

**Afghan Coalition**

**Financial Statements**

and

**Report Required under Government Auditing Standards**

**Year ended June 30, 2011**

with

**Report of Independent Auditors**

CERTIFIED PUBLIC  
ACCOUNTANTS

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

## Report of Independent Auditors

### To the Board of Directors of the Afghan Coalition:

We have audited the accompanying statement of financial position of the Afghan Coalition (a nonprofit organization) as of June 30, 2011, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the management of the Afghan Coalition. Our responsibility is to express an opinion on the financial statements based on the audit. Management derived the prior year summarized comparative information from the June 30, 2010 financial statements and, in the report dated August 2, 2010; we expressed an unqualified opinion on those financial statements.

We conducted the 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that the audit provides a reasonable basis for the opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Afghan Coalition as of June 30, 2011, and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated December 30, 2011, on the consideration of the internal control over financial reporting and tests of the compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of the 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 and readers should consider it when assessing the results of the audit.

We conducted the audit to form an opinion on the basic financial statements. The Afghan Coalition presents the schedule of expenditures of governmental awards for additional analysis as required by U. S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. It is not a required part of the basic financial statements. Such information is the responsibility of management. Management derived such information from and such information relates directly to the underlying accounting and other records management used to prepare the basic financial statements. We have subjected such information to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Afghan Coalition stated fairly such information in all material respects in relation to the basic financial statements as a whole.

*Wilson Markle Stuckey Hardesty & Bott*  
Wilson Markle Stuckey Hardesty & Bott, LLP  
Larkspur, CA  
December 30, 2011

**Afghan Coalition**  
 Statements of Financial Position  
 as of June 30

	<u>2011</u>	<u>2010</u>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 7,925	\$ 40,587
Grants and contracts receivable	60,268	12,305
Notes receivable	4,100	3,500
Prepaid expenses	6,671	5,402
Deposits	<u>-</u>	<u>1,004</u>
Total current assets	78,964	62,798
Property and equipment, at cost		
Equipment	4,671	4,671
Accumulated depreciation	<u>(1,946)</u>	<u>(1,012)</u>
Net property and equipment	<u>2,725</u>	<u>3,659</u>
Total assets	<u>\$ 81,689</u>	<u>\$ 66,457</u>
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable	\$ 38,858	\$ 12,165
Accrued liabilities	<u>19,758</u>	<u>-</u>
Total current liabilities	58,616	12,165
Net assets (deficiency)		
Unrestricted	573	(3,937)
Temporarily restricted	<u>22,500</u>	<u>58,229</u>
Total net assets	<u>23,073</u>	<u>54,292</u>
Total liabilities and net assets	<u>\$ 81,689</u>	<u>\$ 66,457</u>

See accompanying notes.

**Afghan Coalition**  
**Statements of Activities and Changes in Net Assets**  
**For the year ended June 30, 2011 with**  
**Comparative totals only for the year ended June 30, 2010**

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Totals 2011</u>	<u>Totals only 2010</u>
Support and revenue				
Foundations	\$ 10,000	\$ 30,000	\$ 40,000	\$ 79,520
Corporations	500	-	500	600
Individuals	286	-	286	273
Contributed services	5,667	-	5,667	1,871
Government contracts				
City of Fremont	53,702	-	53,702	24,486
County of Alameda	263,909	-	263,909	24,810
Regents of California	123,970	-	123,970	-
Service fees	41,128	-	41,128	10,848
Interest income	2	-	2	-
Miscellaneous income	4,512	-	4,512	108
Net assets released from restrictions	65,729	(65,729)	-	-
Total revenue and support	569,405	(35,729)	533,676	142,516
Expenses				
Programs	447,400	-	447,400	243,347
Supportive services				
General and administrative	114,568	-	114,568	62,163
Fundraising	2,927	-	2,927	18,563
Total expenses	564,895	-	564,895	324,073
Change in net assets	4,510	(35,729)	(31,219)	(181,557)
Net assets (deficiency), beginning of year	(3,937)	58,229	54,292	235,849
Net assets, end of year	<u>\$ 573</u>	<u>\$ 22,500</u>	<u>\$ 23,073</u>	<u>\$ 54,292</u>

See accompanying notes.

**Afghan Coalition**  
 Statements of Functional Expenses  
 For the year ended June 30, 2011 with  
 Comparative totals only for the year ended June 30, 2010

	<u>Supportive services</u>				Total	2011	Totals only 2010
	<u>Programs</u>	<u>General and administrative</u>	<u>Fundraising</u>				
Professional services	\$ 190,440	\$ 19,481	\$ 1,088		\$ 211,009	\$ 36,849	
Salaries	148,243	24,066	-		172,309	120,621	
Accounting and audit	-	41,890	-		41,890	38,924	
Program expenses	31,446	-	-		31,446	52,792	
Occupancy	18,260	8,124	-		26,384	23,880	
Other employee benefits	21,660	1,019	-		22,679	8,883	
Payroll taxes	12,703	5,048	-		17,751	11,713	
Office supplies and postage	1,295	4,277	1,839		7,411	3,546	
Telecommunications	5,992	336	-		6,328	7,643	
Insurance	4,905	1,046	-		5,951	5,106	
Contributed services	-	5,667	-		5,667	450	
Printing and copying	4,340	382	-		4,722	2,551	
Travel and conferences	3,251	1,143	-		4,394	2,950	
Equipment rental and repairs	3,763	-	-		3,763	5,859	
Miscellaneous	-	1,969	-		1,969	1,127	
Depreciation	934	-	-		934	934	
Taxes and licenses	168	120	-		288	245	
<b>Total expenses</b>	<b>\$ 447,400</b>	<b>\$ 114,568</b>	<b>\$ 2,927</b>		<b>\$ 564,895</b>	<b>\$ 324,073</b>	

See accompanying notes.

**Afghan Coalition**  
**Statements of Cash Flows**  
**For the years ended June 30**

	2011	2010
Cash flows to operating activities		
Change in net assets	\$ (31,219)	\$ (181,557)
Adjustments to reconcile change in net assets to net cash used by operating activities		
Changes in current assets and liabilities		
Depreciation	934	934
Grants and contracts receivable	(47,963)	77,061
Net change in deposits	1,004	(39)
Prepaid expenses	(1,269)	(1,719)
Accounts payable	26,693	9,840
Accrued liabilities	19,758	(10)
	(32,062)	(95,490)
Net cash used by operating activities		
Cash flows to investing activities		
Notes receivable advanced	(4,668)	(3,500)
Notes receivable collected	4,068	-
	(600)	(3,500)
Net cash used by investing activities		
Net decrease in cash and cash equivalents	(32,662)	(98,990)
Cash and cash equivalents, beginning of year	40,587	139,577
Cash and cash equivalents, end of year	\$ 7,925	\$ 40,587

See accompanying notes.

**Afghan Coalition**  
Notes to Financial Statements  
June 30, 2011

Note 1 – Summary of significant accounting policies

Basis of presentation

Afghan Coalition is a non-profit California corporation that was organized as a community-based umbrella organization whose mission is to empower underserved Afghan and immigrant families, women and youth living in Southern Alameda County. The Afghan Coalition provides individual case management and advocacy, women's support groups, interpretation services, information and referral, youth leadership development, cross-cultural celebrations and community-building events and programs. Current year funding has allowed the organization to place greater focus on both mental health and women's health programs.

Basis of accounting

The accompanying financial statements are prepared on the accrual basis of accounting.

Cash and cash equivalents

Cash and cash equivalents consist principally of amounts on deposit with a large commercial bank. These funds are insured by the Federal Deposit Insurance Corporation up to an amount not to exceed \$250,000.

Concentration of credit risk

Financial instruments that potentially subject Afghan Coalition to credit risk consist principally of cash on deposit. Afghan Coalition maintains its cash balances at a major financial institution. Management believes that Afghan Coalition is not exposed to any significant credit risk with respect to these accounts.

Allowance for uncollectible receivables

Afghan Coalition uses the allowance method to account for uncollectible receivables. Under this method, Afghan Coalition reviews all receivables for any problems with collectability. If Afghan Coalition feels that there may be a problem with collections, an allowance is provided for the receivable. When attempts to collect a specific receivable are unsuccessful, the account is considered uncollectible and is written off against the allowance. At June 30, 2011 and 2010, Afghan Coalition concluded that an allowance for uncollectible accounts was not necessary.

Property and equipment

Purchases of furniture and equipment are recorded at cost. Donated furniture and equipment are stated at fair value. Equipment and furniture are depreciated on the straight-line method over estimated useful lives of five years.

**Afghan Coalition**  
Notes to Financial Statements  
June 30, 2011

Note 1 – Summary of significant accounting policies (continued)

Fair value measurements

Afghan Coalition uses a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority. Level 2 inputs consist of observable inputs other than quoted prices for identical assets. Level 3 inputs consist of unobservable inputs that reflect internal judgments and have the lowest priority. Afghan Coalition uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, Afghan Coalition measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Afghan Coalition only uses Level 3 inputs when Level 1 or Level 2 inputs are not available.

Afghan Coalition values all contributions at fair value when promised.

Net assets

Afghan Coalition records support from grants and contributions as unrestricted, temporarily restricted, or permanently restricted net assets, depending on donor or payer imposed restrictions. Afghan Coalition reports restricted support as restricted revenue and as an increase in temporarily restricted net assets. When a restriction expires based on a stipulated time or accomplishment, Afghan Coalition reclassifies temporarily restricted net assets as unrestricted net assets and reports it as net assets released from restrictions. Afghan Coalition also elects to report revenue that has been received and released in the fiscal year as unrestricted net assets.

Revenue recognition

Afghan Coalition records revenues when earned and expenses when the related obligations are incurred. Afghan Coalition earns revenues through service fees, which consist principally of amounts charged for case management, education and data collection.

In-kind donations

Donations of products or services that require specialized skills and would otherwise be paid for by Afghan Coalition are included in revenue and support based on the estimated fair market value of the donations. These contributions are valued using Level 3 inputs; the fair value is based upon what the donor would charge for the product or service if it was sold in an arm's length transaction. For the years ended June 30, 2011 and 2010, such donations totaled \$5,667 and \$1,871.



**Afghan Coalition**  
Notes to Financial Statements  
June 30, 2011

Note 1 – Summary of significant accounting policies (continued)

Functional expenses

Expenses have been charged to program or supporting service classifications based on direct expenditures incurred. Any expenditure not directly chargeable is allocated among program and service classifications based on relative benefit.

Income taxes

Afghan Coalition has been granted exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code and from California bank and corporation taxes under Section 23701(d) of the California Revenue and Taxation Code. Therefore, no provision for federal or California income tax is reflected in the financial statements.

Afghan Coalition has been classified as a publicly supported organization as described in Section 509(a)(1) of the Internal Revenue Code. Accordingly, donors are entitled to the maximum charitable contribution deduction allowed by law.

Afghan Coalition files informational tax returns in the United States federal jurisdiction and the state of California. Federal informational tax returns for tax years 2007 and beyond remain subject to examination by the Internal Revenue Service. California informational tax returns for tax years 2006 and beyond remain subject to examination by state tax authorities. Afghan Coalition expects no change to its tax provision during the year ending June 30, 2012.

Subsequent events

Management of Afghan Coalition evaluated subsequent events for recognition and disclosure through December 30, 2011 the date that these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2011 that required recognition or disclosure in these financial statements.

Use of estimates

Afghan Coalition prepares its financial statements in accordance with accounting principles generally accepted in the United States. The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts and disclosures herein. Actual results could differ from those estimated.

**Afghan Coalition**  
**Notes to Financial Statements**  
**June 30, 2011**

Note 1 – Summary of significant accounting policies (continued)

Reclassification

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States. Accordingly, such information should be read in conjunction with the financial statements for the year ended June 30, 2010, from which Afghan Coalition derived the summarized information.

Note 2 – Grants and contracts receivable

Grants and contracts receivable at June 30, consists of the following:

	<u>2011</u>	<u>2010</u>
County of Alameda	\$21,380	\$10,798
Regents of California	19,535	–
Other	13,933	–
City of Fremont	<u>5,420</u>	<u>1,507</u>
Total receivables	<u>\$60,268</u>	<u>\$12,305</u>

Note 3 – Notes receivable

Afghan Coalition has advanced money to various individuals. All of the notes are short term in nature, unsecured and bear no interest. Payment plans have been established and Afghan Coalition does not feel that any of the notes are uncollectible. The amounts outstanding on the notes at June 30, 2011 and 2010 are \$4,100 and \$3,500, respectively.

Note 4 – Accrued liabilities

Accrued liabilities at June 30, 2011 consist of the following:

Audit fees	\$8,000
Payroll payable	8,353
Insurance premium	758
Accrued vacation	<u>2,647</u>
Total receivables	<u>\$19,758</u>

There were no accrued liabilities at June 30, 2010.

**Afghan Coalition**  
Notes to Financial Statements  
June 30, 2011

Note 5 – Commitments

Afghan Coalition leases office space under an operating lease with the City of Fremont. The lease is subject to renewal annually at the same rate. During the year ended June 30, 2011, occupancy cost also includes the expense of security guard services provided by the landlord. Rent expense for the year ended June 30, 2011 was \$26,384 (2010 - \$23,880).

Note 6 – Risks and uncertainties

Afghan Coalition has received support that may be subject to audit or review by the grantor agencies. Management believes that the Afghan Coalition has complied with all aspects of grant and contract provisions and disallowed costs, if any, would be insignificant to its financial position. Revenues from government contracts in the accompanying statements of activities consist principally of amounts earned under the terms of grants and contracts with the City of Fremont, the East Bay Agency for Children, County of Alameda and the University of California at Berkeley.

Afghan Coalition receives a significant portion of its revenues from services provided to the County of Alameda, as well as the University of California. These resources are available dependent upon government funding and budgeting. Afghan Coalition is annually subject to the risk of losing the contract with the County of Alameda. The contract with the University of California is slated to continue through August 2015.

Note 7 – Retirement plan

Afghan Coalition has established a retirement plan under section 403(b) of the Internal Revenue Code. Employees may make an elective contribution to the plan. Afghan Coalition currently does not match or otherwise contribute to the plan.

Note 8 – Temporarily restricted net assets

Net assets restricted by donors to specific programs or uses consist of the following:

	Balance June 30, 2010	Additions	Released	Balance June 30, 2011
Program restricted				
Afghan Health Partnership	\$ 23,146	\$ 30,000	\$ (30,646)	\$ 22,500
Leadership Development	35,083		(35,083)	-
Total	<u>\$ 58,229</u>	<u>\$ 30,000</u>	<u>\$ (65,729)</u>	<u>\$ 22,500</u>

**Afghan Coalition**  
Notes to Financial Statements  
June 30, 2011

Note 9 – Schedule of Alameda County programs

The County of Alameda requires contractors who receive funding through the County to identify all County programs in accordance with County audit requirements. The following is a list of programs in which funding was received through the County for the fiscal year ended June 30, 2011.

<u>Program</u>	<u>Contract #</u>	<u>Exhibit #</u>	<u>Term</u>	<u>Amount</u>
Afghan Mental Health	900714	HE11-385	07/1/10-06/30/11	\$230,409
One-time MHSA	900714	HE11A-385	07/1/10-06/30/11	33,500

**Supplemental Information**

**Afghan Coalition**  
Schedule of Expenditures of Governmental Awards  
Year ended June 30, 2011

Sources, grantors and programs	CFDA	Contract	Expenditures
Federal			
Department of Health and Human Services			
C      Community Network Program - Centers for Reducing Disparities through Outreach and Training - Afghan Women's Breast Health Project	93.397	1U54CA15350 6/00007425	\$ 123,970
Department of Housing and Urban Development			
C      Microenterprise Development Services - Building Economic Empowerment and Opportunities for Immigrant Women and their Families	14.218	CFY 10-11 CDBG SS	30,000
Total federal			<u>153,970</u>
State and local			
County of Alameda, California			
Mental Health - Afghan Mental Health Project		900714/5327	263,909
City of Fremont, California			
Social Services - Afghan Community Support		CFY 10-11 SS	<u>23,702</u>
Total state and local			<u>287,611</u>
Total expenditures			<u><u>\$ 441,581</u></u>

## **Afghan Coalition**

### Notes to Schedule of Expenditures of Governmental Awards Year ended June 30, 2011

#### Note A - Basis of presentation

The accompanying schedule of expenditures of governmental awards (Schedule) includes the governmental grant activity of the Afghan Coalition under programs of various governmental agencies for the year ended June 30, 2011. Management presents the information in the Schedule in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Because the Schedule presents only a selected portion of the operations of the Afghan Coalition, it cannot and does not present the financial position, changes in net assets or cash flows of the Afghan Coalition.

#### Note B - Summary of significant accounting policies

Management reports the expenditures on the Schedule using the accrual basis of accounting and recognizes such expenditures following the cost principles contained in OMB Circular A-122, Cost Principles for Non-Profit Organizations, which limits certain types of expenditures as not allowable or reimbursable.

#### Note C - Pass-through entities

The pass-through agency for the Department of Health and Human Services is The Regents of the University of California, Berkeley. The pass-through agency for the Department of Housing and Urban Development is the City of Fremont, California.

CERTIFIED PUBLIC  
ACCOUNTANTS

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

**Report on Internal Control over Financial Reporting, Compliance and Other  
Matters Based on an Audit of Financial Statements Performed in Accordance  
with Government Auditing Standards**

To the Board of Directors of the Afghan Coalition:

We have audited the financial statements of the Afghan Coalition as of and for the year ended June 30, 2011, and have issued the report thereon dated December 30, 2011. We conducted the 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.

**Internal Control over Financial Reporting**

In planning and performing the audit, we considered the internal control over financial reporting to design the auditing procedures to express an opinion on the financial statements, but not to express an opinion on the effectiveness of the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal control over financial reporting.

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 internal control will not be prevent, or detect and correct on a timely basis, a material misstatement of the financial statements.

Professional standards limit the consideration of internal control over financial reporting to the purpose described in the first paragraph of this section and the consideration of internal control over financial reporting may not identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.



## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of 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 the audit, and accordingly, we do not express such an opinion. The results of the tests disclosed no instances of noncompliance or other matters that we are required to report under Government Auditing Standards.

We noted one matter: The Afghan Coalition filed its financial statements after the due date of December 31, 2011, as required by the County of Alameda. We reported that matter to the management of the Afghan Coalition.

We intend this report solely for the information and use of the Board of Directors and management of the Afghan Coalition and the County of Alameda. We do not intend this report for anyone other than the parties specified above and no one other than the parties specified above should use this report.

*Wilson Markle Stuckey Hardesty & Bott*

Wilson Markle Stuckey Hardesty & Bott, LLP  
Larkspur, CA  
December 30, 2011

**Afghan Coalition**  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2011

Summary of Audit Results

1. The audit report expressed an unqualified opinion on the financial statements of the Afghan Coalition.
2. The audit disclosed no instances of noncompliance material to the financial statements of the Afghan Coalition that Government Auditing Standards would require us to report.

Findings – Financial Statement Audit

1. None.