial Statements  
June 30, 2007 and 2006

**NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

**(a) Nature of Activities**

The Coastside Opportunity Center, Inc., a not-for-profit corporation, was established in 1976. In 2006, Coastside Opportunity Center, Inc. established a new DbA, Coastside Hope. For the years ended June 30, 2007 and 2006, the Organization received 57% and 55% respectively of its revenue to provide public transportation to eligible residents of the coast side area in San Mateo County California near Half Moon Bay under the auspices of San Mateo County Transit District, CalTrans and MediCal. Effective June 30, 2007, the transportation program has been eliminated from the programs provided by the Organization. The remaining social services programs will be the focus of the organization in future years. The Organization provides emergency critical needs services for local low income families including emergency shelter, food, clothing, rental assistance, and no cost tax preparation services. In addition the Organization is accredited by INS and provides immigration and citizenship services to local immigrant workers.

**(b) Cash and Cash Equivalents**

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Donors of the Christmas Bureau have requested funds to be accounted for in separate bank account.

**(c) Accounts Receivable**

All accounts receivable have been deemed collectible by management. The allowance for doubtful accounts has been determined to be zero.

**(d) Pledges Receivable**

Unconditional promises to give are recognized as revenues in the period received and as assets.

**(e) Property and Equipment**

Property and equipment is stated at cost. The Organization capitalizes acquisitions and betterments with useful lives of greater than one year and a cost of greater than \$1,500. Depreciation is provided over the estimated useful life of the asset using the straight-line method. The estimated useful lives range from three to thirty years. The Organization used two Sam-Trans buses in their operations in which Sam-Trans has retained title. The Organization paid for all scheduled and required maintenance costs for the vehicles and was not required to pay a rental usage fee for the vehicles to Sam-Trans.

Coastside Hope  
Notes to Financial Statements  
June 30, 2007 and 2006

**NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - continued**

**(f) Contributions**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Contributions that are temporarily restricted are then reclassified to unrestricted net assets upon satisfaction of the restriction. Restricted contributions whose restrictions are met within the same reporting period are classified as unrestricted support.

Contributions of fixed assets or goods are recognized as In-Kind donations at their fair market value. For the year ended June 30, 2007, the Organization received donated vehicles and equipment valued at \$14,135 and food bank goods valued at \$96,994.

Coastside Hope is allocated funds from the San Francisco Chronicle each year as part of its Season of Sharing Program. The Organization manages the determination of families that are eligible for the program. The funds are then directly disbursed from the fiscal agent to the families. The Organization recognizes income as the funds are disbursed to the families.

Contributions of services are recognized if the services received create non-financial assets or require specialized skills. There were no contributed services meeting this criteria during the years ended June 30, 2007 and 2006. The Organization receives more than 3,000 volunteer hours per year which do not meet the criteria for the recognition as revenue stated above. The fair value of these contributed services has not been determined.

**(f) Use of Estimates**

The preparation of financial statements in conformity with U.S. 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.

**(g) Income Taxes**

The Organization is a not-for-profit organization incorporated on March 26, 1976, in the State of California and is exempt from income taxation under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code.

Coastside Hope  
Notes to Financial Statements  
June 30, 2007 and 2006

**NOTE 2: PLEDGES RECEIVABLE**

Pledges receivable are due as follows:

	<u>2007</u>	<u>2006</u>
Less than one year	1,583	0
Two to five years	14,422	0
	16,005	0
Unamortized discounts	(1,420)	0
	\$ 14,585	\$ 0

The discount rate used is 8.5% for the year ended June 30, 2007. The allowance for pledge loss is determined to be zero.

**NOTE 3: PROPERTY AND EQUIPMENT**

Property and equipment at June 30 consists of the following:

	<u>2007</u>	<u>2006</u>
Land	\$ 386,716	\$ 386,716
Vehicles	57,567	319,856
Building	447,545	447,545
Office equipment	30,107	44,225
Less accumulated depreciation	(238,176)	(439,136)
<b>Total property and equipment</b>	<b>\$ 683,759</b>	<b>\$ 759,206</b>

**NOTE 4: LONG-TERM DEBT**

At June 30, long-term debt consisted of the following:

	<u>2007</u>	<u>2006</u>
Non-interest bearing note payable to San Mateo County Housing Division, secured by land and building. The entire principal is due in the year 2025, plus a share of the appreciated value of the property. (see note 5)	\$ 266,000	\$ 266,000
 Note payable to San Mateo County Housing Division, secured by parking lot. Monthly payments of \$432, including interest at 3% per annum, are due through July 2028	 79,822	 82,497

Coastside Hope  
Notes to Financial Statements  
June 30, 2007 and 2006

**NOTE 4: LONG-TERM DEBT - continued**

Revolving \$200,000 line of credit payable to a board member. Note secured by deed of trust and assignment of rents of the 99 Avenue Alhambra property. Interest is payable monthly at prime rate published in New York Times plus 1%. Principal and any accrued interest is due in full November 23, 2014. In July 2005, the board member temporarily reduced the interest rate to 6% until December 2006 due to the increased prime rates. If the prime rate falls back below 5%, the normal interest rate rules apply to the note. (See Note 4)

	39,000	41,000
	384,822	389,497
Less current portion	(2,756)	(2,675)
	\$ 382,066	\$ 386,822

Maturities for the years ending June 30

2008	2,756
2009	2,840
2010	2,927
2011	3,016
2012	3,107

**NOTE 5: RELATED PARTY**

A current board member has extended the line of credit to Coastside Hope.

Storage space is rented from a board member to run the food bank program as well as storage space for other programs. For the years ended June 30, 2007 and 2006, the board member was paid \$14,400 and \$14,400 in rent respectively.

Related party transactions were consummated on terms equivalent to those that prevail in arm's length transactions.

**NOTE 6: COMMITMENT**

Coastside Hope entered into an agreement with the San Mateo County Housing Division to provide financing for their operating premises (see Note 4). Terms of the agreement provide in part for the Organization to repay, in March 2025, the face value of the debt of \$266,000 plus an amount equal to one-half of the market value of the property in excess of the original cost, less the value of the improvements made by the Organization during its period of occupancy. The amount due is not determinable, and is not reflected in the financial statements at June 30, 2007 and 2006. Coastside Hope is in compliance with the note's specific loan covenant requirements for the years ended June 30, 2007 and 2006 respectively.

Coastside Hope  
Notes to Financial Statements  
June 30, 2007 and 2006

**NOTE 7: CONCENTRATION**

Coastside Hope maintains its cash balances at one financial institution. The balances are insured by the F.D.I.C. up to \$100,000. At June 30, 2007, the Organization's uninsured balance is \$31,930.

**NOTE 8: NET ASSETS**

Temporarily restricted net assets are restricted to the following purposes:

	<u>2007</u>	<u>2006</u>
Christmas Bureau	14,983	13,856
PCF Homeless Prevention	278	0
PCF Utility Assistance	770	3,665
School Shuttle	0	120
Vehicle Purchase Fund	6,611	6,611
Pantry Remodel Grant	2,500	0
Promises to Give Future Period	14,585	0
	<u>\$ 39,727</u>	<u>\$ 24,252</u>

Net assets were released from donor restrictions as follows:

Homeless Shelter Fund	0	4,571
Interim Executive Director Fund	0	2,219
PCF Homeless Prevention	0	2,613
PCF Utility Assistance	2,897	0
School Shuttle	120	0
	<u>\$ 3,017</u>	<u>\$ 9,403</u>

**NOTE 9: LEASES**

The Organization leases copier equipment under an agreement which provides for title to remain with the seller. An option to purchase the equipment at the residual fair market value remains with the Organization. Lease payments made during the fiscal year end totaled \$463. Future minimum lease payments are as follows:

For the Year Ending June 30

2008	1,853
2009	1,853
2010	1,853
2011	1,853
2012	1,390

Coastside Hope  
Statement of Functional Expenses  
For the Year Ended June 30, 2007 and Total for June 30, 2006

	Program	Support	Fundraising	Current Year Total	Prior Year Total
Salaries and Benefits	585,017		-	585,017	502,862
Professional Services	19,965	1,200	-	21,165	72,015
Training/Seminars	-		-	-	150
General Services	15,474		-	15,474	3,959
Staff/Board Prof Dev & Hosp	3,324		-	3,324	3,452
Development	920		-	920	1,303
Memberships, Dues & Subscriptions	660		-	660	2,113
Program Travel	624		-	624	2,734
Insurance	17,744	326	-	18,070	57,524
Interest	5,286	483	-	5,769	5,050
Property Tax	2,108	193	-	2,301	1,826
Building Repair & Maintenance	13,030	941	-	13,971	9,610
Storage Rental	10,908		-	10,908	12,116
Utilities	6,283	575	-	6,858	6,494
Telephones	3,799		-	3,799	10,087
Web/Internet	-		-	-	380
Postage and Delivery	3,813		-	3,813	2,940
Printing and Copying	8,869		-	8,869	3,803
Supplies	5,936		-	5,936	4,643
Fund Raising	-		14,945	14,945	15,834
Christmas Bureau	40,567		-	40,567	35,205
Emergency Assistance	6,832		-	6,832	8,321
Homeless Shelter Fund	6,255		-	6,255	9,721
Food Bank	99,355		-	99,355	35,611
Season of Sharing	19,501		-	19,501	15,903
Immigration Program	9,540		-	9,540	-
Vehicle Expenses	195,545		-	195,545	122,756
Testing, Uniforms, Misc.	2,813		-	2,813	8,227
Miscellaneous - Transportation	125		-	125	68
Miscellaneous	(1,216)		-	(1,216)	-
Bank Charges	1,235		-	1,235	511
Bad Debt	-		-	-	(840)
	<u>1,084,312</u>	<u>3,718</u>	<u>14,945</u>	<u>1,102,975</u>	<u>954,378</u>
Depreciation	43,354	1,305		44,659	45,965
	<u>1,127,666</u>	<u>5,023</u>	<u>14,945</u>	<u>1,147,634</u>	<u>1,000,343</u>

See notes to the financial statements