

**ECONOMIC DEVELOPMENT
COLLABORATIVE – VENTURA
COUNTY**

**Auditor's Reports and
Financial Statements
December 31, 2012 and 2011**

Prepared by:

POINDEXTER AND COMPANY

Certified Public Accountant

*Post Office Box 4488
Ventura, California 93004
(805) 659-3600*

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ECONOMIC DEVELOPMENT COLLABORATIVE - VENTURA COUNTY

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Board of Directors
Economic Development Collaborative - Ventura County

INDEPENDENT AUDITOR'S REPORT

Report on Financial Statements

I have audited the accompanying financial statements of Economic Development Collaborative - Ventura County (a nonprofit organization), which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of activities, functional expenses, and cash flows for the years 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

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits 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 I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Economic Development Collaborative - Ventura County as of December 31, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated June 20, 2013, on my consideration of Economic Development Collaborative - Ventura County's internal control over financial reporting and on my 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 my 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 Economic Development Collaborative - Ventura County's internal control over financial reporting and compliance.

June 20, 2013

Board of Directors
Economic Development Collaborative - Ventura County

INDEPENDENT AUDITOR'S 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*

Report on Internal Control over Financial Reporting and Compliance and Other Matters

I 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 Economic Development Collaborative - Ventura County (a nonprofit organization), which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements, and have issued my report thereon dated June 20, 2013.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Economic Development Collaborative - Ventura County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Economic Development Collaborative - Ventura County's internal control. Accordingly, I 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.

My consideration of the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified. I did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that I consider to be a significant deficiency, 2012-1.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Economic Development Collaborative - Ventura County's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Economic Development Collaborative - Ventura County's Response to Findings

Economic Development Collaborative - Ventura County's response to the findings identified in my audit is described in the accompanying schedule of findings and questioned costs. Economic Development Collaborative - Ventura County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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.

June 20, 2013

Board of Directors
Economic Development Collaborative - Ventura County

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Report on Compliance for Each Major Federal Program

I have audited Economic Development Collaborative - Ventura County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Economic Development Collaborative - Ventura County's major federal programs for the years ended December 31, 2012 and 2011. Economic Development Collaborative - Ventura County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of Economic Development Collaborative - Ventura County's major federal programs based on my audits of the types of compliance requirements referred to above. I conducted my audits of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Economic Development Collaborative - Ventura County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

I believe that my audits provide a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of Economic Development Collaborative - Ventura County's compliance.

Opinion on Each Major Federal Program

In my opinion, Economic Development Collaborative - Ventura County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the years ended December 31, 2012 and 2011.

Report on Internal Control Over Compliance

Management of Economic Development Collaborative - Ventura County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audits of compliance, I considered Economic Development Collaborative - Ventura County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Economic Development Collaborative - Ventura County's internal control over compliance.

My consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, I identified a certain deficiency in internal control over compliance that I consider to be a significant deficiency.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. I consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2012-1 to be a significant deficiency.

Economic Development Collaborative - Ventura County's response to the internal control over compliance finding identified in my audit is described in the accompanying schedule of findings and questioned costs. Economic Development Collaborative - Ventura County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

June 20, 2013

ECONOMIC DEVELOPMENT COLLABORATIVE - VENTURA COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2012 AND 2011

Summary of Results

The auditor's report expresses an unqualified opinion on the financial statements of Economic Development Collaborative - Ventura County.

One significant deficiency relating to the audit of the financial statements is reported in the 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. No material weaknesses are reported.

No instances of noncompliance material to the financial statements of Economic Development Collaborative - Ventura County, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.

One significant deficiency in internal control over major federal award programs disclosed during the audit is reported in the auditor's report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133.

The auditor's report on compliance for the major federal award programs for Economic Development Collaborative - Ventura County expresses an unqualified opinion on all major federal programs.

Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.

The program tested as major programs were: The Special Economic Development & Adjustment Assistance Program, CFDA #11.307 and Small Business Development Centers, CFDA #59.037.

The threshold used to distinguish Type A and B programs was \$300,000.

Economic Development Collaborative - Ventura County was determined to be a low-risk auditee.

Findings Related to the Financial Statements which are Required to be Reported in Accordance with GAGAS

Significant Deficiency

U.S. Department of Commerce

Finding 2012-1: Economic Adjustment Assistance

ECONOMIC DEVELOPMENT COLLABORATIVE - VENTURA COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2012 AND 2011

Condition: Material misstatements in the financial statement were noted for the period under audit; see adjusting journal entries AJE01, AJE02, AJE04 and AJE05.

Criteria: Internal controls should be in place that provide reasonable assurance that transactions are recorded in accordance with generally accepted accounting principles

Cause: There are no procedures in place to ensure the types of transactions above are recorded properly.

Effect: Because of the lack of procedures being in place the financial statements were materially misstated.

Recommendation: Amend accounting procedures to include controls over the recording of transactions.

Findings and Questioned Costs for Major Federal Awards Programs Audit

2012-1 Economic Adjustment Assistance - CFDA No. 11.307; Grant period - Year ended December 31, 2012

Significant Deficiency: Material misstatements in the financial statement were noted for the period under audit; see adjusting journal entries AJE01, AJE02, AJE04 and AJE05.

Prior Findings and Questioned Costs for Major Federal Awards Program Audits

None

ECONOMIC DEVELOPMENT COLLABORATIVE – VENTURA COUNTY
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2012 AND 2011

Findings Related to the Financial Statements which are Required to be Reported in Accordance with GAGAS

None

Findings and Questioned Costs for Major Federal Awards Programs Audit

None

ECONOMIC DEVELOPMENT COLLABORATIVE - VENTURA COUNTY
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2012 AND 2011

	2012	2011
ASSETS		
Current Assets		
Cash & Cash Equivalents	\$ 1,249,174	\$ 691,042
Accounts Receivable	32,704	28,500
Grants Receivable	208,913	389,872
Interest Receivable	31,467	3,538
Notes Receivable	466,222	168,691
Prepaid Expenses	7,470	7,787
Total Current Assets	1,995,950	1,289,430
Property & Equipment, Net	9,247	3,954
Other Assets		
Notes Receivable	1,391,139	467,669
Refundable Deposits	2,697	2,697
Total Other Assets	1,393,836	470,366
TOTAL ASSETS	\$ 3,399,033	\$ 1,763,750
 LIABILITIES & NET ASSETS		
Current Liabilities		
Accounts Payable and Payroll Related Liabilities	\$ 64,179	\$ 69,751
Interest Payable	11,281	
Due to the City of Ventura	91,035	176,692
Due to First 5 Child Care	1,805	
Due to Regional CDBG	2,802	
Deferred Revenue	41,150	36,450
Line of Credit		50,000
Total Current Liabilities	212,252	332,893
Total Liabilities	212,252	332,893
Net Assets		
Unrestricted	(294,079)	52,649
Temporarily Restricted	3,480,860	1,378,208
Total Net Assets	3,186,781	1,430,857
TOTAL LIABILITIES & NET ASSETS	\$ 3,399,033	\$ 1,763,750

See Independent Auditor's Report
The accompanying notes are an integral part of these financial statements
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ECONOMIC DEVELOPMENT COLLABORATIVE - VENTURA COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
UNRESTRICTED NET ASSETS		
Support and Revenue		
Local Government and College	\$ 726,162	\$ 894,248
Local Private	103,125	94,250
Private Sector	45,751	41,198
In-kind Support	120,952	100,915
Interest	2,079	562
Other Revenue	6,768	3,631
Total Unrestricted Support and Revenue	1,004,837	1,134,804
Net Assets Released from Donor Restrictions	121,885	96,954
Expenses		
CDBG Micro Loan	51,576	31,456
Earthquake RLF	6,559	35,516
General RLF	336,883	62,317
BAP	33,995	27,621
Regional CDBG	51,328	2,255
SBDC	596,428	608,167
SBJA	42,323	49,154
Child Care	43,288	26,438
WIB	104,947	206,345
Other	35,258	6,929
Non-Grant/Contract Activity	170,865	152,717
Total Expenses	1,473,450	1,208,915
Increase/(Decrease) in Unrestricted Net Assets	(346,728)	22,843
TEMPORARILY RESTRICTED NET ASSETS		
Support and Revenue		
Local Government Contributions	88,000	63,000
Other Contributions	30,928	22,361
Interest	91,902	43,814
Net Assets Released from Restrictions	(121,885)	(96,954)
Increase/(Decrease) in Temporarily Restricted Net Assets	88,945	32,221
Net Assets at Beginning of Year	1,430,857	1,375,793
Capital Contributions	2,013,707	
Net Assets at End of Year	\$ 3,186,781	\$ 1,430,857

See Independent Auditor's Report
The accompanying notes are an integral part of these financial statements
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ECONOMIC DEVELOPMENT COLLABORATIVE - VENTURA COUNTY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2012

	Program Services										Total Program	Non Program	Total Expenses	
	CDBG Loan	EQ RLF	General RLF	BAP	Regional CDBG	SBDC	SBJA	Child Care	WIB	Other				
Management														
Wages & Salaries	\$ 25,030	\$ 2,847	\$ 32,620	\$ 14,266	\$ 26,295	\$ 175,441	\$ 17,163	\$ 17,903	\$ 46,514	\$ 2,430	\$ 360,509	\$ 48,040	\$ 408,549	
Fringe Benefits & Taxes	5,504	767	7,535	3,180	5,193	41,586	1,482	3,828	9,068	255	78,398	8,511	86,909	
Payroll Expenses	485	14	517	249	387	1,541		276	687	5	4,161	614	4,775	
Total Management	31,019	3,628	40,672	17,695	31,875	218,568	18,645	22,007	56,269	2,690	443,068	57,165	500,233	
Office Overhead														
Accounting & Audit	1,667	45	1,665	1,642	1,652	1,842		1,642	1,679	37	11,871	1,654	13,525	
Annual Meeting												20,234	20,234	
Communications	142	49	197	109	73	386		132	213		1,301	172	1,473	
Contributions												800	800	
Dues & Subscriptions	477	37	653	357	453	1,282	765	389	491	317	5,221	2,055	7,276	
Furniture & Equipment	39		77	39	39	326		38	38		596	999	1,595	
Insurance - Board	202	24	308	122	186	739		142	326	11	2,060	378	2,438	
Insurance - Office	388	46	597	236	360	1,429		274	631	22	3,983	739	4,722	
Interest												280	280	
Legal								703			703	28,990	29,693	
Mailings, Printing & Advertising	6,002	1,419	8,717	6,163	5,703	43,753	1,050	9,745	18,980	7,547	109,079	22,462	131,541	
Miscellaneous			(530)				46			10	(474)	979	505	
Office Rent	3,608	555	5,461	2,206	3,294	72,715		2,535	5,770	192	96,336	6,954	103,290	
Office Supplies & Services	2,639	236	3,798	1,814	2,993	8,447		1,958	3,593	523	26,001	5,213	31,214	
Staff Recognition										6,000	6,000		6,000	
Taxes	1		1					1	1		4	6	10	
Telephone & Fax	760	96	1,183	463	705	5,121		535	1,243	47	10,153	1,427	11,580	
Travel, Meals & Training	596	56	1,866	261	704	10,577	2,436	469	1,660	1,530	20,155	9,817	29,972	
Utilities, Electric & Janitorial	286	21	431	179	270	1,087		200	488	14	2,976	551	3,527	
Total Office Overhead	16,807	2,584	24,424	13,591	16,432	147,704	4,297	18,763	35,113	16,250	295,965	103,710	399,675	
Client Workshops						600			176		776	900	1,676	
Community Outreach	74		198	74	297	7,492	2,818	248	1,661	2,270	15,132	221	15,353	
Professional Development						5,058					5,058		5,058	
Consultants	3,538	333	15,958	2,548	2,594	216,469	16,563	2,126	11,497	13,999	285,625	5,043	290,668	
Board Program and Collaborative														
Events	138	14	213	87	130	537		144	231	49	1,543	2,199	3,742	
Bad Debts			255,418								255,418		255,418	
Depreciation												1,627	1,627	
Total Functional Expenses	\$ 51,576	\$ 6,559	\$ 336,883	\$ 33,995	\$ 51,328	\$ 596,428	\$ 42,323	\$ 43,288	\$ 104,947	\$ 35,258	\$ 1,302,585	\$ 170,865	\$ 1,473,050	

ECONOMIC DEVELOPMENT COLLABORATIVE - VENTURA COUNTY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2011

	Program Services										Total Program	Non Program	Total Expenses	
	CDBG Loan	EQ RLF	General RLF	BAP	Regional CDBG	SBDC	SBJA	Child Care	WIB	Other				
Management														
Wages & Salaries	\$ 17,353	\$ 18,955	\$ 33,370	\$ 15,017		\$ 164,450	\$ 3,538	\$ 15,158	\$ 71,393	\$ 146	\$ 339,380	\$ 35,491	\$ 374,871	
Fringe Benefits & Taxes	3,697	4,067	7,517	3,281		31,764	311	2,929	14,243	30	67,839	9,711	77,550	
Payroll Expenses	112	254	432	105		1,507		153	598	1	3,162	1,559	4,721	
Total Management	21,162	23,276	41,319	18,403		197,721	3,849	18,240	86,234	177	410,381	46,761	457,142	
Office Overhead														
Accounting & Audit	829	798	1,145	811		2,632		372	4,737	59	11,383	1,919	13,302	
Annual Meeting												21,091	21,091	
Communications	177	313	350	176		586		336	978		2,916	127	3,043	
Contributions									250		250		250	
Dues & Subscriptions	244	263	464	207		20,073	650	178	910	19	23,008	796	23,804	
Furniture & Equipment						8,978					8,978		8,978	
Insurance - Board	146	160	295	155		619		108	533	4	2,020	471	2,491	
Insurance - Office	278	304	562	250		1,178		206	1,007	2	3,787	898	4,685	
Interest												1,386	1,386	
Legal	259	1,503	2,280	259	888	370		481	407	37	6,484	21,110	27,594	
Mailings, Printing & Advertising	261	271	506	240	1,223	41,383	500	804	17,333	4,294	66,815	22,885	89,700	
Miscellaneous						419	1,802				2,221	609	2,830	
Office Rent	3,281	3,612	6,664	2,953		43,446		2,645	11,745	24	74,370	10,694	85,064	
Office Supplies & Services	1,852	2,096	3,301	1,672	144	7,969		1,035	5,764	186	24,019	5,779	29,798	
Staff Recognition										783	783		783	
Taxes	1	1	2	1		2		1	5		13	7	20	
Telephone & Fax	518	564	1,083	468		4,122		376	1,876	4	9,011	1,689	10,700	
Travel, Meals & Training	398	164	378	205		15,243	3,479	288	2,318	500	22,973	8,126	31,099	
Utilities, Electric & Janitorial	237	239	428	185		870		154	702	1	2,816	668	3,484	
Total Office Overhead	8,481	10,288	17,458	7,582	2,255	147,890	6,431	6,984	48,565	5,913	261,847	98,255	360,102	
Client Workshops						3,155	1,980		3,081	188	8,404		8,404	
Community Outreach						27,103	17,124				44,227		44,227	
Professional Development						7,225					7,225		7,225	
Consultants	1,699	1,814	3,281	1,536		224,573	19,770	1,126	67,970	650	322,419	5,130	327,549	
Board Program and Collaborative Events	114	138	259	100		500		88	495	1	1,695	1,697	3,392	
Depreciation												874	874	
Total Functional Expenses	\$ 31,456	\$ 35,516	\$ 62,317	\$ 27,621	\$ 2,255	\$ 608,167	\$ 49,154	\$ 26,438	\$ 206,345	\$ 6,929	\$ 1,056,198	\$ 152,717	\$ 1,208,915	

ECONOMIC DEVELOPMENT COLLABORATIVE - VENTURA COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Increase/(Decrease) in Net Assets	\$ (257,783)	\$ 55,064
Adjustments to Reconcile Net Income to Net Cash Provided By Operating Activities:		
In-kind Contributions of Property	(5,800)	
Bad Debts	255,418	
Depreciation	1,627	874
(Increase)/Decrease in Accounts Receivable	(4,204)	(17,850)
(Increase)/Decrease in Grants Receivable	180,959	(107,585)
(Increase)/Decrease in Interest Receivable	(27,929)	
(Increase)/Decrease in Notes Receivable	537,288	85,464
(Increase)/Decrease in Prepaid Expenses	317	(2,692)
(Increase)/Decrease in Refundable Deposits		(235)
Increase/(Decrease) in Accounts Payable and Payroll Related Liabilities	(5,572)	(14,538)
Increase/(Decrease) in Due to the City of Ventura	(85,657)	151,686
Increase/(Decrease) in Due to First 5 Child Care	1,805	
Increase/(Decrease) in Due to Regional CDBG	2,802	
Increase/(Decrease) in Interest Payable	11,281	
Increase/(Decrease) in Deferred Revenues	4,700	(4,870)
Cash Provided/(Used) By Operating Activities	609,252	145,318
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Purchase of Property and Equipment	(1,120)	(2,356)
Cash Provided/(Used) By Financing Activities	(1,120)	(2,356)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Borrowing on Line of Credit		100,000
Repayment of Line of Credit	(50,000)	(50,000)
Cash Provided/(Used) By Investing Activities	(50,000)	50,000
Net Increase/(Decrease) in Cash & Cash Equivalents	558,132	192,962
Cash & Cash Equivalents at Beginning of Year	691,042	498,080
Cash & Cash Equivalents at End of Year	\$ 1,249,174	\$ 691,042

See Independent Auditor's Report
The accompanying notes are an integral part of these financial statements
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ECONOMIC DEVELOPMENT COLLABORATIVE - VENTURA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012 AND 2011

NOTE 1 - NATURE OF ORGANIZATION

Economic Development Collaborative - Ventura County (EDC-VC) is a charitable 501(c)(3) corporation organized under the laws California. Founded in October 1996, the organization's fiscal year is January 1 to December 31.

Economic Development Collaborative - Ventura County (EDC-VC) is a regional public/private partnership formed by and between local government officials and private industry to support and enhance efforts for regional economic development through developing and implementing strategies that will leverage existing resources through partnerships.

The Economic Development Collaborative - Ventura County's vision is to maintain a healthy Ventura County economy through collaboration, education and training as a means to create and sustain quality jobs, improve wealth, thus enhancing the standard of living and quality of life throughout Ventura County.

NOTE 2 - DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 20, 2013, the date that the financial statements were available to be issued.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Financial Statement Presentation and Contributions

In accordance with FASB Accounting Codification (ASC) 958-205 and subsections (formerly Statement of Accounting Standards No. 117, Financial Statements of Not-for-Profit Organizations), the Collaborative 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. In addition, the Collaborative is required to present a statement of cash flows.

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

ECONOMIC DEVELOPMENT COLLABORATIVE - VENTURA COUNTY
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 FOR THE YEAR ENDED DECEMBER 31, 2012 AND 2011

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue

The Collaborative receives grant and contract revenue from State, County, City agencies, and private companies. The Collaborative recognizes contract revenue (up to the contract ceiling) from its reimbursement contracts to the extent of expense. Revenue recognition depends on the contract.

Any of the state funding sources may, at its discretion, request reimbursement for expenses or return of funds, or both, as a result of non-compliance with the terms of the grants/contracts by the Collaborative.

Accounts and Notes Receivable

Accounts and notes receivable are recorded at cost and the related interest income is reported on the accrual basis of accounting. The determination of whether a receivable is past due or delinquent is based on the contract terms. Any allowance for bad debt is based on an estimate made by management. The Collaborative uses the allowance method; however, no provision has been made for bad debts. Receivables for which no payments have been received are written off at the discretion of management.

Property and Equipment

Certain property and equipment acquired by the Collaborative has been acquired with grant funding, which allows the funding source a reversionary interest, in the event of dissolution, in the property as well as the determination of use of any proceeds from the sale of the assets.

The Collaborative follows the practice of capitalizing all expenditures for furniture, computers, and equipment, at cost, if in excess of \$1,000. Depreciation of all such items is computed on a straight-line basis over the estimated useful lives of assets generally as follows:

	<u>Estimated Useful Lives</u>	<u>Property & Equipment</u>	<u>Accumulated Depreciation</u>
Furniture	7 Years	\$ 23,211	\$ 17,843
Computers & Software	4 Years	11,167	10,177
Equipment	7 Years	6,960	4,071
Totals		\$ 41,338	\$ 32,091

Income Taxes

The Collaborative is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore has made no provisions for Federal income taxes in the accompanying financial statements. In addition, the Collaborative has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code.

ECONOMIC DEVELOPMENT COLLABORTIVE - VENTURA COUNTY
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2012 AND 2011

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Collaborative's tax filings are subject to audit by various taxing authorities. The Collaborative's federal exempt organization returns for 2009, 2010 and 2011 remain open to examination by the Internal Revenue Service; state exempt organization returns for 2008, 2009, 2010 and 2011 are open to examination. In evaluating the Association's tax provisions and accruals, the Collaborative believes that its estimates are appropriate based on current facts and circumstances.

Deferred Revenue

The Collaborative records board of director's annual membership dues as deferred revenue until it is recognized as revenue in the membership year. The balance in deferred revenue at December 31, 2012 includes amounts received for 2013 board membership dues that will be expended in the next fiscal period in the amount of \$36,000.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Contributed Services

Contributions of donated non-cash assets are recorded at their fair values in the period received if they meet one of two criteria. First, donated services are recorded if they create or enhance non-financial assets (e.g. donated services to improve a facility). Secondly, donated services are recorded if they (1) require specialized skills, (2) are provided by individuals possessing those skills, and (3) would typically need to be purchased if not provided by donation.

During the year the Collaborative received donated services. Services used to perform these program and non-program functions have been valued at \$35,256 in 2012 and \$38,746 in 2011, and have been recorded as revenue and as a related expense for the fiscal period.

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.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, cash in bank accounts and investments with an initial maturity of three months or less. Cash of \$200,361 in 2012 and \$133,012 in 2011 relating to the Revolving Loan Fund program is held in separate bank accounts as required by the grant agreement.

ECONOMIC DEVELOPMENT COLLABORATIVE - VENTURA COUNTY
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 FOR THE YEAR ENDED DECEMBER 31, 2012 AND 2011

NOTE 4 - GRANTS RECEIVABLE

Grants receivables are deemed to be fully collectible by management and are composed of the following amounts due:

	2012	2011
Rapid Response	\$ 17,901	\$ 14,310
Business Assistance Program	4,164	4,866
CDBG	6,808	5,730
First 5 Child	4,386	9,460
SBDC	112,560	289,788
ETP	10,779	14,309
SBJA - Export	14,619	49,154
CDBG	37,696	2,255
Total	\$ 208,913	\$ 389,872

NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes or periods:

Revolving Loan Fund	\$ 2,999,550
General Revolving Loan Fund	205,000
Business Enhancement	276,310
Total Temporarily Restricted Net Assets	\$ 3,480,860

ECONOMIC DEVELOPMENT COLLABORATIVE - VENTURA COUNTY
 NOTES TO THE FINANCIAL STATEMENTS (Continued)
 FOR THE YEAR ENDED DECEMBER 31, 2012 AND 2011

NOTE 6 - OPERATING LEASE COMMITMENT

The Organization entered into a lease for the use of office space, under a five-year noncancellable-operating lease, expiring February 29, 2012. The Organization entered into a new lease for the use of the same office space, under a five-year noncancellable-operating lease, expiring February 28, 2017. Rent expense for fiscal period ending December 31, 2012 was \$45,031.

The Organization entered into a lease for the use of a copier, under a five-year noncancellable-operating lease, expiring November 14, 2014. Rent expense for fiscal period ending December 31, 2012 was \$7,188.

The future minimum lease payments are:

2013		\$	50,872
2014			51,585
2015			46,346
2016			47,732
2017			7,994
Thereafter			0
 Total		 \$	 204,529

NOTE 7 - CONCENTRATION

The SBDC revenue from Long Beach Community College District represents approximately 25.8% of the Organization's support and revenue.

NOTE 8 - LINE OF CREDIT

The Collaborative maintains a line of credit with a local bank. The line of credit is for a maximum of \$50,000 with interest at 1.00% above the Wall Street Journal Prime. There was \$0 owed at December 31, 2012.

Supplemental Information

ECONOMIC DEVELOPMENT COLLABORATIVE – VENTURA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor Number	Federal Expenditures
<u>U.S. Department of Commerce</u>			
Economic Adjustment Assistance	11.307		\$ 66,728
Economic Adjustment Assistance – Community Development Block Grant	11.307		<u>2,643,475</u>
Total U.S. Department of Commerce			<u>\$ 2,710,203</u>
<u>U.S. Department of Housing and Urban Development</u>			
Passed through County of Ventura: Community Development Block Grant - Small Business and Micro-Enterprise Loan	14.218	B-11-UC-06-0507 & B-12-UC-06-0507	\$ 51,708
Passed through County of Ventura: Community Development Block Grant - Regional	14.218		<u>97,239</u>
Total U.S. Department of Housing and Urban Development			<u>\$ 148,947</u>
<u>U.S. Department of Labor</u>			
Passed through Count of Ventura Business Expansion and Enhancement, Lay-off Aversion and Manufacturing	17.278		<u>\$ 103,533</u>
Total U.S. Department of Labor			<u>\$ 103,533</u>
<u>U.S. Small Business Administration</u>			
Passed through Long Beach Community College District: Small Business Development Centers	59.037	603001-Z	\$ 314,000
Passed through Long Beach Community College District: Small Business Development Centers - Small Business Jobs Act	59.037	OSBDC-2011-02 & OSBDC-2012-02	<u>42,323</u>
Total U.S. Small Business Administration			<u>\$ 356,323</u>

Note: This schedule includes the federal grant activity of Economic Development Collaborative -Ventura County and is presented on accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amount presented in, or used in the preparation of, the basic financial statements. The federal expenditures from the Economic Adjustment Assistance program include \$1,855,694 or outstanding loans at year-end.