

**3CORE, INC.**  
**(A California Nonprofit Corporation)**

**FINANCIAL STATEMENTS  
TOGETHER WITH  
INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED  
JUNE 30, 2017**

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**3CORE, INC.**  
**Annual Financial Report**  
**For the Year Ended June 30, 2017**

**Table of Contents**

	Page
<b>INTRODUCTORY SECTION</b>	
List of Officials. . . . .	i
<b>FINANCIAL SECTION</b>	
Independent Auditor's Report. . . . .	1-2
Basic Financial Statements:	
Statement of Financial Position. . . . .	3
Statement of Activities. . . . .	4
Statement of Cash Flows. . . . .	5
Notes to Basic Financial Statements. . . . .	6-13
Supplementary Information:	
Combining Statement of Financial Position. . . . .	14-15
Combining Statement of Activities. . . . .	16-17
Combining Statement of Cash Flows. . . . .	18-19
Schedule of Functional Expenses. . . . .	20
Note to Schedule of Functional Expenses. . . . .	21

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## **INTRODUCTORY SECTION**

- **List of Officials**

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**3CORE, INC.**  
**List of Officials**  
**For the Year Ended June 30, 2017**

**Board of Directors**

Dan Blair.....	President
Star Brown.....	Vice President-Interim Secretary/Treasurer
Kathy Sarmiento.....	Director
Luis Moreno.....	Director
Lorri Pride.....	Director
Tony Cardenas.....	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, 2017, 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, 2017, 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**

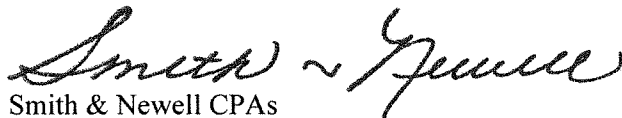
### *Other Information*

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. 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 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 an opinion 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 December 21, 2017, 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  
December 21, 2017

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## **Basic Financial Statements**

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**3CORE INC.**  
**Statement of Financial Position**  
**June 30, 2017**

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
<b>ASSETS</b>			
Current Assets:			
Cash and deposits	\$ 814,622	\$ 1,638,054	\$ 2,452,676
Receivables:			
Accounts	6,055	3,500	9,555
Royalty	12,500	-	12,500
Prepaid expenses and deposits	3,187	-	3,187
Due from other funds	40,000	-	40,000
	<b>876,364</b>	<b>1,641,554</b>	<b>2,517,918</b>
<b>Total Current Assets</b>			
Capital Assets:			
Furniture and equipment	42,158	-	42,158
Accumulated depreciation	(40,654)	-	(40,654)
	<b>1,504</b>	<b>-</b>	<b>1,504</b>
<b>Total Capital Assets, Net</b>			
Other Assets:			
Loans receivable	176,030	3,015,269	3,191,299
	<b>176,030</b>	<b>3,015,269</b>	<b>3,191,299</b>
<b>Total Other Assets</b>			
	<b>\$ 1,053,898</b>	<b>\$ 4,656,823</b>	<b>\$ 5,710,721</b>
	<b>\$ 1,053,898</b>	<b>\$ 4,656,823</b>	<b>\$ 5,710,721</b>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	\$ 339	\$ -	\$ 339
Salaries and benefits payable	916	-	916
Interest payable	-	3,718	3,718
Passthrough funds	21,718	-	21,718
Unearned revenue	12,198	750	12,948
Deposits	101,400	44,222	145,622
Due to other funds	40,000	-	40,000
Compensated absences payable	6,544	-	6,544
Loans payable	-	57,377	57,377
	<b>183,115</b>	<b>106,067</b>	<b>289,182</b>
<b>Total Current Liabilities</b>			
Noncurrent Liabilities:			
Loans payable	-	3,207,574	3,207,574
	<b>-</b>	<b>3,207,574</b>	<b>3,207,574</b>
<b>Total Noncurrent Liabilities</b>			
	<b>183,115</b>	<b>3,313,641</b>	<b>3,496,756</b>
<b>Total Liabilities</b>			
<b>NET ASSETS</b>			
Unrestricted	870,783	-	870,783
Temporarily restricted	-	1,343,182	1,343,182
	<b>870,783</b>	<b>1,343,182</b>	<b>2,213,965</b>
<b>Total Net Assets</b>			
	<b>\$ 1,053,898</b>	<b>\$ 4,656,823</b>	<b>\$ 5,710,721</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,053,898</b>	<b>\$ 4,656,823</b>	<b>\$ 5,710,721</b>

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

**3CORE INC.**  
**Statement of Activities**  
**For the Year Ended June 30, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>OPERATING REVENUES AND OTHER SUPPORT</b>			
Grant/subrecipient revenue	\$ 120,500	\$ -	\$ 120,500
Cash match revenue	75,000	-	75,000
Contract revenue	43,454	1,955	45,409
Contributions	109,503	-	109,503
Loan management	52,718	19,626	72,344
Loan interest income	4,584	188,433	193,017
Miscellaneous revenue	2,206	-	2,206
	<u>407,965</u>	<u>210,014</u>	<u>617,979</u>
<b>Total Operating Revenues and Other Support</b>			
<b>OPERATING EXPENSES</b>			
Salaries and benefits	217,540	114,033	331,573
Bank service charge	419	(45)	374
Dues and subscriptions	4,213	641	4,854
Equipment rent	4,803	1,587	6,390
Event expense	303	-	303
Grant distributions	30,500	-	30,500
Insurance	4,587	2,945	7,532
Janitorial	1,174	611	1,785
Legal and accounting	10,249	5,352	15,601
Licenses/permits/taxes/fees	349	252	601
Loan costs	14	(541)	(527)
Marketing	1,377	-	1,377
Miscellaneous	1,449	56	1,505
Office supplies	1,072	875	1,947
Postage and freight	422	334	756
Professional services	23,801	349	24,150
Rent	10,282	5,547	15,829
Repair and maintenance	15,000	2,264	17,264
Telephone	2,286	842	3,128
Travel	9,363	4,480	13,843
Utilities	2,166	1,198	3,364
Depreciation	1,339	-	1,339
	<u>342,708</u>	<u>140,780</u>	<u>483,488</u>
<b>Total Operating Expenses</b>			
<b>Operating Income (Loss)</b>			
	<u>65,257</u>	<u>69,234</u>	<u>134,491</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest income	1,052	1,312	2,364
Interest expense	-	(18,227)	(18,227)
	<u>1,052</u>	<u>(16,915)</u>	<u>(15,863)</u>
<b>Total Non-Operating Revenues (Expenses)</b>			
<b>Income (Loss) Before Transfers</b>			
	66,309	52,319	118,628
Transfers in	50,009	4,590	54,599
Transfers out	(45,929)	(8,670)	(54,599)
	<u>70,389</u>	<u>48,239</u>	<u>118,628</u>
<b>Change in Net Assets</b>			
<b>Total Net Assets - Beginning</b>	<u>800,394</u>	<u>1,294,943</u>	<u>2,095,337</u>
<b>Total Net Assets - Ending</b>	<u>\$ 870,783</u>	<u>\$ 1,343,182</u>	<u>\$ 2,213,965</u>

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, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from operations	\$ 391,726	\$ 143,002	\$ 534,728
Payments for operations	(135,089)	(26,747)	(161,836)
Payments to employees	(222,771)	(114,033)	(336,804)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>33,866</u>	<u>2,222</u>	<u>36,088</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers from other funds	50,009	520,160	570,169
Transfers to other funds	(45,929)	(524,240)	(570,169)
Interfund loan repayments received	40,000	-	40,000
Interfund loans repaid	(40,000)	-	(40,000)
Loans issued	(150,000)	(623,801)	(773,801)
Principal payments received	118,431	741,218	859,649
Loan proceeds	-	775,000	775,000
Principal paid on debt	-	(1,056,806)	(1,056,806)
Interest paid on debt	-	(19,494)	(19,494)
<b>Net Cash Provided (Used) for Noncapital Financing Activities</b>	<u>(27,489)</u>	<u>(187,963)</u>	<u>(215,452)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on investments	3,302	1,312	4,614
<b>Net Cash Provided (Used) for Investing Activities</b>	<u>3,302</u>	<u>1,312</u>	<u>4,614</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	9,679	(184,429)	(174,750)
<b>Balances - Beginning</b>	<u>804,943</u>	<u>1,822,483</u>	<u>2,627,426</u>
<b>Balances - Ending</b>	<u>\$ 814,622</u>	<u>\$ 1,638,054</u>	<u>\$ 2,452,676</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ 65,257	\$ 69,234	\$ 134,491
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,339	-	1,339
Decrease (increase) in:			
Accounts receivable	4,665	(3,500)	1,165
Prepaid expenses and deposits	(2,837)	-	(2,837)
Increase (decrease) in:			
Accounts payable	(8,423)	-	(8,423)
Salaries and benefits payable	(2,185)	-	(2,185)
Passthrough funds	(3,661)	-	(3,661)
Unearned revenue	(24,743)	750	(23,993)
Deposits	7,500	(64,262)	(56,762)
Compensated absences payable	(3,046)	-	(3,046)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ 33,866</u>	<u>\$ 2,222</u>	<u>\$ 36,088</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, 2017**

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

**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 region 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 nonprofit organizations principally located within Butte, Glenn and Tehama counties.

Services related to economic development are funded in part 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, various local grant funds, local matching funds, refundable loans and reinvestment of interest and loan packaging fees.

The Corporation also provides contract services, in part 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. No tax returns are currently under examination by any tax authorities. The Corporation has not incurred any penalties or interest under FASB ASC Topic No. 740.

**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.

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.

**3CORE, INC.**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2017**

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

**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 represents 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, 2017, 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, 2017, 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.

**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.

**3CORE, INC.**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2017**

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

**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, Small Business Administration Intermediary Lending Pilot program, 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, 2017**

**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 \$12,948 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, 2017 was \$6,544.

The Corporation does not currently provide postemployment benefits.

**N. Revenue Recognition**

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

Grant revenues are recognized in accordance with FASB 958-605-25-2 when received, however, related expenditures may be incurred over a two-year period.

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.



**3CORE, INC.**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2017**

**NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Deficit Net Assets**

The following temporarily restricted fund had deficit net assets at June 30, 2017. This deficit is expected to be eliminated through additional grant revenues or contributions from the General fund.

RLF #14 Rottschalk Loan	\$	124
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**NOTE 3: CASH AND DEPOSITS**

**A. Financial Statement Presentation**

As of June 30, 2017, cash and deposits consisted of the following:

Deposits in banks	\$	<u>2,452,676</u>
Total Cash	\$	<u><u>2,452,676</u></u>

**B. Cash**

At year end, the carrying amount of the Corporation's cash deposits in banks was \$2,452,676 and the bank balance was \$2,451,029. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit. Accounts at each financial institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2017, the Corporation's uninsured cash balances totaled \$1,249,685.

**NOTE 4: CAPITAL ASSETS**

A summary of capital assets at June 30, 2017 follows:

		Balance <u>June 30, 2017</u>
Furniture and Equipment	\$	42,158
Accumulated Depreciation	(	<u>40,654)</u>
Total Capital Assets, Net	\$	<u><u>1,504</u></u>

Depreciation expense for the year ended June 30, 2017 was \$1,339.

**NOTE 5: LOANS RECEIVABLE**

At June 30, 2017, the Corporation had thirteen loans receivable outstanding under the EDA Revolving Loan Fund program, three loans receivable outstanding under the Small Business Financing program, eight loans outstanding under the Small Business Administration Intermediary Lending Pilot program (SBAILP), three loans receivable outstanding under the Tri Counties Bank Loan program, two loans receivable outstanding under the Wells Fargo Community Development Corporation Loan program, and thirteen loans receivable outstanding under the Rabobank Loan program. At June 30, 2017, the total balance outstanding was \$3,191,299.

**3CORE, INC.**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2017**

**NOTE 5: LOANS RECEIVABLE (CONTINUED)**

At June 30, 2017 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.

The Corporation is committed to loan up to an additional \$225,000 to borrowers as of June 30, 2017. This commitment has not been recorded in the financials.

**NOTE 6: INTERFUND TRANSACTIONS**

**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, 2017:

	<u>Transfer In</u>	<u>Transfer Out</u>
Unrestricted:		
General	\$ -	\$ 45,929
Small Business Financing	50,009	-
Temporarily Restricted:		
EDA Revolving Loan fund	-	52
COIN	-	2,239
Butte Reuse Revolving	-	760
SBA ILP	-	7
RLF #7 Rabobank Loan	-	18
Revolving Loan fund general	4,590	-
RLF #8 Tri Co. Bank Loan	-	1,001
RLF #9 Rabobank Loan	-	4,593
Total	<u>\$ 54,599</u>	<u>\$ 54,599</u>

**NOTE 7: LOANS PAYABLE**

The following is a summary of changes in long-term liabilities for the year ended June 30, 2017:

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Due Within</u> <u>One Year</u>
Compensated Absences	\$ 9,590	\$ 18,099	(\$ 21,145)	\$ 6,544	\$ 6,544
Loan Payable	<u>3,546,757</u>	<u>775,000</u>	<u>( 1,056,806)</u>	<u>3,264,951</u>	<u>57,377</u>
Total Long-Term Debt	<u>\$ 3,556,347</u>	<u>\$ 793,099</u>	<u>(\$1,077,951)</u>	<u>\$ 3,271,495</u>	<u>\$ 63,921</u>

**3CORE, INC.**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2017**

**NOTE 7: LOANS PAYABLE (CONTINUED)**

A summary of loans payable at June 30, 2017 follows:

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.	\$ 939,951
Wells Fargo Community Development Corporation loan dated October 4, 2016 in the amount of \$750,000. Repayments of the loan will be interest only for the first ten years at the rate of two percent per annum on the outstanding principal balance. The principal balance will be due in eight equal quarterly payments beginning in October 2027.	250,000
Tri Counties Bank loan dated March 12, 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 12, 2019.	250,000
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.	500,000
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 five years at a rate of zero percent per annum on the outstanding principal balance. The entire principal will be due on March 31, 2020.	100,000
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.	700,000
Rabobank loan dated September 30, 2015, in the amount of \$500,000 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 October 1, 2020.	500,000
Promissory Note to Rory Rottschalk dated April 1, 2017 in the amount of \$25,000 to be used for making investments to promote the public welfare in 3CORE's targeted businesses and the funding of the program. Repayment of loan will be at a rate of 2 percent per annum on the outstanding principal balance. The entire principal will be due on April 1, 2022.	<u>25,000</u>
Total Loans Payable	3,264,951
Less Amount Due Within One Year	( <u>57,377</u> )
Total Long-Term Portion Loans Payable	<u>\$ 3,207,574</u>

**3CORE, INC.**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2017**

**NOTE 7: LOANS PAYABLE (CONTINUED)**

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

Year Ended June 30	Principal	Interest	Total
2018	\$ 57,377	\$ 14,185	\$ 71,562
2019	1,007,953	13,610	1,021,563
2020	658,513	13,049	671,562
2021	559,122	12,441	571,563
2022	84,715	11,847	96,562
2023-2027	401,423	49,670	451,093
2028-2032	479,683	11,722	491,405
2033	16,165	40	16,205
Total	<u>\$ 3,264,951</u>	<u>\$ 126,564</u>	<u>\$ 3,391,515</u>

**NOTE 8: COMPENSATED ABSENCES**

Accumulated unpaid employee vacation benefits are recognized as a liability. The balance owed at June 30, 2017 was \$6,544.

**NOTE 9: RELATED ENTITY**

During the year ended June 30, 2017, 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 four 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, 2017 through December 31, 2017, 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, 2017**

	<u>General</u>	<u>Unrestricted Small Business Financing</u>	<u>Total Unrestricted</u>
<b>ASSETS</b>			
Current Assets:			
Cash and deposits	\$ 537,815	\$ 276,807	\$ 814,622
Receivables:			
Accounts	6,055	-	6,055
Royalty	12,500	-	12,500
Prepaid expenses and deposits	3,187	-	3,187
Due from other funds	-	40,000	40,000
<b>Total Current Assets</b>	<u>559,557</u>	<u>316,807</u>	<u>876,364</u>
Capital Assets:			
Furniture and equipment	42,158	-	42,158
Accumulated depreciation	(40,654)	-	(40,654)
<b>Total Capital Assets, Net</b>	<u>1,504</u>	<u>-</u>	<u>1,504</u>
Other Assets:			
Loans receivable	-	176,030	176,030
<b>Total Other Assets</b>	<u>-</u>	<u>176,030</u>	<u>176,030</u>
<b>Total Assets</b>	<u>\$ 561,061</u>	<u>\$ 492,837</u>	<u>\$ 1,053,898</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	\$ 339	\$ -	\$ 339
Salaries and benefits payable	916	-	916
Interest payable	-	-	-
Passthrough funds	21,718	-	21,718
Unearned revenue	12,198	-	12,198
Deposits	101,400	-	101,400
Due to other funds	40,000	-	40,000
Compensated absences payable	6,544	-	6,544
Loans payable	-	-	-
<b>Total Current Liabilities</b>	<u>183,115</u>	<u>-</u>	<u>183,115</u>
Noncurrent Liabilities:			
Loans payable	-	-	-
<b>Total Noncurrent Liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Liabilities</b>	<u>183,115</u>	<u>-</u>	<u>183,115</u>
<b>NET ASSETS</b>			
Unrestricted	377,946	492,837	870,783
Temporarily restricted	-	-	-
<b>Total Net Assets</b>	<u>377,946</u>	<u>492,837</u>	<u>870,783</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 561,061</u>	<u>\$ 492,837</u>	<u>\$ 1,053,898</u>



Temporarily Restricted							
EDA Revolving Loan Fund	COIN	Butte Reuse Revolving Loan Fund	SBA ILP	RLF #7 Rabobank Loan	Revolving Loan Fund General	RLF #8 TriCo Bank Loan	RLF #9 Rabobank Loan
\$ 486,125	\$ -	\$ 23,722	\$ 107,652	\$ 320,436	\$ -	\$ 128,495	\$ 148,429
-	-	3,500	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>486,125</u>	<u>-</u>	<u>27,222</u>	<u>107,652</u>	<u>320,436</u>	<u>-</u>	<u>128,495</u>	<u>148,429</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>756,358</u>	<u>-</u>	<u>17,000</u>	<u>906,441</u>	<u>388,321</u>	<u>-</u>	<u>379,004</u>	<u>362,897</u>
<u>756,358</u>	<u>-</u>	<u>17,000</u>	<u>906,441</u>	<u>388,321</u>	<u>-</u>	<u>379,004</u>	<u>362,897</u>
<u>\$ 1,242,483</u>	<u>\$ -</u>	<u>\$ 44,222</u>	<u>\$ 1,014,093</u>	<u>\$ 708,757</u>	<u>\$ -</u>	<u>\$ 507,499</u>	<u>\$ 511,326</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	2,343	-	-	-	-
-	-	-	-	-	-	-	-
750	-	-	-	-	-	-	-
-	-	44,222	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	57,377	-	-	-	-
<u>750</u>	<u>-</u>	<u>44,222</u>	<u>59,720</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	882,574	700,000	-	500,000	500,000
-	-	-	882,574	700,000	-	500,000	500,000
750	-	44,222	942,294	700,000	-	500,000	500,000
-	-	-	-	-	-	-	-
<u>1,241,733</u>	<u>-</u>	<u>-</u>	<u>71,799</u>	<u>8,757</u>	<u>-</u>	<u>7,499</u>	<u>11,326</u>
<u>1,241,733</u>	<u>-</u>	<u>-</u>	<u>71,799</u>	<u>8,757</u>	<u>-</u>	<u>7,499</u>	<u>11,326</u>
<u>\$ 1,242,483</u>	<u>\$ -</u>	<u>\$ 44,222</u>	<u>\$ 1,014,093</u>	<u>\$ 708,757</u>	<u>\$ -</u>	<u>\$ 507,499</u>	<u>\$ 511,326</u>

**3CORE INC.**  
**Combining Statement of Financial Position**  
**June 30, 2017**

	Temporarily Restricted		
	RLF #11 Wells Fargo Loan	RLF #12 Golden Valley Bank Loan	RLF #13 TriCo Bank Loan
<b>ASSETS</b>			
Current Assets:			
Cash and deposits	\$ 47,676	\$ 100,148	\$ 250,370
Receivables:			
Accounts	-	-	-
Royalty	-	-	-
Prepaid expenses and deposits	-	-	-
Due from other funds	-	-	-
<b>Total Current Assets</b>	<u>47,676</u>	<u>100,148</u>	<u>250,370</u>
Capital Assets:			
Furniture and equipment	-	-	-
Accumulated depreciation	-	-	-
<b>Total Capital Assets, Net</b>	<u>-</u>	<u>-</u>	<u>-</u>
Other Assets:			
Loans receivable	205,248	-	-
<b>Total Other Assets</b>	<u>205,248</u>	<u>-</u>	<u>-</u>
<b>Total Assets</b>	<u>\$ 252,924</u>	<u>\$ 100,148</u>	<u>\$ 250,370</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Salaries and benefits payable	-	-	-
Interest payable	1,250	-	-
Passthrough funds	-	-	-
Unearned revenue	-	-	-
Deposits	-	-	-
Due to other funds	-	-	-
Compensated absences payable	-	-	-
Loans payable	-	-	-
<b>Total Current Liabilities</b>	<u>1,250</u>	<u>-</u>	<u>-</u>
Noncurrent Liabilities:			
Loans payable	250,000	100,000	250,000
<b>Total Noncurrent Liabilities</b>	<u>250,000</u>	<u>100,000</u>	<u>250,000</u>
<b>Total Liabilities</b>	<u>251,250</u>	<u>100,000</u>	<u>250,000</u>
<b>NET ASSETS</b>			
Unrestricted	-	-	-
Temporarily restricted	1,674	148	370
<b>Total Net Assets</b>	<u>1,674</u>	<u>148</u>	<u>370</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 252,924</u>	<u>\$ 100,148</u>	<u>\$ 250,370</u>

<u>RLF #14 Rottschalk Loan</u>	<u>Total Temporarily Restricted</u>	<u>Total</u>
\$ 25,001	\$ 1,638,054	\$ 2,452,676
-	3,500	9,555
-	-	12,500
-	-	3,187
-	-	40,000
<u>25,001</u>	<u>1,641,554</u>	<u>2,517,918</u>
-	-	42,158
-	-	(40,654)
-	-	1,504
-	<u>3,015,269</u>	<u>3,191,299</u>
-	<u>3,015,269</u>	<u>3,191,299</u>
<u>\$ 25,001</u>	<u>\$ 4,656,823</u>	<u>\$ 5,710,721</u>
\$ -	\$ -	\$ 339
-	-	916
125	3,718	3,718
-	-	21,718
-	750	12,948
-	44,222	145,622
-	-	40,000
-	-	6,544
-	<u>57,377</u>	<u>57,377</u>
<u>125</u>	<u>106,067</u>	<u>289,182</u>
<u>25,000</u>	<u>3,207,574</u>	<u>3,207,574</u>
<u>25,000</u>	<u>3,207,574</u>	<u>3,207,574</u>
<u>25,125</u>	<u>3,313,641</u>	<u>3,496,756</u>
-	-	870,783
(124)	<u>1,343,182</u>	<u>1,343,182</u>
(124)	<u>1,343,182</u>	<u>2,213,965</u>
<u>\$ 25,001</u>	<u>\$ 4,656,823</u>	<u>\$ 5,710,721</u>

**3CORE INC.**  
**Combining Statement of Activities**  
**For the Year Ended June 30, 2017**

	Unrestricted		
	General	Small Business Financing	Total Unrestricted
<b>OPERATING REVENUES AND OTHER SUPPORT</b>			
Grant/subrecipient revenue	\$ 120,500	\$ -	\$ 120,500
Cash match revenue	75,000	-	75,000
Contract revenue	43,454	-	43,454
Contributions	109,503	-	109,503
Loan management	52,580	138	52,718
Loan interest income	-	4,584	4,584
Miscellaneous revenue	2,206	-	2,206
<b>Total Operating Revenues and Other Support</b>	<b>403,243</b>	<b>4,722</b>	<b>407,965</b>
<b>OPERATING EXPENSES</b>			
Salaries and benefits	217,540	-	217,540
Bank service charge	434	(15)	419
Dues and subscriptions	4,213	-	4,213
Equipment rent	4,803	-	4,803
Event expense	303	-	303
Grant distributions	30,500	-	30,500
Insurance	4,587	-	4,587
Janitorial	1,174	-	1,174
Legal and accounting	10,249	-	10,249
Licenses/permits/taxes/fees	349	-	349
Loan costs	5	9	14
Marketing	1,377	-	1,377
Miscellaneous	1,449	-	1,449
Office supplies	1,072	-	1,072
Postage and freight	422	-	422
Professional services	23,801	-	23,801
Rent	10,282	-	10,282
Repair and maintenance	15,000	-	15,000
Telephone	2,286	-	2,286
Travel	9,363	-	9,363
Utilities	2,166	-	2,166
Depreciation	1,339	-	1,339
<b>Total Operating Expenses</b>	<b>342,714</b>	<b>(6)</b>	<b>342,708</b>
<b>Operating Income (Loss)</b>	<b>60,529</b>	<b>4,728</b>	<b>65,257</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest income	466	586	1,052
Interest expense	-	-	-
<b>Total Non-Operating Revenues (Expenses)</b>	<b>466</b>	<b>586</b>	<b>1,052</b>
<b>Income (Loss) Before Transfers</b>	<b>60,995</b>	<b>5,314</b>	<b>66,309</b>
Transfers in	-	50,009	50,009
Transfers out	(45,929)	-	(45,929)
<b>Change in Net Assets</b>	<b>15,066</b>	<b>55,323</b>	<b>70,389</b>
<b>Total Net Assets - Beginning</b>	<b>362,880</b>	<b>437,514</b>	<b>800,394</b>
<b>Total Net Assets - Ending</b>	<b>\$ 377,946</b>	<b>\$ 492,837</b>	<b>\$ 870,783</b>

Temporarily Restricted							
EDA Revolving Loan Fund	COIN	Butte Reuse Revolving Loan Fund	SBA ILP	RLF #7 Rabobank Loan	Revolving Loan Fund General	RLF #8 TriCo Bank Loan	RLF #9 Rabobank Loan
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	1,955	-	-	-	-	-
-	-	-	-	-	-	-	-
6,988	41	6	-	1,986	-	255	3,110
54,104	5,000	50	59,703	14,961	-	25,962	24,827
-	-	-	-	-	-	-	-
<u>61,092</u>	<u>5,041</u>	<u>2,011</u>	<u>59,703</u>	<u>16,947</u>	<u>-</u>	<u>26,217</u>	<u>27,937</u>
31,260	2,736	1,142	37,195	10,216	2,946	14,736	10,952
(105)	-	-	-	-	45	(30)	-
205	11	1	207	47	51	77	41
432	34	14	545	137	43	216	150
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
902	51	7	951	234	171	360	237
160	12	7	213	55	8	84	64
1,457	114	47	1,839	461	146	727	506
67	17	-	92	20	13	30	13
14	-	(197)	11	(61)	-	29	(102)
-	-	-	-	-	-	-	-
-	-	56	-	-	-	-	-
236	15	22	299	78	16	118	83
45	103	2	34	8	1	13	37
98	9	1	122	31	2	50	34
1,515	118	48	1,904	476	157	752	521
601	46	25	784	199	49	310	225
230	18	8	288	72	24	114	79
1,187	77	60	1,576	385	114	629	414
328	24	8	410	102	39	161	113
-	-	-	-	-	-	-	-
<u>38,632</u>	<u>3,385</u>	<u>1,251</u>	<u>46,470</u>	<u>12,460</u>	<u>3,825</u>	<u>18,376</u>	<u>13,367</u>
<u>22,460</u>	<u>1,656</u>	<u>760</u>	<u>13,233</u>	<u>4,487</u>	<u>(3,825)</u>	<u>7,841</u>	<u>14,570</u>
88	-	-	161	444	11	1	35
-	-	-	(9,615)	-	(2,056)	-	-
<u>88</u>	<u>-</u>	<u>-</u>	<u>(9,454)</u>	<u>444</u>	<u>(2,045)</u>	<u>1</u>	<u>35</u>
22,548	1,656	760	3,779	4,931	(5,870)	7,842	14,605
-	-	-	-	-	4,590	-	-
(52)	(2,239)	(760)	(7)	(18)	-	(1,001)	(4,593)
22,496	(583)	-	3,772	4,913	(1,280)	6,841	10,012
<u>1,219,237</u>	<u>583</u>	<u>-</u>	<u>68,027</u>	<u>3,844</u>	<u>1,280</u>	<u>658</u>	<u>1,314</u>
<u>\$ 1,241,733</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71,799</u>	<u>\$ 8,757</u>	<u>\$ -</u>	<u>\$ 7,499</u>	<u>\$ 11,326</u>

**3CORE INC.**  
**Combining Statement of Activities**  
**For the Year Ended June 30, 2017**

	Temporarily Restricted		
	RLF #11 Wells Fargo Loan	RLF #12 Golden Valley Bank Loan	RLF #13 TriCo Bank Loan
<b>OPERATING REVENUES AND OTHER SUPPORT</b>			
Grant/subrecipient revenue	\$ -	\$ -	\$ -
Cash match revenue	-	-	-
Contract revenue	-	-	-
Contributions	-	-	-
Loan management	7,240	-	-
Loan interest income	3,826	-	-
Miscellaneous revenue	-	-	-
<b>Total Operating Revenues and Other Support</b>	<u>11,066</u>	<u>-</u>	<u>-</u>
<b>OPERATING EXPENSES</b>			
Salaries and benefits	2,850	-	-
Bank service charge	45	-	-
Dues and subscriptions	1	-	-
Equipment rent	16	-	-
Event expense	-	-	-
Grant distributions	-	-	-
Insurance	32	-	-
Janitorial	8	-	-
Legal and accounting	55	-	-
Licenses/permits/taxes/fees	-	-	-
Loan costs	(235)	-	-
Marketing	-	-	-
Miscellaneous	-	-	-
Office supplies	8	-	-
Postage and freight	91	-	-
Professional services	2	-	-
Rent	56	-	-
Repair and maintenance	25	-	-
Telephone	9	-	-
Travel	38	-	-
Utilities	13	-	-
Depreciation	-	-	-
<b>Total Operating Expenses</b>	<u>3,014</u>	<u>-</u>	<u>-</u>
<b>Operating Income (Loss)</b>	<u>8,052</u>	<u>-</u>	<u>-</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest income	53	148	370
Interest expense	(6,431)	-	-
<b>Total Non-Operating Revenues (Expenses)</b>	<u>(6,378)</u>	<u>148</u>	<u>370</u>
<b>Income (Loss) Before Transfers</b>	1,674	148	370
Transfers in	-	-	-
Transfers out	-	-	-
<b>Change in Net Assets</b>	1,674	148	370
<b>Total Net Assets - Beginning</b>	-	-	-
<b>Total Net Assets - Ending</b>	<u>\$ 1,674</u>	<u>\$ 148</u>	<u>\$ 370</u>

<b>RLF #14 Rottschalk Loan</b>	<b>Total Temporarily Restricted</b>	<b>Total</b>
\$ -	\$ -	\$ 120,500
-	-	75,000
-	1,955	45,409
-	-	109,503
-	19,626	72,344
-	188,433	193,017
-	-	2,206
-	210,014	617,979
-	114,033	331,573
-	(45)	374
-	641	4,854
-	1,587	6,390
-	-	303
-	-	30,500
-	2,945	7,532
-	611	1,785
-	5,352	15,601
-	252	601
-	(541)	(527)
-	-	1,377
-	56	1,505
-	875	1,947
-	334	756
-	349	24,150
-	5,547	15,829
-	2,264	17,264
-	842	3,128
-	4,480	13,843
-	1,198	3,364
-	-	1,339
-	140,780	483,488
-	69,234	134,491
1	1,312	2,364
(125)	(18,227)	(18,227)
(124)	(16,915)	(15,863)
(124)	52,319	118,628
-	4,590	54,599
-	(8,670)	(54,599)
(124)	48,239	118,628
-	1,294,943	2,095,337
\$ (124)	\$ 1,343,182	\$ 2,213,965

**3CORE INC.**  
**Combining Statement of Cash Flows**  
**For the Year Ended June 30, 2017**

	<u>General</u>	<u>Unrestricted Small Business Financing</u>	<u>Total Unrestricted</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from operations	\$ 387,004	\$ 4,722	\$ 391,726
Payments for operations	(135,095)	6	(135,089)
Payments to employees	(222,771)	-	(222,771)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>29,138</u>	<u>4,728</u>	<u>33,866</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers from other funds	-	50,009	50,009
Transfers to other funds	(45,929)	-	(45,929)
Interfund loans received	40,000	-	40,000
Interfund loans made	-	(40,000)	(40,000)
Loans issued	-	(150,000)	(150,000)
Principal payments received	-	118,431	118,431
Loan proceeds	-	-	-
Principal paid on debt	-	-	-
Interest paid on debt	-	-	-
<b>Net Cash Provided (Used) for Noncapital Financing Activities</b>	<u>(5,929)</u>	<u>(21,560)</u>	<u>(27,489)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest and dividends	2,716	586	3,302
<b>Net Cash Provided (Used) for Investing Activities</b>	<u>2,716</u>	<u>586</u>	<u>3,302</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	25,925	(16,246)	9,679
<b>Balances - Beginning</b>	511,890	293,053	804,943
<b>Balances - Ending</b>	<u>\$ 537,815</u>	<u>\$ 276,807</u>	<u>\$ 814,622</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ 60,529	\$ 4,728	\$ 65,257
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,339	-	1,339
Decrease (increase) in:			
Accounts receivable	4,665	-	4,665
Prepaid expenses and deposits	(2,837)	-	(2,837)
Increase (decrease) in:			
Accounts payable	(8,423)	-	(8,423)
Salaries and benefits payable	(2,185)	-	(2,185)
Passthrough funds	(3,661)	-	(3,661)
Unearned revenue	(24,743)	-	(24,743)
Deposits	7,500	-	7,500
Compensated absences payable	(3,046)	-	(3,046)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ 29,138</u>	<u>\$ 4,728</u>	<u>\$ 33,866</u>



**Temporarily Restricted**

<b>EDA Revolving Loan Fund</b>	<b>COIN</b>	<b>Butte Reuse Revolving Loan Fund</b>	<b>SBA ILP</b>	<b>RLF #7 Rabobank Loan</b>	<b>Revolving Loan Fund General</b>	<b>RLF #8 TriCo Bank Loan</b>	<b>RLF #9 Raboboank Loan</b>
\$ 61,842	\$ 5,041	\$ (65,751)	\$ 59,703	\$ 16,947	\$ -	\$ 26,217	\$ 27,937
(7,372)	(649)	(109)	(9,275)	(2,244)	(879)	(3,640)	(2,415)
(31,260)	(2,736)	(1,142)	(37,195)	(10,216)	(2,946)	(14,736)	(10,952)
<u>23,210</u>	<u>1,656</u>	<u>(67,002)</u>	<u>13,233</u>	<u>4,487</u>	<u>(3,825)</u>	<u>7,841</u>	<u>14,570</u>
-	-	-	-	165,570	4,590	-	-
(52)	(352,239)	(760)	(7)	(18)	-	(1,001)	(170,163)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(125,923)	-	(17,000)	-	(17,547)	-	(118,831)	(133,000)
188,157	-	-	82,340	36,670	284,401	93,403	49,995
-	-	-	-	-	-	-	-
-	-	-	(56,806)	-	(500,000)	-	-
-	-	-	(9,757)	-	(4,556)	-	-
<u>62,182</u>	<u>(352,239)</u>	<u>(17,760)</u>	<u>15,770</u>	<u>184,675</u>	<u>(215,565)</u>	<u>(26,429)</u>	<u>(253,168)</u>
<u>88</u>	<u>-</u>	<u>-</u>	<u>161</u>	<u>444</u>	<u>11</u>	<u>1</u>	<u>35</u>
<u>88</u>	<u>-</u>	<u>-</u>	<u>161</u>	<u>444</u>	<u>11</u>	<u>1</u>	<u>35</u>
85,480	(350,583)	(84,762)	29,164	189,606	(219,379)	(18,587)	(238,563)
400,645	350,583	108,484	78,488	130,830	219,379	147,082	386,992
<u>\$ 486,125</u>	<u>\$ -</u>	<u>\$ 23,722</u>	<u>\$ 107,652</u>	<u>\$ 320,436</u>	<u>\$ -</u>	<u>\$ 128,495</u>	<u>\$ 148,429</u>
\$ 22,460	\$ 1,656	\$ 760	\$ 13,233	\$ 4,487	\$ (3,825)	\$ 7,841	\$ 14,570
-	-	-	-	-	-	-	-
-	-	(3,500)	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
750	-	-	-	-	-	-	-
-	-	(64,262)	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 23,210</u>	<u>\$ 1,656</u>	<u>\$ (67,002)</u>	<u>\$ 13,233</u>	<u>\$ 4,487</u>	<u>\$ (3,825)</u>	<u>\$ 7,841</u>	<u>\$ 14,570</u>

**3CORE INC.**  
**Combining Statement of Cash Flows**  
**For the Year Ended June 30, 2017**

	Temporarily Restricted		
	RLF #11 Wells Fargo Loan	RLF #12 Golden Valley Bank Loan	RLF #13 TriCo Bank Loan
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from operations	\$ 11,066	\$ -	\$ -
Payments for operations	(164)	-	-
Payments to employees	(2,850)	-	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>8,052</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers from other funds	-	100,000	250,000
Transfers to other funds	-	-	-
Interfund loan repayments received	-	-	-
Interfund loans repaid	-	-	-
Loans issued	(211,500)	-	-
Principal payments received	6,252	-	-
Loan proceeds	750,000	-	-
Principal paid on debt	(500,000)	-	-
Interest paid on debt	(5,181)	-	-
<b>Net Cash Provided (Used) for Noncapital Financing Activities</b>	<u>39,571</u>	<u>100,000</u>	<u>250,000</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest and dividends	53	148	370
<b>Net Cash Provided (Used) for Investing Activities</b>	<u>53</u>	<u>148</u>	<u>370</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	47,676	100,148	250,370
<b>Balances - Beginning</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Balances - Ending</b>	<u>\$ 47,676</u>	<u>\$ 100,148</u>	<u>\$ 250,370</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ 8,052	\$ -	\$ -
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	-	-	-
Decrease (increase) in:			
Accounts receivable	-	-	-
Prepaid expenses and deposits	-	-	-
Increase (decrease) in:			
Accounts payable	-	-	-
Salaries and benefits payable	-	-	-
Passthrough funds	-	-	-
Unearned revenue	-	-	-
Deposits	-	-	-
Compensated absences payable	-	-	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ 8,052</u>	<u>\$ -</u>	<u>\$ -</u>

<b>RLF #14 Rottschalk Loan</b>	<b>Total Temporarily Restricted</b>	<b>Totals</b>
\$ -	\$ 143,002	\$ 534,728
-	(26,747)	(161,836)
-	(114,033)	(336,804)
-	2,222	36,088
-	520,160	570,169
-	(524,240)	(570,169)
-	-	40,000
-	-	(40,000)
-	(623,801)	(773,801)
-	741,218	859,649
25,000	775,000	775,000
-	(1,056,806)	(1,056,806)
-	(19,494)	(19,494)
25,000	(187,963)	(215,452)
1	1,312	4,614
1	1,312	4,614
25,001	(184,429)	(174,750)
-	1,822,483	2,627,426
<u>\$ 25,001</u>	<u>\$ 1,638,054</u>	<u>\$ 2,452,676</u>
\$ -	\$ 69,234	\$ 134,491
-	-	1,339
-	(3,500)	1,165
-	-	(2,837)
-	-	(8,423)
-	-	(2,185)
-	-	(3,661)
-	750	(23,993)
-	(64,262)	(56,762)
-	-	(3,046)
<u>\$ -</u>	<u>\$ 2,222</u>	<u>\$ 36,088</u>

**3CORE INC.**  
**Schedule of Functional Expenses**  
**For the Year Ended June 30, 2017**

	Program Services				Management and General	Total
	Other Program Services	Planning	Portfolio Management	Total Program Services		
<b>OPERATING EXPENSES</b>						
Salaries and benefits	\$ 37,834	\$ 123,029	\$ 114,030	\$ 274,893	\$ 56,680	\$ 331,573
Bank service charge	-	-	(60)	(60)	434	374
Dues and subscriptions	2,538	71	642	3,251	1,603	4,854
Equipment rent	571	1,904	1,587	4,062	2,328	6,390
Event expense	303	-	-	303	-	303
Grant distributions	30,500	-	-	30,500	-	30,500
Insurance	835	2,724	2,946	6,505	1,027	7,532
Janitorial	220	795	611	1,626	159	1,785
Legal and accounting	2,150	6,421	5,351	13,922	1,679	15,601
Licenses/permits/taxes/fees	-	45	250	295	306	601
Loan costs	5	-	(532)	(527)	-	(527)
Marketing	-	234	-	234	1,143	1,377
Miscellaneous	1,449	-	-	1,449	56	1,505
Office supplies	165	544	876	1,585	362	1,947
Postage and freight	246	140	334	720	36	756
Professional services	18,298	413	350	19,061	5,089	24,150
Rent	1,989	6,622	5,548	14,159	1,670	15,829
Repair and maintenance	159	730	2,265	3,154	14,110	17,264
Telephone	296	994	842	2,132	996	3,128
Travel	1,545	3,933	4,479	9,957	3,886	13,843
Utilities	405	1,401	1,199	3,005	359	3,364
Depreciation	-	-	-	-	1,339	1,339
<b>Total Operating Expenses</b>	<b>\$ 99,508</b>	<b>\$ 150,000</b>	<b>\$ 140,718</b>	<b>\$ 390,226</b>	<b>\$ 93,262</b>	<b>\$ 483,488</b>

**3CORE, INC.**  
**Note to Schedule of Functional Expenses**  
**For the Year Ended June 30, 2017**

**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.

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