

**3CORE, INC.**  
**(A California Non-Profit Corporation)**

**FINANCIAL STATEMENTS  
TOGETHER WITH  
INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED  
JUNE 30, 2015**

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**3CORE, INC.**  
**Annual Financial Report**  
**For the Year Ended June 30, 2015**

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## **INTRODUCTORY SECTION**

- **Board of Directors**

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**3CORE, INC.**  
**Board of Directors**  
**For the Year Ended June 30, 2015**

Dan Blair . . . . . President  
Alexa Benson-Valavanis . . . . . Vice President  
Star Brown . . . . . Secretary/Treasurer  
Kathy Sarmiento . . . . . Director  
Jovanni Tricerri . . . . . Director  
Lorri Pride . . . . . Director  
Karli Olsen . . . . . Director

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## **FINANCIAL SECTION**

- **Independent Auditor's Report**
- **Basic Financial Statements**
- **Supplementary Information**

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**INDEPENDENT AUDITOR'S REPORT**

The Board of Directors  
3CORE, Inc.  
Chico, California

**Report on the Financial Statements**

We have audited the accompanying financial statements of 3CORE, Inc., California (a nonprofit Corporation), which comprise the statement of financial position as of June 30, 2015, 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.

The Board of Directors  
3CORE, Inc.  
Chico, California

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of June 30, 2015, 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**

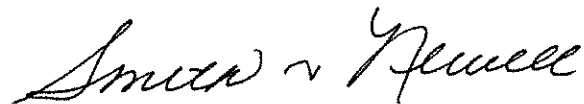
### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The 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.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express or provide any assurance on it.

## **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated October 6, 2015, on our consideration of the Corporation'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Corporation's internal control over financial reporting and compliance.



Smith & Newell, CPAs  
Yuba City, California  
October 6, 2015

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## **Basic Financial Statements**

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**3CORE INC.**  
**Statement of Financial Position**  
**June 30, 2015**

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
<b>ASSETS</b>			
Current Assets:			
Cash and deposits	\$ 647,241	\$ 2,464,263	\$ 3,111,504
Receivables:			
Grant/subrecipient	3,625	-	3,625
Contracts	1,355	-	1,355
Royalty	26,500	-	26,500
Other	671	396	1,067
Prepaid expenses and deposits	57	-	57
Due from other funds	-	30,000	30,000
	<b>679,449</b>	<b>2,494,659</b>	<b>3,174,108</b>
Capital Assets:			
Furniture and equipment	47,451	-	47,451
Accumulated depreciation	(43,102)	-	(43,102)
	<b>4,349</b>	<b>-</b>	<b>4,349</b>
Other Assets:			
Loans receivable	276,361	2,283,472	2,559,833
	<b>276,361</b>	<b>2,283,472</b>	<b>2,559,833</b>
	<b>\$ 960,159</b>	<b>\$ 4,778,131</b>	<b>\$ 5,738,290</b>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	\$ 20	\$ 1,000	\$ 1,020
Salaries and benefits payable	2,445	-	2,445
Interest payable	-	9,536	9,536
Passthrough funds	3,104	17,244	20,348
Unearned revenue	16,822	-	16,822
Deposits	81,040	117,836	198,876
Due to other funds	30,000	-	30,000
Compensated absences payable	12,794	-	12,794
Line of credit	15,000	-	15,000
Loans payable	-	40,486	40,486
	<b>161,225</b>	<b>186,102</b>	<b>347,327</b>
Noncurrent Liabilities:			
Loans payable	-	3,334,789	3,334,789
	<b>-</b>	<b>3,334,789</b>	<b>3,334,789</b>
	<b>161,225</b>	<b>3,520,891</b>	<b>3,682,116</b>

The notes to the basic financial statements are an integral part of this statement.

Continued (Page 1 of 2)

**3CORE INC.**  
**Statement of Financial Position**  
**June 30, 2015**

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
<b>NET ASSETS</b>			
Unrestricted	798,934	-	798,934
Temporarily restricted	-	1,257,240	1,257,240
	798,934	1,257,240	2,056,174
<b>Total Net Assets</b>			
	\$ 960,159	\$ 4,778,131	\$ 5,738,290

The notes to the basic financial statements are an integral part of this statement.

Continued (Page 2 of 2)



**3CORE INC.**  
**Statement of Activities**  
**For the Year Ended June 30, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>OPERATING REVENUES AND OTHER SUPPORT</b>			
Grant/subrecipient revenue	\$ 146,130	\$ -	\$ 146,130
Cash match revenue	75,000	-	75,000
Contract revenue	26,789	1,149	27,938
Contributions	39,400	-	39,400
Loan management	6,727	20,304	27,031
Loan interest income	14,899	135,361	150,260
Miscellaneous revenue	14,706	2,807	17,513
	<hr/>	<hr/>	<hr/>
<b>Total Operating Revenues and Other Support</b>	323,651	159,621	483,272
<b>OPERATING EXPENSES</b>			
Salaries and benefits	231,739	75,784	307,523
Bank service charge	1,447	3	1,450
Dues and subscriptions	2,884	302	3,186
Equipment rent	9,323	2,356	11,679
Insurance	8,292	2,449	10,741
Janitorial	876	234	1,110
Legal and accounting	11,332	4,944	16,276
Licenses/permits/taxes/fees	510	156	666
Loan costs	(26)	1,193	1,167
Marketing	1,611	423	2,034
Miscellaneous	1,350	-	1,350
Office supplies	1,907	488	2,395
Postage and freight	456	193	649
Professional services	52,424	261	52,685
Rent	12,946	3,464	16,410
Repair and maintenance	4,925	2,481	7,406
Telephone	2,326	342	2,668
Travel	6,409	1,542	7,951
Utilities	2,433	630	3,063
Depreciation	1,506	-	1,506
	<hr/>	<hr/>	<hr/>
<b>Total Operating Expenses</b>	354,670	97,245	451,915
<b>Operating Income (Loss)</b>	<hr/>	<hr/>	<hr/>
	(31,019)	62,376	31,357
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest income	2,737	1,234	3,971
Interest expense	-	(20,265)	(20,265)
	<hr/>	<hr/>	<hr/>
<b>Total Non-Operating Revenues (Expenses)</b>	2,737	(19,031)	(16,294)
<b>Income (Loss) Before Transfers</b>	<hr/>	<hr/>	<hr/>
	(28,282)	43,345	15,063
Transfers in	138,026	10,958	148,984
Transfers out	(146,780)	(2,204)	(148,984)
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<b>Change in Net Assets</b>	(37,036)	52,099	15,063
<b>Total Net Assets - Beginning</b>	<hr/>	<hr/>	<hr/>
	835,970	1,205,141	2,041,111
<b>Total Net Assets - Ending</b>	<hr/>	<hr/>	<hr/>
	\$ 798,934	\$ 1,257,240	\$ 2,056,174

The notes to the basic financial statements are an integral part of this statement.

**3CORE INC.**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from operations	\$ 320,741	\$ 169,225	\$ 489,966
Payments for operations	(114,790)	(122,497)	(237,287)
Payments to employees	(236,254)	(75,784)	(312,038)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>(30,303)</u>	<u>(29,056)</u>	<u>(59,359)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers from other funds	138,026	10,958	148,984
Transfers to other funds	(146,780)	(2,204)	(148,984)
Interfund loans made	-	(30,000)	(30,000)
Interfund loan repayments received	94,533	-	94,533
Interfund loans repaid	(87,142)	(7,391)	(94,533)
Interfund loans received	30,000	-	30,000
Loans issued	-	(907,042)	(907,042)
Principal payments received	180,356	253,621	433,977
Loan proceeds	-	1,300,000	1,300,000
Principal paid on debt	(2,927)	(25,654)	(28,581)
Interest paid on debt	-	(15,785)	(15,785)
<b>Net Cash Provided (Used) for Noncapital Financing Activities</b>	<u>206,066</u>	<u>576,503</u>	<u>782,569</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest and dividends	2,739	1,234	3,973
<b>Net Cash Provided (Used) for Investing Activities</b>	<u>2,739</u>	<u>1,234</u>	<u>3,973</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	178,502	548,681	727,183
<b>Balances - Beginning</b>	468,739	1,915,582	2,384,321
<b>Balances - Ending</b>	<u>\$ 647,241</u>	<u>\$ 2,464,263</u>	<u>\$ 3,111,504</u>

The notes to the basic financial statements are an integral part of this statement.

Continued (Page 1 of 2)

**3CORE INC.**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ (31,019)	\$ 62,376	\$ 31,357
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,506	-	1,506
Decrease (increase) in:			
Accounts receivable	13,949	9,604	23,553
Prepaid expenses and deposits	(20)	-	(20)
Increase (decrease) in:			
Accounts payable	6,016	1,000	7,016
Salaries and benefits payable	(2,422)	-	(2,422)
Passthrough funds	639	10,047	10,686
Unearned revenue	(21,359)	(1,500)	(22,859)
Deposits	4,500	(110,583)	(106,083)
Compensated absences payable	(2,093)	-	(2,093)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ (30,303)</u>	<u>\$ (29,056)</u>	<u>\$ (59,359)</u>

The notes to the basic financial statements are an integral part of this statement.

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## **Basic Financial Statements**

- **Notes to Basic Financial Statements**

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**3CORE, INC.**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of 3CORE, Inc. (Corporation) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental nonprofit entities. The more significant of the Corporation's accounting policies are described below.

**A. Description of the Reporting Entity**

3CORE, Inc. is a private not-for-profit corporation organized and established in 1985 to serve the three county regions of Butte, Glenn and Tehama. The specific purpose of this Corporation is to be an intermediary for public and private investments that foster a stable and diversified local economy, to improve social, economic, and employment conditions through collaborative partnerships and to implement a sound, long-term strategy that can address identified community needs through the private, public, and non-profit organizations principally located within Butte, Glenn and Tehama counties.

Services related to economic development are primarily funded through various federal grants. The Corporation was designated as an economic development district by the Economic Development Administration under the provisions of the Public Works and Economic Development Act of 1965. Funds provided are to be used to foster economic planning and coordination services.

The Corporation also has established a revolving loan program in which funds are made available to local business. The funds for the program are derived from a U.S. Department of Commerce Economic Development Administration Grant, U.S. Department of Housing and Urban Development Community Development Block Grants, various local grant funds, local matching funds, refundable loans and reinvestment of interest and loan packaging fees.

The Corporation also provides contract services, primarily to local government units, related to obtaining and administering grant projects.

**B. Income Taxes**

The Corporation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Corporation has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(1)(A)(vi).

The Corporation believes that it has appropriate support for any tax position taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Corporation's federal and state information returns are subject to examination by regulatory agencies, generally for three and four years after they were filed for federal and state, respectively.

**C. Basis of Accounting**

The operations of the Corporation are organized into funds, each of which is considered to be a separate accounting entity. The individual funds of the Corporation record the activity of separate projects.

The basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements.

**3CORE, INC.**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Basis of Accounting (Continued)**

The financial statements of the Corporation have been prepared on the accrual basis of accounting. Under this method of accounting, revenues are recognized when they are earned and expenses are recognized when the liability is incurred.

**D. Basis of Presentation**

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in ASC 958 (formerly SFAS No. 117). Under FASB ASC 958, the Corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

- **Unrestricted net assets** - Net assets that are not subject to donor imposed stipulations. The balance in unrestricted net assets represent the excess of assets over liabilities.
- **Temporarily restricted net assets** - Net assets subject to donor-imposed stipulations that will be met by actions of the Corporation and/or the passage of time.
- **Permanently restricted net assets** - Net assets subject to donor-imposed stipulations that the principal be maintained permanently by the Corporation. The Corporation does not have any permanently restricted net assets.

**E. Cash and Deposits**

Cash and deposits held by the Corporation at June 30, 2015, consists of cash held in checking and saving accounts at banks which are secured by the Federal Deposit Insurance Corporation (FDIC). The balance in these banks may at times exceed amounts covered by the FDIC. The Corporation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash deposits. Concentration of credit risk associated with investments is considered low due to the credit quality of the financial institutions holding these cash deposits and the Federal Deposit Insurance Corporation coverage.

**F. Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Corporation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

**G. Receivables**

Receivables at June 30, 2015, consisted primarily of grant administration, contracts, royalty receivable and other receivables. Management considers all amounts to be collectible and therefore has established no allowance for uncollectibles.



**3CORE, INC.**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**H. Inventories**

Purchases of supplies are recorded as an expense at the time of purchase rather than when consumed. Records are not maintained of inventory and supplies on hand, although these amounts are not considered material.

**I. Capital Assets**

Capital assets are defined by the Corporation as assets with a cost of more than \$500. Capital assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are recorded at their estimated fair market value at the date of donation.

Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets. The estimated useful lives of depreciable assets are as follows:

<u>Depreciable Asset</u>	<u>Estimated Lives</u>
Equipment	3 - 5 years
Furniture and fixtures	3 - 5 years

Expenditures for maintenance and repairs are charged against operations. Renewals and betterments that materially extend the life of the assets are capitalized.

**J. Loans Receivable**

The Corporation uses funds received under the Economic Development Administration Revolving Loan Fund program, USDA intermediary relending program, the Small Business Administration Intermediary Lending Pilot program, the Wells Fargo Community Development Corporation loan program, Tri Counties Bank loan program, Golden Valley Bank loan program, and Rabobank loan program to provide loans to individuals and businesses for business start-up and expansion.

**K. Interfund Transactions**

Following is a description of the four basic types of interfund transactions made during the year and the related accounting policies:

- **Due to/from other funds** - loans between funds reported as receivables and payables and referred to as due to/from other funds.
- **Quasi-external (charges for current services)** - transactions for services rendered or facilities provided. These transactions are recorded as revenues in the receiving fund and expenses in the disbursing fund.
- **Reimbursements (expenditure transfers)** - transactions to reimburse a fund for specific expenditures incurred for the benefit of another fund. These transactions are recorded as expenses in the disbursing fund and a reduction of expenses in the receiving fund.
- **Transfers** - all other interfund transactions which allocate resources from one fund to another fund. These transactions are recorded as operating transfers in and out.

**3CORE, INC.**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**L. Unearned Revenue**

Unearned revenue is recorded for assets recognized in connection with a transaction before the earnings process is complete. Those assets are offset by a corresponding liability for unearned revenue.

The Corporation has recorded unearned revenue of \$16,822 for funds received in advance.

**M. Compensated Absences and Postemployment Benefits**

It is the Corporation's policy to permit employees to accumulate a limited amount of earned but unused vacation which will be paid to employees upon separation from Corporation service. No liability is recorded for non-vesting accumulated rights to receive sick pay benefits.

Employees accrue vacation at a rate dependent on length of employment. Unused vacation time accrued is payable at 100 percent of the accrual at termination of employment. The accrued vacation liability does not include applicable payroll taxes. The portion expected to be liquidated with current financial resources is recorded as a current liability. The balance at June 30, 2015 was \$12,794.

The Corporation does not currently provide postemployment benefits.

**N. Revenue Recognition**

Contributions received and certain other revenues are recorded as unrestricted support.

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**O. Estimates**

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE 2: CASH AND DEPOSITS**

**A. Financial Statement Presentation**

As of June 30, 2015, cash and deposits consisted of the following:

Deposits in banks	\$ 3,111,504
Total Cash	<u>\$ 3,111,504</u>

**3CORE, INC.**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2015**

**NOTE 2: CASH AND DEPOSITS (CONTINUED)**

**B. Cash**

At year end, the carrying amount of the Corporation's cash deposits in banks was \$3,111,504 and the bank balance was \$3,212,016. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit.

Custodial Credit Risk for Deposits - Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Corporation will not be able to recover its deposits or collateral securities that are in the possession of an outside party. The Corporation follows the requirements of the California Government Code. Under this code, deposits of more than \$250,000 must be collateralized at 105 percent to 150 percent of the value of the deposit to guarantee the safety of the public funds. The first \$250,000 of the Corporation's deposits are insured by the Federal Deposit Insurance Corporation (FDIC). Deposits more than the \$250,000 insured amount are collateralized.

**NOTE 3: CAPITAL ASSETS**

A summary of capital assets at June 30, 2015 follows:

	Balance <u>June 30, 2015</u>
Furniture and Equipment	\$ 47,451
Accumulated Depreciation	<u>( 43,102)</u>
Total Capital Assets, Net	<u>\$ 4,349</u>

Depreciation expense for the year ended June 30, 2015 was \$1,506.

**NOTE 4: LOANS RECEIVABLE**

At June 30, 2015, the Corporation had thirteen loans receivable outstanding under the EDA Revolving Loan fund, seven loans receivable outstanding under the USDA Intermediary Relending Program (IRP), four loans receivable outstanding under the Small Business Financing program, four loans outstanding under the Small Business Administration Intermediary Lending Pilot program (SBAILP), three loans receivable outstanding under the Tri Counties Bank loan program, three loans receivable outstanding under the Wells Fargo Community Development Corporation loan program, and six loans receivable outstanding under the Rabobank Loan program. At June 30, 2015, the total balance outstanding was \$2,559,833.

At June 30, 2015 the loans receivable balances were all current. The Corporation has not established an allowance for doubtful accounts, however, a loan loss reserve account has been established for loans that may default.

**3CORE, INC.**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2015**

**NOTE 5: INTERFUND TRANSACTIONS**

**Due To/From Other Funds**

During the course of operations, transactions occur between funds to account for goods received or services rendered. These receivables and payables are classified as due from or due to other funds. The following are due from and due to balances as of June 30, 2015:

	Due From Other Funds	Due To Other Funds
Unrestricted:		
General	\$ -	\$ 30,000
Temporarily Restricted:		
EDA Revolving Loan Fund	30,000	-
Total	\$ 30,000	\$ 30,000

**Transfers**

Transfers are indicative of funding for projects and re-allocations of revenues. The following are the interfund transfers for the fiscal year ended June 30, 2015:

	Transfer In	Transfer Out
Unrestricted:		
General	\$ 135,823	\$ 56,173
Small Business Financing	-	90,607
RLF #6 Early Stage	2,203	-
Temporarily Restricted:		
EDA Revolving Loan Fund	7,261	-
COIN	3,697	-
RLF #7 Rabobank Loan	-	2,204
Total	\$ 148,984	\$ 148,984

**NOTE 6: LOANS PAYABLE**

A summary of loans payable at June 30, 2015 follows:

United States Department of Agriculture Rural Development loan dated December 20, 1996 in the amount of \$500,000 to be used to relend to eligible job creating businesses. The loan is to be repaid, plus interest on the unpaid principal balance at the rate of 1 percent per annum. Payments are to be interest only on December 20, 1997, 1998, and 1999. Thereafter, payments of \$21,225, including principal and interest are due on December 20 of each year until repaid. \$ 235,978

United States Department of Agriculture Rural Development loan dated June 26, 2006 in the amount of \$150,000, to be used to relend to eligible job creating businesses. The loan is to be repaid, plus interest on the unpaid principal balance at the rate of 1 percent per annum. Payments of \$7,956, including principal and interest are due on June 26 of each year until repaid. 89,297

**3CORE, INC.**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2015**

**NOTE 6: LOANS PAYABLE (CONTINUED)**

A summary of loans payable at June 30, 2015 follows (Continued):

<p>U.S. Small Business Administration loan dated August 22, 2012 in the amount of \$1,000,000 to be used to provide loans to eligible job creating businesses. The loan is to be repaid, plus interest on the unpaid principal balance at the rate of 1 percent per annum. Payments are to be deferred for the first two years after the date of the first disbursement. Thereafter, payments of principal and interest on the outstanding balance will be made quarterly on January 7, April 7, July 7, and October 7 of each year until repaid.</p>	1,000,000
<p>Wells Fargo Community Development Corporation loan dated April 22, 2006 in the amount of \$500,000. Repayments of the loan will be interest only for the first ten years at a rate of 2 percent per annum on the outstanding principal balance. The entire principal will be due on August 22, 2016.</p>	500,000
<p>Tri Counties Bank loan dated March 1, 2014 in the amount of \$250,000, to be used for community development purposes. Repayments of the loan will be interest only for the first five years at a rate of zero percent per annum on the outstanding principal balance, the entire principal will be due on March 1, 2019.</p>	250,000
<p>Tri Counties Bank loan dated January 29, 2015 in the amount of \$500,000, to be used for Community development purposes. Repayment of the loan will be interest only for the first five years at a rate of zero percent per annum on the outstanding principal balance. The entire principal will be due January 29, 2020.</p>	500,000
<p>Golden Valley Bank loan dated March 31, 2015 in the amount of \$100,000, to be used for Community development purposes. Repayments of the loan will be interest only for the first two years at a rate of zero percent per annum on the outstanding principal balance. The entire principal will be due on March 31, 2020.</p>	100,000
<p>Rabobank loan dated May 9, 2014 in the amount of \$700,000, to be used for small business lending programs and community development within Butte, Glenn and Tehama Counties. Repayment of the loan will be at a rate of zero percent per annum on the outstanding principal balance. The entire principal will be due on May 9, 2019.</p>	<u>700,000</u>
<p>Total Loans Payable</p>	3,375,275
<p>Less Amount Due Within One Year</p>	<u>40,486</u>
<p>Total Long-Term Portion Loans Payable</p>	<u><u>\$ 3,334,789</u></u>

**3CORE, INC.**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2015**

**NOTE 6: LOANS PAYABLE (CONTINUED)**

Following is a schedule of debt payment requirements to maturity for long-term debt.

Year Ended <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 40,486	\$ 15,335	\$ 55,821
2017	583,109	14,302	597,411
2018	83,942	11,801	95,743
2019	1,034,783	10,960	1,045,743
2020	685,633	10,110	695,743
2021-2025	441,218	37,498	478,716
2026-2030	371,692	15,919	387,611
2031-2033	<u>134,412</u>	<u>1,548</u>	<u>135,960</u>
Total	<u>\$ 3,375,275</u>	<u>\$ 117,473</u>	<u>\$ 3,492,748</u>

**NOTE 7: LINE OF CREDIT**

At June 30, 2015, the Corporation had one line of credit account with Rabobank totaling the amount of \$50,000, with a maturity date of August 10, 2015. Variable interest rates with a floor rate of 4.0% apply to the outstanding balance and interest is due monthly. At June 30, 2015, there was a balance of \$15,000.

**NOTE 8: COMPENSATED ABSENCES**

Accumulated unpaid employee vacation benefits are recognized as a liability. The balance owed at June 30, 2015 was \$12,794.

**NOTE 9: RELATED ENTITY**

During the year ended June 30, 2015, the Corporation contributed to the California Finance Consortium, a 501(c)3. The Finance Consortium will be used by its members to apply for and obtain grants. The board consists of members from each of the five contributing organizations.

**NOTE 10: RISK MANAGEMENT**

The Corporation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Corporation maintains comprehensive general liability insurance, automobile liability insurance and property insurance to provide coverage for these risks.

**NOTE 11: SUBSEQUENT EVENTS**

Management has evaluated events subsequent to June 30, 2015 through October 6, 2015, the date on which the financial statements were available for issuance. Management has determined no subsequent events requiring disclosure have occurred.

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## **Supplementary Information**

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**3CORE INC.**  
**Combining Statement of Financial Position**  
**June 30, 2015**

	Unrestricted			
	General	OGD Revolving Loan Fund	Small Business Financing	RLF #6 Early Stage
<b>ASSETS</b>				
Current Assets:				
Cash and deposits	\$ 443,115	\$ -	\$ 204,126	\$ -
Receivables:				
Grant/subrecipient	3,625	-	-	-
Contracts	1,355	-	-	-
Royalty	26,500	-	-	-
Other	671	-	-	-
Prepaid expenses and deposits	57	-	-	-
Due from other funds	-	-	-	-
<b>Total Current Assets</b>	<b>475,323</b>	<b>-</b>	<b>204,126</b>	<b>-</b>
Capital Assets:				
Furniture and equipment	47,451	-	-	-
Accumulated depreciation	(43,102)	-	-	-
<b>Total Capital Assets, Net</b>	<b>4,349</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other Assets:				
Loans receivable	778	-	275,583	-
<b>Total Other Assets</b>	<b>778</b>	<b>-</b>	<b>275,583</b>	<b>-</b>
<b>Total Assets</b>	<b>\$ 480,450</b>	<b>\$ -</b>	<b>\$ 479,709</b>	<b>\$ -</b>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	\$ 20	\$ -	\$ -	\$ -
Salaries and benefits payable	2,445	-	-	-
Interest payable	-	-	-	-
Passthrough funds	3,104	-	-	-
Unearned revenue	16,822	-	-	-
Deposits	81,040	-	-	-
Due to other funds	30,000	-	-	-
Compensated absences payable	12,794	-	-	-
Line of credit	15,000	-	-	-
Loans payable	-	-	-	-
<b>Total Current Liabilities</b>	<b>161,225</b>	<b>-</b>	<b>-</b>	<b>-</b>
Noncurrent Liabilities:				
Loans payable	-	-	-	-
<b>Total Noncurrent Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>	<b>161,225</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET ASSETS</b>				
Unrestricted	319,225	-	479,709	-
Temporarily restricted	-	-	-	-
<b>Total Net Assets</b>	<b>319,225</b>	<b>-</b>	<b>479,709</b>	<b>-</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 480,450</b>	<b>\$ -</b>	<b>\$ 479,709</b>	<b>\$ -</b>

**Temporarily Restricted**

<u>Total Unrestricted</u>	<u>EDA Revolving Loan Fund</u>	<u>Intermediary Relending Program</u>	<u>COIN</u>	<u>Butte Reuse Revolving Loan Fund</u>	<u>Tehama Reuse Revolving Loan Fund</u>	<u>SBA ILP</u>	<u>RLF #7 Rabobank Loan</u>
\$ 647,241	\$ 586,299	\$ 166,831	\$ 650,583	\$ 117,836	\$ -	\$ 363,797	\$ 222,506
3,625	-	-	-	-	-	-	-
1,355	-	-	-	-	-	-	-
26,500	-	-	-	-	-	-	-
671	-	-	396	-	-	-	-
57	-	-	-	-	-	-	-
-	30,000	-	-	-	-	-	-
<u>679,449</u>	<u>616,299</u>	<u>166,831</u>	<u>650,979</u>	<u>117,836</u>	<u>-</u>	<u>363,797</u>	<u>222,506</u>
47,451	-	-	-	-	-	-	-
(43,102)	-	-	-	-	-	-	-
<u>4,349</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>276,361</u>	<u>574,253</u>	<u>163,523</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>698,021</u>	<u>182,960</u>
<u>276,361</u>	<u>574,253</u>	<u>163,523</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>698,021</u>	<u>182,960</u>
<u>\$ 960,159</u>	<u>\$ 1,190,552</u>	<u>\$ 330,354</u>	<u>\$ 650,979</u>	<u>\$ 117,836</u>	<u>\$ -</u>	<u>\$ 1,061,818</u>	<u>\$ 405,466</u>
\$ 20	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2,445	-	-	-	-	-	-	-
-	-	1,332	-	-	-	5,704	-
3,104	-	-	-	-	-	-	-
16,822	-	-	-	-	-	-	-
81,040	-	-	-	117,836	-	-	-
30,000	-	-	-	-	-	-	-
12,794	-	-	-	-	-	-	-
15,000	-	-	-	-	-	-	-
-	-	25,928	-	-	-	14,558	-
<u>161,225</u>	<u>-</u>	<u>27,260</u>	<u>-</u>	<u>117,836</u>	<u>-</u>	<u>20,262</u>	<u>-</u>
-	-	299,347	650,000	-	-	985,442	400,000
-	-	299,347	650,000	-	-	985,442	400,000
<u>161,225</u>	<u>-</u>	<u>326,607</u>	<u>650,000</u>	<u>117,836</u>	<u>-</u>	<u>1,005,704</u>	<u>400,000</u>
798,934	-	-	-	-	-	-	-
-	1,190,552	3,747	979	-	-	56,114	5,466
<u>798,934</u>	<u>1,190,552</u>	<u>3,747</u>	<u>979</u>	<u>-</u>	<u>-</u>	<u>56,114</u>	<u>5,466</u>
<u>\$ 960,159</u>	<u>\$ 1,190,552</u>	<u>\$ 330,354</u>	<u>\$ 650,979</u>	<u>\$ 117,836</u>	<u>\$ -</u>	<u>\$ 1,061,818</u>	<u>\$ 405,466</u>

**3CORE INC.**  
**Combining Statement of Financial Position**  
**June 30, 2015**

	Temporarily Restricted			Total
	Revolving Loan Fund General	RLF #8 TriCo Bank Loan	Total Temporarily Restricted	
<b>ASSETS</b>				
Current Assets:				
Cash and deposits	\$ 112,436	\$ 243,975	\$ 2,464,263	\$ 3,111,504
Receivables:				
Grant/subrecipient	-	-	-	3,625
Contracts	-	-	-	1,355
Royalty	-	-	-	26,500
Other	-	-	396	1,067
Prepaid expenses and deposits	-	-	-	57
Due from other funds	-	-	30,000	30,000
<b>Total Current Assets</b>	<u>112,436</u>	<u>243,975</u>	<u>2,494,659</u>	<u>3,174,108</u>
Capital Assets:				
Furniture and equipment	-	-	-	47,451
Accumulated depreciation	-	-	-	(43,102)
<b>Total Capital Assets, Net</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,349</u>
Other Assets:				
Loans receivable	408,559	256,156	2,283,472	2,559,833
<b>Total Other Assets</b>	<u>408,559</u>	<u>256,156</u>	<u>2,283,472</u>	<u>2,559,833</u>
<b>Total Assets</b>	<u>\$ 520,995</u>	<u>\$ 500,131</u>	<u>\$ 4,778,131</u>	<u>\$ 5,738,290</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	\$ 1,000	\$ -	\$ 1,000	\$ 1,020
Salaries and benefits payable	-	-	-	2,445
Interest payable	2,500	-	9,536	9,536
Passthrough funds	17,244	-	17,244	20,348
Unearned revenue	-	-	-	16,822
Deposits	-	-	117,836	198,876
Due to other funds	-	-	-	30,000
Compensated absences payable	-	-	-	12,794
Line of credit	-	-	-	15,000
Loans payable	-	-	40,486	40,486
<b>Total Current Liabilities</b>	<u>20,744</u>	<u>-</u>	<u>186,102</u>	<u>347,327</u>
Noncurrent Liabilities:				
Loans payable	500,000	500,000	3,334,789	3,334,789
<b>Total Noncurrent Liabilities</b>	<u>500,000</u>	<u>500,000</u>	<u>3,334,789</u>	<u>3,334,789</u>
<b>Total Liabilities</b>	<u>520,744</u>	<u>500,000</u>	<u>3,520,891</u>	<u>3,682,116</u>
<b>NET ASSETS</b>				
Unrestricted	-	-	-	798,934
Temporarily restricted	251	131	1,257,240	1,257,240
<b>Total Net Assets</b>	<u>251</u>	<u>131</u>	<u>1,257,240</u>	<u>2,056,174</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 520,995</u>	<u>\$ 500,131</u>	<u>\$ 4,778,131</u>	<u>\$ 5,738,290</u>

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**3CORE INC.**  
**Combining Statement of Activities**  
**For the Year Ended June 30, 2015**

	Unrestricted			
	General	OGD Revolving Loan Fund	Small Business Financing	RLF #6 Early Stage
<b>OPERATING REVENUES AND OTHER SUPPORT</b>				
Grant/subrecipient revenue	\$ 146,130	\$ -	\$ -	\$ -
Cash match revenue	75,000	-	-	-
Contract revenue	26,789	-	-	-
Contributions	39,400	-	-	-
Loan management	-	-	6,727	-
Loan interest income	-	-	14,899	-
Miscellaneous revenue	14,706	-	-	-
<b>Total Operating Revenues and Other Support</b>	<b>302,025</b>	<b>-</b>	<b>21,626</b>	<b>-</b>
<b>OPERATING EXPENSES</b>				
Salaries and benefits	205,714	-	26,025	-
Bank service charge	1,482	-	(35)	-
Dues and subscriptions	2,641	-	243	-
Equipment rent	8,323	-	1,000	-
Insurance	7,136	-	1,156	-
Janitorial	789	-	87	-
Legal and accounting	10,266	-	1,066	-
Licenses/permits/taxes/fees	418	-	92	-
Loan costs	100	-	(126)	-
Marketing	1,236	-	375	-
Miscellaneous	1,350	-	-	-
Office supplies	1,774	-	133	-
Postage and freight	430	-	26	-
Professional services	52,330	-	94	-
Rent	11,663	-	1,283	-
Repair and maintenance	3,862	-	1,063	-
Telephone	2,200	-	126	-
Travel	6,010	-	399	-
Utilities	2,171	-	262	-
Depreciation	1,506	-	-	-
<b>Total Operating Expenses</b>	<b>321,401</b>	<b>-</b>	<b>33,269</b>	<b>-</b>
<b>Operating Income (Loss)</b>	<b>(19,376)</b>	<b>-</b>	<b>(11,643)</b>	<b>-</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Interest income	2,446	-	291	-
Interest expense	-	-	-	-
<b>Total Non-Operating Revenues (Expenses)</b>	<b>2,446</b>	<b>-</b>	<b>291</b>	<b>-</b>
<b>Income (Loss) Before Transfers</b>	<b>(16,930)</b>	<b>-</b>	<b>(11,352)</b>	<b>-</b>
Transfers in	135,823	-	-	2,203
Transfers out	(56,173)	-	(90,607)	-
<b>Change in Net Assets</b>	<b>62,720</b>	<b>-</b>	<b>(101,959)</b>	<b>2,203</b>
<b>Total Net Assets - Beginning</b>	<b>256,505</b>	<b>-</b>	<b>581,668</b>	<b>(2,203)</b>
<b>Total Net Assets - Ending</b>	<b>\$ 319,225</b>	<b>\$ -</b>	<b>\$ 479,709</b>	<b>\$ -</b>

**Temporarily Restricted**

<b>Total Unrestricted</b>	<b>EDA Revolving Loan Fund</b>	<b>Intermediary Relending Program</b>	<b>COIN</b>	<b>Butte Reuse Revolving Loan Fund</b>	<b>Tehama Reuse Revolving Loan Fund</b>	<b>SBA ILP</b>	<b>RLF #7 Rabobank Loan</b>
\$ 146,130	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
75,000	-	-	-	-	-	-	-
26,789	-	-	1,149	-	-	-	-
39,400	-	-	-	-	-	-	-
6,727	7,024	1,313	-	-	-	5,050	4,100
14,899	54,201	11,297	-	-	-	24,247	17,441
14,706	-	-	2,807	-	-	-	-
<u>323,651</u>	<u>61,225</u>	<u>12,610</u>	<u>3,956</u>	<u>-</u>	<u>-</u>	<u>29,297</u>	<u>21,541</u>
231,739	26,711	4,840	3,027	-	-	16,201	14,259
1,447	-	-	3	-	-	-	-
2,884	141	7	4	-	-	53	33
9,323	864	157	77	-	-	360	565
8,292	1,016	133	72	-	-	360	480
876	94	16	9	-	-	31	52
11,332	2,583	274	199	-	-	682	624
510	33	31	8	-	-	19	42
(26)	(225)	(97)	-	-	-	1,597	26
1,611	-	38	5	-	-	75	235
1,350	-	-	-	-	-	-	-
1,907	196	35	21	-	-	68	96
456	88	10	54	-	-	15	14
52,424	91	22	20	-	-	48	43
12,946	1,388	241	136	-	-	464	770
4,925	857	201	188	-	-	341	499
2,326	138	24	14	-	-	45	75
6,409	430	105	510	-	-	136	218
2,433	241	47	28	-	-	85	139
1,506	-	-	-	-	-	-	-
<u>354,670</u>	<u>34,646</u>	<u>6,084</u>	<u>4,375</u>	<u>-</u>	<u>-</u>	<u>20,580</u>	<u>18,170</u>
<u>(31,019)</u>	<u>26,579</u>	<u>6,526</u>	<u>(419)</u>	<u>-</u>	<u>-</u>	<u>8,717</u>	<u>3,371</u>
2,737	249	37	587	-	-	236	-
-	-	(3,470)	(1,924)	-	-	(4,871)	-
<u>2,737</u>	<u>249</u>	<u>(3,433)</u>	<u>(1,337)</u>	<u>-</u>	<u>-</u>	<u>(4,635)</u>	<u>-</u>
(28,282)	26,828	3,093	(1,756)	-	-	4,082	3,371
138,026	7,261	-	3,697	-	-	-	-
(146,780)	-	-	-	-	-	-	(2,204)
(37,036)	34,089	3,093	1,941	-	-	4,082	1,167
<u>835,970</u>	<u>1,156,463</u>	<u>654</u>	<u>(962)</u>	<u>-</u>	<u>-</u>	<u>52,032</u>	<u>4,299</u>
<u>\$ 798,934</u>	<u>\$ 1,190,552</u>	<u>\$ 3,747</u>	<u>\$ 979</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,114</u>	<u>\$ 5,466</u>

**3CORE INC.**  
**Combining Statement of Activities**  
**For the Year Ended June 30, 2015**

	Temporarily Restricted			Total
	Revolving Loan Fund General	RLF #8 TriCo Bank Loan	Total Temporarily Restricted	
<b>OPERATING REVENUES AND OTHER SUPPORT</b>				
Grant/subrecipient revenue	\$ -	\$ -	\$ -	\$ 146,130
Cash match revenue	-	-	-	75,000
Contract revenue	-	-	1,149	27,938
Contributions	-	-	-	39,400
Loan management	240	2,577	20,304	27,031
Loan interest income	27,262	913	135,361	150,260
Miscellaneous revenue	-	-	2,807	17,513
<b>Total Operating Revenues and Other Support</b>	<u>27,502</u>	<u>3,490</u>	<u>159,621</u>	<u>483,272</u>
<b>OPERATING EXPENSES</b>				
Salaries and benefits	7,584	3,162	75,784	307,523
Bank service charge	-	-	3	1,450
Dues and subscriptions	63	1	302	3,186
Equipment rent	327	6	2,356	11,679
Insurance	371	17	2,449	10,741
Janitorial	30	2	234	1,110
Legal and accounting	331	251	4,944	16,276
Licenses/permits/taxes/fees	23	-	156	666
Loan costs	50	(158)	1,193	1,167
Marketing	70	-	423	2,034
Miscellaneous	-	-	-	1,350
Office supplies	54	18	488	2,395
Postage and freight	10	2	193	649
Professional services	37	-	261	52,685
Rent	439	26	3,464	16,410
Repair and maintenance	379	16	2,481	7,406
Telephone	44	2	342	2,668
Travel	133	10	1,542	7,951
Utilities	86	4	630	3,063
Depreciation	-	-	-	1,506
<b>Total Operating Expenses</b>	<u>10,031</u>	<u>3,359</u>	<u>97,245</u>	<u>451,915</u>
<b>Operating Income (Loss)</b>	<u>17,471</u>	<u>131</u>	<u>62,376</u>	<u>31,357</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Interest income	125	-	1,234	3,971
Interest expense	(10,000)	-	(20,265)	(20,265)
<b>Total Non-Operating Revenues (Expenses)</b>	<u>(9,875)</u>	<u>-</u>	<u>(19,031)</u>	<u>(16,294)</u>
<b>Income (Loss) Before Transfers</b>	<u>7,596</u>	<u>131</u>	<u>43,345</u>	<u>15,063</u>
Transfers in	-	-	10,958	148,984
Transfers out	-	-	(2,204)	(148,984)
<b>Change in Net Assets</b>	<u>7,596</u>	<u>131</u>	<u>52,099</u>	<u>15,063</u>
<b>Total Net Assets - Beginning</b>	<u>(7,345)</u>	<u>-</u>	<u>1,205,141</u>	<u>2,041,111</u>
<b>Total Net Assets - Ending</b>	<u>\$ 251</u>	<u>\$ 131</u>	<u>\$ 1,257,240</u>	<u>\$ 2,056,174</u>

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**3CORE INC.**  
**Combining Statement of Cash Flows**  
**For the Year Ended June 30, 2015**

	Unrestricted			RLF #6 Early Stage
	General	OGD Revolving Loan Fund	Small Business Financing	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from operations	\$ 299,115	\$ -	\$ 21,626	\$ -
Payments for operations	(107,546)	-	(7,244)	-
Payments to employees	(210,229)	-	(26,025)	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(18,660)</b>	<b>-</b>	<b>(11,643)</b>	<b>-</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers from other funds	135,823	-	-	2,203
Transfers to other funds	(56,173)	-	(90,607)	-
Interfund loans made	-	-	-	-
Interfund loan repayments received	59,938	-	34,595	-
Interfund loans repaid	(84,939)	-	-	(2,203)
Interfund loans received	30,000	-	-	-
Loans issued	-	-	-	-
Principal payments received	4,481	-	175,875	-
Loan proceeds	-	-	-	-
Principal paid on debt	(2,927)	-	-	-
Interest paid on debt	-	-	-	-
<b>Net Cash Provided (Used) for Noncapital Financing Activities</b>	<b>86,203</b>	<b>-</b>	<b>119,863</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest and dividends	2,448	-	291	-
<b>Net Cash Provided (Used) for Investing Activities</b>	<b>2,448</b>	<b>-</b>	<b>291</b>	<b>-</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>69,991</b>	<b>-</b>	<b>108,511</b>	<b>-</b>
<b>Balances - Beginning</b>	<b>373,124</b>	<b>-</b>	<b>95,615</b>	<b>-</b>
<b>Balances - Ending</b>	<b>\$ 443,115</b>	<b>\$ -</b>	<b>\$ 204,126</b>	<b>\$ -</b>

**Temporarily Restricted**

<b>Total Unrestricted</b>	<b>EDA Revolving Loan Fund</b>	<b>Intermediary Relending Program</b>	<b>COIN</b>	<b>Butte Reuse Revolving Loan Fund</b>	<b>Tehama Reuse Revolving Loan Fund</b>	<b>SBA ILP</b>	<b>RLF #7 Rabobank Loan</b>
\$ 320,741	\$ 61,225	\$ 12,610	\$ 3,560	\$ -	\$ -	\$ 29,297	\$ 31,541
(114,790)	(7,935)	(1,244)	(1,348)	(16,873)	(93,710)	(4,379)	(5,411)
(236,254)	(26,711)	(4,840)	(3,027)	-	-	(16,201)	(14,259)
(30,303)	26,579	6,526	(815)	(16,873)	(93,710)	8,717	11,871
138,026	7,261	-	3,697	-	-	-	-
(146,780)	-	-	-	-	-	-	(2,204)
-	(30,000)	-	-	-	-	-	-
94,533	-	-	-	-	-	-	-
(87,142)	(2,082)	-	(729)	-	-	-	-
30,000	-	-	-	-	-	-	-
-	-	-	-	-	-	(499,017)	-
180,356	142,802	29,580	-	-	-	-	81,239
-	-	-	-	-	-	800,000	-
(2,927)	-	(25,654)	-	-	-	-	-
-	-	(3,528)	(2,257)	-	-	-	-
206,066	117,981	398	711	-	-	300,983	79,035
2,739	249	37	587	-	-	236	-
2,739	249	37	587	-	-	236	-
178,502	144,809	6,961	483	(16,873)	(93,710)	309,936	90,906
468,739	441,490	159,870	650,100	134,709	93,710	53,861	131,600
<u>\$ 647,241</u>	<u>\$ 586,299</u>	<u>\$ 166,831</u>	<u>\$ 650,583</u>	<u>\$ 117,836</u>	<u>\$ -</u>	<u>\$ 363,797</u>	<u>\$ 222,506</u>

**3CORE INC.**  
**Combining Statement of Cash Flows**  
**For the Year Ended June 30, 2015**

	Temporarily Restricted			Totals
	Revolving Loan Fund General	RLF #8 TriCo Bank Loan	Total Temporarily Restricted	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from operations	\$ 27,502	\$ 3,490	\$ 169,225	\$ 489,966
Payments for operations	8,600	(197)	(122,497)	(237,287)
Payments to employees	(7,584)	(3,162)	(75,784)	(312,038)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>28,518</u>	<u>131</u>	<u>(29,056)</u>	<u>(59,359)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers from other funds	-	-	10,958	148,984
Transfers to other funds	-	-	(2,204)	(148,984)
Interfund loans made	-	-	(30,000)	(30,000)
Interfund loan repayments received	-	-	-	94,533
Interfund loans repaid	(4,580)	-	(7,391)	(94,533)
Interfund loans received	-	-	-	30,000
Loans issued	(151,869)	(256,156)	(907,042)	(907,042)
Principal payments received	-	-	253,621	433,977
Loan proceeds	-	500,000	1,300,000	1,300,000
Principal paid on debt	-	-	(25,654)	(28,581)
Interest paid on debt	(10,000)	-	(15,785)	(15,785)
<b>Net Cash Provided (Used) for Noncapital Financing Activities</b>	<u>(166,449)</u>	<u>243,844</u>	<u>576,503</u>	<u>782,569</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest and dividends	125	-	1,234	3,973
<b>Net Cash Provided (Used) for Investing Activities</b>	<u>125</u>	<u>-</u>	<u>1,234</u>	<u>3,973</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<u>(137,806)</u>	<u>243,975</u>	<u>548,681</u>	<u>727,183</u>
<b>Balances - Beginning</b>	<u>250,242</u>	<u>-</u>	<u>1,915,582</u>	<u>2,384,321</u>
<b>Balances - Ending</b>	<u>\$ 112,436</u>	<u>\$ 243,975</u>	<u>\$ 2,464,263</u>	<u>\$ 3,111,504</u>

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**3CORE INC.**  
**Combining Statement of Cash Flows**  
**For the Year Ended June 30, 2015**

	Unrestricted			
	General	OGD Revolving Loan Fund	Small Business Financing	RLF #6 Early Stage
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ (19,376)	\$ -	\$ (11,643)	\$ -
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	1,506	-	-	-
Decrease (increase) in:				
Accounts receivable	13,949	-	-	-
Prepaid expenses and deposits	(20)	-	-	-
Increase (decrease) in:				
Accounts payable	6,016	-	-	-
Salaries and benefits payable	(2,422)	-	-	-
Passthrough funds	639	-	-	-
Unearned revenue	(21,359)	-	-	-
Deposits	4,500	-	-	-
Compensated absences payable	(2,093)	-	-	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ (18,660)</b>	<b>\$ -</b>	<b>\$ (11,643)</b>	<b>\$ -</b>

**Temporarily Restricted**

<u>Total Unrestricted</u>	<u>EDA Revolving Loan Fund</u>	<u>Intermediary Relending Program</u>	<u>COIN</u>	<u>Butte Reuse Revolving Loan Fund</u>	<u>Tehama Reuse Revolving Loan Fund</u>	<u>SBA ILP</u>	<u>RLF #7 Rabobank Loan</u>
\$ (31,019)	\$ 26,579	\$ 6,526	\$ (419)	\$ -	\$ -	\$ 8,717	\$ 3,371
1,506	-	-	-	-	-	-	-
13,949	-	-	(396)	-	-	-	10,000
(20)	-	-	-	-	-	-	-
6,016	-	-	-	-	-	-	-
(2,422)	-	-	-	-	-	-	-
639	-	-	-	-	-	-	-
(21,359)	-	-	-	-	-	-	(1,500)
4,500	-	-	-	(16,873)	(93,710)	-	-
(2,093)	-	-	-	-	-	-	-
<u>\$ (30,303)</u>	<u>\$ 26,579</u>	<u>\$ 6,526</u>	<u>\$ (815)</u>	<u>\$ (16,873)</u>	<u>\$ (93,710)</u>	<u>\$ 8,717</u>	<u>\$ 11,871</u>

**3CORE INC.**  
**Combining Statement of Cash Flows**  
**For the Year Ended June 30, 2015**

	Temporarily Restricted			Totals
	Revolving Loan Fund General	RLF #8 TriCo Bank Loan	Total Temporarily Restricted	
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 17,471	\$ 131	\$ 62,376	\$ 31,357
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	-	-	-	1,506
Decrease (increase) in:				
Accounts receivable	-	-	9,604	23,553
Prepaid expenses and deposits	-	-	-	(20)
Increase (decrease) in:				
Accounts payable	1,000	-	1,000	7,016
Salaries and benefits payable	-	-	-	(2,422)
Passthrough funds	10,047	-	10,047	10,686
Unearned revenue	-	-	(1,500)	(22,859)
Deposits	-	-	(110,583)	(106,083)
Compensated absences payable	-	-	-	(2,093)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ 28,518</u>	<u>\$ 131</u>	<u>\$ (29,056)</u>	<u>\$ (59,359)</u>



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**3CORE INC.**  
**Schedule of Functional Expenses**  
**For the Year Ended June 30, 2015**

	Program Services			
	Activity Delivery	Business & Technical Assistance	Planning	Portfolio Management
<b>OPERATING EXPENSES</b>				
Salaries and benefits	\$ 20,069	\$ 4,156	\$ 126,135	\$ 105,779
Bank service charge	-	-	-	(35)
Dues and subscriptions	240	-	18	546
Equipment rent	305	74	1,786	3,305
Insurance	573	178	4,011	3,565
Janitorial	85	20	503	315
Legal and accounting	873	451	6,077	6,143
Licenses/permits/taxes/fees	-	-	-	242
Loan costs	-	-	-	1,167
Marketing	-	-	157	802
Miscellaneous	-	-	1,150	-
Office supplies	126	29	735	606
Postage and freight	27	6	341	166
Professional services	78	47,644	652	337
Rent	1,250	299	7,425	4,648
Repair and maintenance	359	64	2,531	3,380
Telephone	122	30	739	459
Travel	207	15	1,184	1,514
Utilities	229	55	1,424	871
Depreciation	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ 24,543</b>	<b>\$ 53,021</b>	<b>\$ 154,868</b>	<b>\$ 133,810</b>

<b>Total Program Services</b>	<b>Management and General</b>	<b>Total</b>
\$ 256,139	\$ 51,384	\$ 307,523
(35)	1,485	1,450
804	2,382	3,186
5,470	6,209	11,679
8,327	2,414	10,741
923	187	1,110
13,544	2,732	16,276
242	424	666
1,167	-	1,167
959	1,075	2,034
1,150	200	1,350
1,496	899	2,395
540	109	649
48,711	3,974	52,685
13,622	2,788	16,410
6,334	1,072	7,406
1,350	1,318	2,668
2,920	5,031	7,951
2,579	484	3,063
-	1,506	1,506
<b>\$ 366,242</b>	<b>\$ 85,673</b>	<b>\$ 451,915</b>

**3CORE, INC.**  
**Note to Schedule of Functional Expenses**  
**For the Year Ended June 30, 2015**

**SCHEDULE OF FUNCTIONAL EXPENSES**

In the Schedule of Functional Expenses of 3CORE, Inc., expenses are reported on a functional basis. Costs are divided between program services and management and general. The Corporation determines the functional basis as expenses are incurred.