

Puente de la Costa Sur
Financial Statements
Year ended June 30, 2009
with
Report of Independent Auditors

CERTIFIED PUBLIC
ACCOUNTANTS

DONALD WILSON
ALAN MARKLE
CHARLES STUCKEY
DAVID HARDESTY
DAVID BOTT
DAVID BAILEY
MICHAEL SMITH

Report of Independent Auditors

Board of Directors
Puente de la Costa Sur

We have audited the accompanying statements of financial position of Puente de la Costa Sur as of June 30, 2009, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the management of Puente de la Costa Sur. Our responsibility is to express an opinion on these financial statements based on our audit. The prior-year summarized comparative information has been derived from the organization's June 30, 2008 financial statements and, in our report dated September 25, 2008; we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in 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 Puente de la Costa Sur as of June 30, 2009, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

Wilson Markle Stuckey Hardesty & Bott

Wilson Markle Stuckey Hardesty & Bott
Larkspur, CA
September 8, 2009

Puente de la Costa Sur
Statement of Financial Position
at June 30, 2009

Assets	2009	2008
Current assets		
Cash and cash equivalents	\$ 130,424	\$ 179,957
Accounts and grants receivable	64,751	35,450
Prepaid expenses and other current assets	<u>11,370</u>	<u>7,971</u>
Total current assets	206,545	223,378
Property and equipment, at cost		
Furniture and equipment	19,239	17,957
Leasehold improvements	26,837	3,500
Accumulated depreciation and amortization	<u>(6,822)</u>	<u>-</u>
Total	<u>39,254</u>	<u>21,457</u>
Total assets	<u><u>\$ 245,799</u></u>	<u><u>\$ 244,835</u></u>
 Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 34,709	\$ 25,670
Accrued liabilities	10,432	9,260
Deferred income	<u>27,000</u>	<u>-</u>
Total current liabilities	72,141	34,930
Net assets		
Unrestricted	53,955	90,592
Temporarily restricted	<u>119,703</u>	<u>119,313</u>
Total net assets	<u>173,658</u>	<u>209,905</u>
Total liabilities and net assets	<u><u>\$ 245,799</u></u>	<u><u>\$ 244,835</u></u>

See accompanying notes.

Puente de la Costa Sur
Statement of Activities and Changes in Net Assets
Year ended June 30, 2009

	Unrestricted	Temporarily restricted	2009 Total	2008 Total
Revenue and support				
Government grants/contracts	\$ 266,844	-	\$ 266,844	\$ 118,500
Contributions				
Foundations	98,200	\$ 213,489	311,689	349,200
Individuals	127,441	-	127,441	78,602
Corporate	23,241	-	23,241	-
Other charitable organizations	10,146	32,000	42,146	-
Program service fees	1,550	-	1,550	13,110
Interest income	33	-	33	996
Other income	364	-	364	3,810
In-kind contributions	284,810	-	284,810	275,354
Net assets released from restrictions	245,099	(245,099)	-	-
Total revenue and support	1,057,728	390	1,058,118	839,572
Expenses				
Programs	905,078	-	905,078	731,098
General and administrative	119,842	-	119,842	74,893
Fundraising and development	69,445	-	69,445	31,600
Total expenses	1,094,365	-	1,094,365	837,591
Change in net assets	(36,637)	390	(36,247)	1,981
Net assets, beginning of year	90,592	119,313	209,905	207,924
Net assets, end of year	\$ 53,955	\$ 119,703	\$ 173,658	\$ 209,905

See accompanying notes.

Puente de la Costa Sur
Statement of Functional Expenses
Year ended June 30, 2009

				2009	2008
	Programs	General and administrative	Fundraising	Total	Total
Salaries	\$ 365,686	\$ 27,907	\$ 45,471	\$ 439,064	\$ 314,253
Payroll taxes	37,614	3,026	4,291	44,931	29,423
Other employee benefits	39,047	10,704	9,030	58,781	23,346
Contract services	76,904	797	6,569	84,270	59,107
Accounting fees	-	44,271	-	44,271	21,158
Insurance	2,421	783	588	3,792	3,718
Depreciation and amortization	-	6,822	-	6,822	-
Program expenses					
In-kind food and supplies	283,117	1,694	-	284,811	271,816
Computer/internet access	15,964	3,338	1,565	20,867	-
Transportation	28,309	54	341	28,704	18,955
Food	6,781	-	-	6,781	-
Shelter	8,777	-	-	8,777	-
Other	13,281	8	-	13,289	33,536
Occupancy and space rental	5,777	13,019	714	19,510	15,449
Office expenses	11,323	6,185	876	18,384	30,660
Professional development	7,966	277	-	8,243	9,239
Community outreach	2,111	-	-	2,111	6,611
Miscellaneous	-	957	-	957	320
Total expenses	\$ 905,078	\$ 119,842	\$ 69,445	\$ 1,094,365	\$ 837,591

See accompanying notes.

Puente de la Costa Sur
Statement of Cash Flows
Year ended June 30, 2009

	2009	2008
Cash flows from operating activities		
Change in net assets	\$ (36,247)	\$ 1,981
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Changes in current assets and liabilities		
Depreciation expense	6,822	-
Accounts receivable	(29,301)	63,284
Prepaid expenses	(3,399)	(5,032)
Accounts payable	9,039	10,390
Accrued liabilities	1,172	5,017
Deferred revenue	27,000	-
	(24,914)	75,640
Net cash (used) provided by operating activities	(24,914)	75,640
Cash used by investing activities		
Decrease in certificates of deposit	-	30,566
Purchases of property and equipment	(24,619)	(21,457)
	(24,619)	9,109
Net cash (used) provided by investing activities	(24,619)	9,109
Net (decrease) increase in cash and cash equivalents	(49,533)	84,749
Cash and cash equivalents, beginning of year	179,957	95,208
Cash and cash equivalents, end of year	\$ 130,424	\$ 179,957

See accompanying notes.

Puente de la Costa Sur
Notes to Financial Statements
June 30, 2009

Note 1 – Summary of significant accounting policies

Description of operations

Puente de la Costa Sur is a non-profit California corporation that provides vital services for men, women, children and families living in the South Coast communities of Pescadero, La Honda, Loma Mar and San Gregorio. Puente provides food, clothing, rental and utility assistance; literacy programs for English and Spanish learners; enrollment in health insurance programs; educational health outreach, screening, and immunizations; parenting education and support programs, counseling and peer support for adults and children, and opportunities for leadership development, economic development, and community engagement and action. Puente de la Costa Sur also works with nursery, ranch and farm owners and workers to promote sustainable agricultural economy on the South Coast.

Basis of accounting

The accompanying financial statements are prepared on the accrual basis of accounting. Puente de la Costa Sur records revenues when earned and expenses when incurring the related obligation. Puente de la Costa Sur recognizes revenues from reimbursable cost contracts when incurring the related expenses.

Cash and cash equivalents

Cash consists of amounts on deposit with a commercial bank, available on demand. The carrying amount of such cash equivalents approximates fair value due to the short-term nature of these instruments.

Allowance for uncollectible accounts receivable

Puente de la Costa Sur uses the allowance method to account for uncollectible accounts receivable. Under this method, Puente de la Costa Sur reviews all receivables for any problems with collectability. If Puente de la Costa Sur feels that there may be a problem with collections, an allowance is provided for the receivable. When attempts to collect a specific receivable are unsuccessful, the account is considered uncollectible and is written off against the allowance. At June 30, 2009, Puente de la Costa Sur concluded that an allowance for doubtful accounts was not necessary.

Puente de la Costa Sur
Notes to Financial Statements
June 30, 2009

Note 1 – Summary of significant accounting policies (continued)

Furniture and equipment

Puente de la Costa Sur capitalizes expenditures of \$2,500 or more when making outlays for property and equipment. Purchases of furniture and equipment are recorded at cost. Donated furniture and equipment are stated at fair value. Equipment and furniture depreciation will be computed on the straight-line method over estimated useful lives of five or seven years.

Leasehold improvements

Expenditures for improvements to leased facilities are amortized over the life of the lease relevant to that property.

Net assets

Financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. SFAS No. 117 requires Puente de la Costa Sur to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

Puente de la Costa Sur classifies net assets into one of the three classes depending on the presence and type of donor restrictions limiting the ability of Puente de la Costa Sur to use or dispose of specific contributed assets or the economic benefits embodied in those assets. Puente de la Costa Sur considers donor stipulations as restrictions only when they include limitations on the use of contributed assets that are more specific than the broad limits imposed by the purpose and nature of Puente de la Costa Sur.

Unrestricted net assets include those net assets not restricted by donors, although the board of directors may limit their use.

Temporarily restricted net assets include those net assets restricted by donor specified time or purpose. The balance of temporarily restricted net assets consists of funds received by or committed to Puente de la Costa Sur that had not yet met donor stipulations.

Puente de la Costa Sur
Notes to Financial Statements
June 30, 2009

Note 1 – Summary of significant accounting policies (continued)

Net assets (continued)

Permanently restricted net assets include those net assets that must be maintained in perpetuity. Permanently restricted net assets increase when Puente de la Costa Sur receives contributions with donor-imposed restrictions limiting use of an asset or its economic benefits that neither expires with passage of time nor by meeting certain usage restrictions. In the absence of donor stipulations to the contrary, donor restrictions on the use of revenue from permanently restricted net assets also extend to net appreciation of the assets. Puente de la Costa Sur had no permanently restricted net assets at June 30, 2009.

In-kind support

Puente de la Costa Sur records contributions of goods and services at their fair market value only if they create or enhance a non-financial asset or require specialized skills, are provided by entities or persons possessing those skills and Puente de la Costa Sur would have purchased the goods or services if they did not receive them as contributions.

Allocation of functional expenses

The costs of providing Puente de la Costa Sur's various programs and other activities have been summarized on a functional basis in the statement of changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services based on estimates of time and usage.

Income taxes

Puente de la Costa Sur has been advised by governmental authorities that it is exempt from federal income and state franchise taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the Revenue and Taxation Code of the State of California. Puente de la Costa Sur has been classified as other than a private foundation under Internal Revenue Codes Section 509(a) (1). Accordingly, donors are entitled to the maximum charitable contribution allowed by law.

Puente de la Costa Sur
Notes to Financial Statements
June 30, 2009

Note 1 – Summary of significant accounting policies (continued)

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

Estimated fair value of financial instruments

Statement of Financial Accounting Standards No. 107, "Disclosure about Fair Value of Financial Instruments", requires the disclosure of the fair value of financial instruments, including assets and liabilities recognized on the statement of financial position. Management estimates that the aggregate net fair value of financial instruments recognized on the statement of financial position (including receivables, payables and accrued expenses) approximates their carrying value; as such financial instruments are short-term in nature or bear interest at current market rates.

Note 2 – Accounts and grants receivable

Accounts receivable at June 30, 2009 consists of \$18,877 remaining to be received in service fees/government contract revenue from the County of San Mateo, \$25,000 of grant funds from the Kaiser Foundation, \$13,000 remaining to be received from the United Way, \$7,000 in pledges and an \$874 credit due from a vendor.

Accounts receivable at June 30, 2008 consists of \$17,950 remaining to be received in service fees/government contract revenue primarily from the County of San Mateo. Grants and pledges receivable at June 30, 2008 consists of \$15,000 remaining to be received from the United Way and a \$2,500 pledge from an individual.

Puente de la Costa Sur
Notes to Financial Statements
June 30, 2009

Note 3 – Commitments

Puente de la Costa Sur leased office space under an operating lease with the La Honda-Pescadero Unified School District. The lease commenced on July 1, 2008 with an annual rent payment of \$120 and a term of eight years. The contract is subject to annual review and may be modified at that time. Puente de la Costa Sur also leased office space from a private individual for \$700 a month. The contract lapsed in 2005 and they have been on a month-to-month basis since then. Puente only occupied this space through December 2008. Rent expense for the year ended June 30, 2009 was \$19,510, (2008 - \$15,488). This figure also includes payments made for utilities and maintenance.

Note 4 – Deferred income

Puente de la Costa Sur received funds in advance of billing for a reimbursable contract with the County of San Mateo related to its Summer Youth Program. The revenue is deferred so as to match the expenses incurred to the related obligation.

Note 5 – Retirement account

Puente de la Costa Sur sponsors a defined contribution plan (Plan) under IRC Section 403(b) for its employees. The Plan allows participating employees to defer a portion of their compensation into income tax-deferred investments. The contribution rate is elective per employee and Puente de la Costa Sur does a match of 6%. For the year ended June 30, 2009, Puente de la Costa Sur made contributions to the plan totaling \$16,189 (2008 - \$6,184).

Note 6 – Income taxes

Puente has elected to defer application of Financial Accounting Standards Board (FASB) Interpretation Number 48 (FIN 48), "According for Uncertainty in Income Taxes - An interpretation of FASB Statement Number 109," in accordance with FASB Staff Position Number 48-3 (FSB 48-3), until January 1, 2009. Because Puente is not a calendar year organization, the deferral is applicable for the year ended June 30, 2009.

Puente de la Costa Sur
Notes to Financial Statements
June 30, 2009

Note 6 – Income taxes (continued)

Puente evaluates its uncertain tax positions using the provisions of FASB Statement Number 5, "Accounting for Contingencies." Accordingly, Puente recognizes a loss contingency when it is probable that the Puente has incurred a liability as of the date of the financial statements and Puente can estimate reasonably the amount of the loss. The amount Puente recognizes is subject to estimate and management judgment with respect to the likely outcome of each uncertain tax position. The amount that taxing authorities ultimately sustain for individual or aggregate uncertain tax positions could differ from the amount recognized herein. Management evaluates all positions taken on income tax returns and does not believe that any current positions would be subject to adjustments herein if Puente had applied FIN 48.

Note 7 – In-kind contributions

Puente receives a significant amount of in-kind contributions in the form of food and supplies. The primary source of these contributions is the Second Harvest Food Bank of Santa Clara and San Mateo Counties. The value of these contributions for the year ended June 30, 2009 was \$284,811 (\$271,816 - 2008).

Note 8 – Risks and uncertainties

Puente de la Costa Sur has received support that may be subject to audit or review by the grantor agencies. Management believes that it has complied with all aspects of grant and contract provisions and disallowed costs, if any, would be insignificant to its financial position.

Revenues from government contracts in the accompanying statement of activities consist principally of amounts earned under the terms of contracts with the Counties of San Mateo and Santa Clara.

Cash and cash equivalents at various times during the year ended June 30, 2009 included amounts with a commercial bank in excess of federal deposit insurance.

Puente de la Costa Sur
Notes to Financial Statements
June 30, 2009

Note 9 – Temporarily restricted net assets

At June 30, 2009 Puente de la Costa Sur had temporarily restricted net assets of \$119,703. This balance consists of program restricted assets of \$46,571 and time restricted assets of \$73,132.

	June 30, 2008	2009 Additions	2009 Releases	June 30, 2009
<u>Program Restrictions</u>				
University of California	\$ 11,655	\$ -	\$ (11,655)	\$ -
Morris Stulsaft Foundation	-	12,000	(799)	11,201
Kaiser Foundation	-	25,000	(2,484)	22,516
Grove Foundation	-	15,000	(2,146)	12,854
Total program restricted assets	11,655	52,000	(17,084)	46,571
<u>Time Restrictions</u>				
Silicon Valley Community Foundation	3,333	69,589	(48,504)	24,418
van Loben Sels/RembeRock Foundation	3,125	10,000	(13,125)	-
San Francisco Foundation	-	36,000	(36,000)	-
Sand Hill Foundation	40,000	30,900	(40,000)	30,900
United Way	17,500	32,000	(40,886)	8,614
Bothin Foundation	28,700	-	(19,500)	9,200
Atkinson Foundation	15,000	15,000	(30,000)	-
Total Time restricted assets	107,658	193,489	(228,015)	73,132
Total temporarily restricted net assets	\$ 119,313	\$ 245,489	\$ (254,299)	\$ 119,703