

COMMUNITY BRIDGES
(A Private, Non-Profit Organization)

Annual Financial Report

Fiscal Year Ended June 30, 2019

Excerpts related to
Measure D - Full
financial report
available at
SCCRTC.

COMMUNITY BRIDGES
(A Private, Non-Profit Organization)

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KAKU & MERSINO, LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Directors
Community Bridges

Report on the Financial Statements

We have audited the accompanying financial statements of Community Bridges (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, 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.

Auditors' 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Bridges as of June 30, 2019, 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

Supplementary Information

Our 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 and supplementary information (pages 20-40) is presented for purposes of additional analysis, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the *CDE Audit Guide*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and in conformity with the CDE Audit Guide issued by the California Department of Education 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. Also, in our opinion, the Measure D information is fairly stated in all material respects in relation to the financial statements as a whole, and the funds allocated to, and received by the Community Bridges' Measure D Funding were expended in conformance with applicable statutes, rules and regulations of Measure D and the agreement with Santa Cruz County Regional Transportation Commission for the year ended June 30, 2019.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2019, on our consideration of Community Bridges' 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 Community Bridges' internal control over financial reporting and compliance.

Kaku + Mersino, LLP

KAKU & MERSINO, LLP

December 10, 2019

COMMUNITY BRIDGES
(A Private, Non-Profit Organization)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	PROGRAM SERVICES						
	Women, Infants & Children (WIC)	Child & Adult Care Food Program	Transportation Services - Lift Line	Senior Nutrition Meals on Wheels	Child Development Division	Nueva Vista Community Resources	Live Oak Family Community Resources
EXPENSES							
Salaries and benefits	\$ 1,591,569	\$ 267,907	\$ 1,150,049	\$ 721,281	\$ 1,532,465	\$ 227,664	\$ 156,555
Food payments	-	3,358,357	-	-	-	-	-
Building occupancy	197,597	27,540	67,806	120,754	106,155	22,943	35,556
Meals expense	-	-	-	473,907	59,537	2,210	-
Travel and transportation	17,371	4,949	68,080	50,600	9,075	4,311	3,387
Supplies and other misc expenses	42,773	3,734	10,040	37,036	28,460	14,865	10,389
Professional and contracted services	21,180	19,532	160,453	2,205	6,248	6,451	32,333
Vehicle expense	-	-	132,358	15,630	-	-	-
Insurance	10,062	1,221	58,449	22,153	17,917	10,424	4,568
Printing, advertising and dues	3,441	8,732	4,152	3,832	2,935	1,264	395
Telephone and communication	34,863	8,483	18,613	13,092	26,870	7,227	9,576
Minor equipment	33,226	-	3,995	1,180	6,328	182	2,826
Equipment rental & repair	778	-	5,321	10,326	2,610	817	9,570
Interest expense	-	-	396	-	-	1,359	-
Staff training	18,268	862	1,852	90	5,252	87	963
Contract services to other agencies	-	-	-	-	-	-	-
Taxes, licenses and bank fees	3,490	889	28,993	5,344	7,721	768	4,065
Depreciation	24,111	-	3,840	-	2,677	4,284	-
Administrative services	341,910	56,070	207,348	234,933	192,273	50,659	43,011
Subtotal	2,340,639	3,758,276	1,921,745	1,712,363	2,006,523	355,515	313,194
Less Intercompany Transfers	(428,685)	(224,490)	(220,392)	(292,982)	(192,273)	(50,659)	(43,011)
TOTAL EXPENSES	\$ 1,911,954	\$ 3,533,786	\$ 1,701,353	\$ 1,419,381	\$ 1,814,250	\$ 304,856	\$ 270,183

The accompanying notes are an integral part of the financial statements.

COMMUNITY BRIDGES
(A Private, Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 1. NATURE OF ACTIVITIES

Community Bridges (the Organization) is a not-for-profit organization that was incorporated in California in 1977. Its stated purpose is to organize, develop, and operate programs that provide meals, nutritional information, transportation, day care, and related services to low-income children, the elderly, and other eligible persons in the local area. The Organization is both publicly and privately funded. The Organization has program contracts with both the federal and state governments as listed in the accompanying Schedule of Expenditures of Federal and State Awards and also receives funds from private donations and service contracts.

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation

The Agency reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

- Net Assets without Donor Restrictions – These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program related services, raising contributions, and performing administrative functions.
- Net Assets with Donor Restrictions – These net assets generally result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished, the net assets are restricted.

The accounts of the organization are maintained in accordance with the principles of fund accounting. Under fund accounting, resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Organization considers deposits in banks, and investments purchased with a maturity of three months or less to be cash equivalents. When required by funding sources, funds received specifically for program expenses are deposited in separate bank accounts.

COMMUNITY BRIDGES
(A Private, Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Grants Receivables and Other Receivables

Receivables are stated at face value as the probable uncollectible amounts are immaterial.

Property and Equipment

Contributed property and equipment are recorded at fair value on the date of donation. Contributions of property and equipment are recorded as unrestricted support, unless the donor stipulates how long the assets must be used.

Property and equipment purchased with Organization funds are capitalized at cost and depreciated over the useful estimated lives of the asset using the straight-line method. Amortization of building improvements is based on the estimated useful life of the improvements. Depreciation and amortization expense is charged against operations. Expenditures for property and equipment in excess of \$5,000 are capitalized.

Property and equipment purchased with grant funds are depreciated using the straight-line method over the estimated useful life of the assets. Depreciation of these assets is charged against grant funded assets in the Statement of Activities.

In the event of a contract termination, certain funding sources require title to property and equipment previously purchased with grant funds revert to the funding source. Certain funding sources also limit the use of property and equipment for specific programs and require approval for disposition of property and equipment from the funding source.

Depreciation is calculated based on the following estimated useful lives:

<u>Type of Asset</u>	<u>Estimated Useful Life</u>
Furniture & Equipment	3-10 years
Vehicles	5 years
Leasehold Improvements	5-10 years
Buildings	30 years

COMMUNITY BRIDGES
(A Private, Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventory

Inventories, consisting of food and consumable food service supplies, are valued at cost, which approximates market, on a first-in-first-out basis.

Income Tax Status

Community Bridges is a non-profit organization that is exempt from federal income tax under Internal Revenue Code Section 501(c)(3). The Organization's returns are subject to examination by federal and state taxing authorities, generally for three and four years, respectively, after they are filed.

Contributions

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions.

Advertising

Advertising costs are expensed as incurred. Advertising costs totaling \$11,993 were expensed in the year ended June 30, 2019. There were no advertising costs capitalized during the year ended June 30, 2019.

Use of Estimates

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

Subsequent Events

Management has evaluated subsequent events through December 10, 2019, the date the financial statements were available to be issued.

COMMUNITY BRIDGES
(A Private, Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 3. CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject Community Bridges to concentrations of credit risk consist principally of cash balances and grant receivables. Concentration of credit risk with respect to grant receivables are limited due to receivables being from government agencies.

Community Bridges maintains cash balances at eight financial institutions located in the county of Santa Cruz, California. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2019, the uninsured cash balances totaled \$266,138. Money market funds are neither insured nor guaranteed by FDIC.

Note 4. CASH & CASH EQUIVALENTS

Cash and Cash Equivalents consist of the following at June 30, 2019:

	<u>Amount</u>
Cash	\$ 423,999
Money Market Funds	<u>16,978</u>
Total	<u>\$ 440,977</u>

Note 5. INVESTMENTS AND FAIR VALUE MEASUREMENTS

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at June 30, 2019 are as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
Mutual Funds	<u>\$ 620,684</u>	<u>\$ 620,684</u>

The fair value measurement accounting literature establishes 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, and Level 3 inputs have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments.

COMMUNITY BRIDGES
(A Private, Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 6. PROPERTY & EQUIPMENT

Property & equipment are summarized by major classifications as follows:

Buildings	\$ 6,042,849
Vehicles	1,618,005
Furniture & Equipment	953,228
Leasehold Improvements	<u>1,078,482</u>
Total Property & Equipment	9,692,564
Less: Accumulated Depreciation	<u>(2,608,875)</u>
Property & Equipment, net	<u>\$ 7,083,689</u>

Depreciation amounted to \$153,124 for grant funded property and equipment, and \$71,408 for Organization property and equipment for the year ended June 30, 2019. Equipment and building are pledged as collateral as disclosed on the notes payable.

Note 7. DEFINED CONTRIBUTION PLAN

The Organization has a defined contribution plan covering employees who have six consecutive months of service from date of hire. The Organization contributed \$43,964 to the plan for all eligible employees who contributed a 1% salary match for the year ending June 30, 2019.

Note 8. COMMITMENTS AND CONTINGENCIES

The Organization leases a copier under a capital lease. The economic substance of the lease is that the Organization is financing the acquisition of the asset through the lease, and accordingly, it is recorded in the Organization's assets and liabilities. The leased assets are included in equipment at \$9,032 and accumulated depreciation of \$5,871.

Minimum lease payments, on an annual basis, are as follows:

	<u>For the Year Ending June 30,</u>	
	2020	\$ 2,112
	2021	1,584
	2022	0
	2023	0
	2024	0
	Thereafter	<u>0</u>
Total minimum lease payment		3,696
Less amount representing interest		<u>(535)</u>
Present value minimum lease payment		<u>\$ 3,161</u>

COMMUNITY BRIDGES
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NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 9. COMPENSATED ABSENCES

Accumulated unpaid vacation is recognized as a liability of the Organization. The expenditure is recognized in the year to which the liability relates. The value of accumulated vacation at June 30, 2019 is \$364,933.

Note 10. COMMITMENTS AND CONTINGENCIES

Operating Leases:

The total rental expense incurred by the Organization for facilities during the year was \$455,153. The Organization also had miscellaneous equipment rental of \$5,995 for the year, which was expensed. Minimum future rental payments under noncancellable operating leases for each of the next 5 years in aggregate are:

<u>For the Year Ending June 30,</u>	
2020	\$ 38,308
2021	38,308
2022	38,308
2023	9,000
2024	0

Note 11. RESERVE FUND

The reserve fund consists of a facilities reserve and vehicle reserve, set aside from the County of Santa Cruz, voter approved 30-year Measure D sales tax, administered by the Santa Cruz County Regional Transportation Commission (RTC) for the Lift Line program of Community Bridges, a Consolidated Transportation Service Agency. The amount set aside is part of a 5-year master funding agreement, approved by the RTC and Community Bridges.

COMMUNITY BRIDGES
(A Private, Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 12. NOTES PAYABLE

Notes payable consist of the following at June 30, 2019:

	<u>Amount</u>
Line of credit with a financial institution in the amount of \$600,000. Interest rate is prime plus 1.00%. The line renews on March 13, 2020. The line is secured by equipment, inventory, receivables, and contains certain covenants.	\$ 0
Promissory note of \$1,527,000 to a financial institution with 12 months interest only, then 48 monthly payments of \$8,656, followed by 60 monthly payments of \$9,165. Balloon payment due May 5, 2027. Swap variable interest rate currently at 4.625%. The note is secured by a building.	1,242,805
Promissory note payable with monthly payments of principal and interest of \$3,061. Interest rate is 5% per annum. The note is secured by a building.	504,636
Promissory note payable with monthly payments of principal and interest of \$3,548. Interest rate is 5% per annum. Balloon payment due June 1, 2022. The note is unsecured.	639,765
Promissory note payable with monthly payments of interest only \$4,167. Interest rate is 5% per annum. A balloon payment is due June 28, 2024. The note is secured by a building.	1,000,000
Promissory note payable to a financial institution in 107 monthly payments of principal and interest of \$11,482. Interest rate is 4.75%. Loan balance is due June 5, 2029. The note is secured by a building.	<u>1,500,000</u>
Total	<u>\$ 4,887,206</u>
Current Portion	<u>\$ 69,802</u>
Long Term Portion	<u>\$ 4,817,404</u>

Schedule of future minimum principal payments for each of the succeeding years ending June 30 are as follows:

2020	\$ 69,802
2021	141,189
2022	754,306
2023	148,967
2024	1,156,156
Thereafter	<u>2,616,786</u>
	<u>\$ 4,887,206</u>

COMMUNITY BRIDGES
(A Private, Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 13. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or internal designations.

Financial assets at year-end

Cash	\$ 440,977
Investments	620,684
Grants Receivable	2,255,811
Other receivable	<u>544,784</u>
Total Financial Assets	<u>\$3,862,256</u>

Less those unavailable for general expenditures within one year, due to:

Accounts payable and accrued expenses	(1,245,373)
Salaries and benefits payable	(852,634)
Deferred revenue	(279,128)
Reserves restricted use	(266,584)
Current portion long term debt	<u>(69,802)</u>

Financial assets available to meet cash needs for general expenditures within one year \$1,148,735

Organization operations require maintenance of financial assets, which consist of cash to meet normal operating expenses. The Organization also has a line of credit in place in the amount of \$600,000 which it could draw upon in the event of any unanticipated liquidity needs.

KAKU & MERSINO, LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' 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*

To the Board of Directors of
Community Bridges

We 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 Community Bridges (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 10, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Community Bridges' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Community Bridges' internal control. Accordingly, we do not express an opinion on the effectiveness of Community Bridges' 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.

Our consideration of 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

(Continued)

KAKU & MERSINO, LLP
CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Community Bridges
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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Community Bridges' financial statements are free from material misstatement, we 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 our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Kaku + Mersino, LLP

KAKU & MERSINO, LLP

December 10, 2019

KAKU & MERSINO, LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
Community Bridges

Report on Compliance for Each Major Federal Program

We have audited Community Bridges' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Community Bridges' major federal programs for the year ended June 30, 2019. Community Bridges' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Community Bridges' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we 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 Community Bridges' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Community Bridges' compliance.

Opinion on Each Major Federal Program

In our opinion, Community Bridges 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 year ended June 30, 2019.

(Continued)

KAKU & MERSINO, LLP
CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Community Bridges
Page 2

Report on Internal Control Over Compliance

Management of Community Bridges is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Community Bridges' 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Community Bridges' internal control over compliance.

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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Kaku & Mersino, LLP

KAKU & MERSINO, LLP

December 10, 2019

COMMUNITY BRIDGES
(A Private, Non-Profit Organization)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2019

A. SUMMARY OF AUDIT RESULTS

- The auditors' report expresses an unmodified opinion on whether the financial statements of Community Bridges were prepared in accordance with GAAP.
- No significant deficiencies were found during the audit of the financial statements that are required to be 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 Community Bridges were disclosed during the audit.
- No significant deficiencies in internal control over major federal award programs were disclosed during the audit in the Independent Auditors' Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance. No material weaknesses are reported.
- The auditor's report on compliance for the major federal award programs for Community Bridges expresses an unmodified opinion on all major federal programs.
- Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this Schedule, if any.
- The programs tested as major programs included: CFDA No. 10.558 – Child and Adult Care Food Program (CACFP), and CFDA No. 93.575 – Child Care and Development Block Grant & 93.596 – Child Care Mandatory and Matching Funds of the Child Care and Development Fund.
- The threshold for distinguishing Types A and B programs was \$750,000.
- Community Bridges was determined to be a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENT AUDITS

None

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

None

D. STATUS OF PRIOR YEAR FINDINGS

None

COMMUNITY BRIDGES
STATEMENT OF FINANCIAL POSITION - MEASURE D FUNDING
JUNE 30, 2019

ASSETS

Current Assets	
Cash	\$ 266,584
	<hr/>
Total Current Assets	266,584
	<hr/>
TOTAL ASSETS	\$ 266,584
	<hr/> <hr/>

LIABILITIES AND NET ASSETS

Current Liabilities	
	\$ -
	<hr/>
Total Current Liabilities	-
	<hr/>
Other Liabilities	
Reserve Fund	\$ 266,584
	<hr/>
TOTAL LIABILITIES	266,584
	<hr/>
Net Assets	
Net Assets without Donor Restrictions	-
	<hr/>
TOTAL NET ASSETS	-
	<hr/>
TOTAL LIABILITIES AND NET ASSETS	\$ 266,584
	<hr/> <hr/>

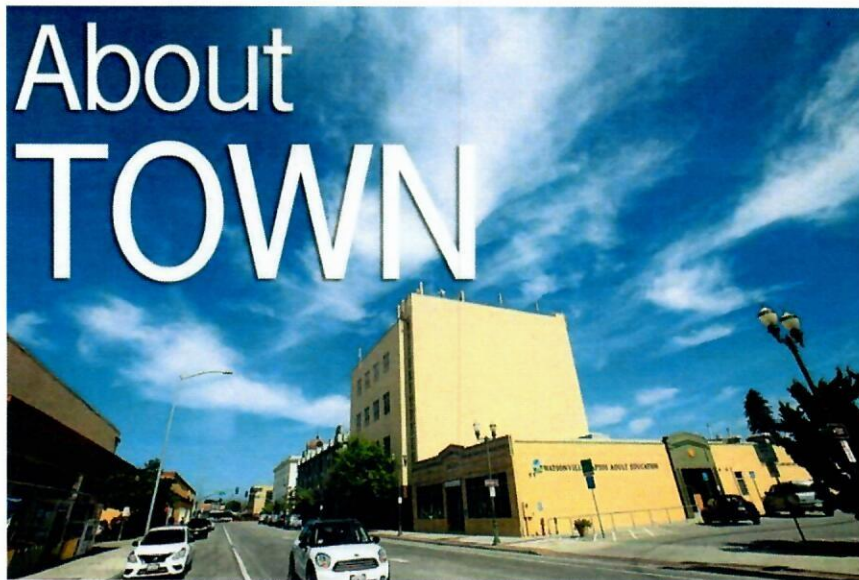
COMMUNITY BRIDGES
STATEMENT OF ACTIVITIES - MEASURE D FUNDING
FOR THE YEAR ENDED JUNE 30, 2019

Changes in Net Assets Without Donor Restrictions

Revenue and Support	
Measure D Funding	\$ 849,956
Interest Income	625
Transfer from Measure D Reserve Fund	224,589
TOTAL REVENUES AND SUPPORT	<u>1,075,170</u>
Expenses	
Driver Personnel	249,150
Driver Training	45,691
Admin Assistant/Dispatch	57,376
Outreach/Publicity	10,166
Operations Facility - Pre Construction	41,153
Operations Facility - Reserve	599,532
Vehicle & Office Equipment	<u>72,102</u>
TOTAL EXPENSES	<u>1,075,170</u>
INCREASE/(DECREASE) IN NET ASSETS	<u>-</u>
NET ASSETS AT BEGINNING OF YEAR	<u>-</u>
NET ASSETS AT END OF YEAR	<u><u>\$ -</u></u>

REGISTER PAJARONIAN

About Town, Week of Jan. 28



Posted Jan 28, 2019

• **Erik Chalhoub:** Community Bridges is testing out new electric vehicles for its Lift Line program, thanks to a major grant it received last year.

According to Community Bridges CEO Raymon Cancino, the organization received a \$270,000 Community Air Grant from the California Air Resources Board. That money, coupled with Measure D funds, has been used to purchase two new electric busses for Lift Line, which provides rides for seniors and people with disabilities.

The busses will be stationed in Watsonville.

Established in 1977, the organization runs 10 programs, such as family resource centers, nutrition programs and programs for seniors including Elderday and Meals on Wheels. It serves about 22,000 people annually, according to Cancino.

ENTERTAINMENT

Lift Line acquires two electric vehicles

Funding replaces gas-powered shuttles and brings new charging stations



Community Bridges Lift Line of Watsonville is replacing two gas-powered shuttles with all-electric buses that up to 100 miles on a single charge. (Dan Coyro — Santa Cruz Sentinel)

WATSONVILLE — Community Bridges Lift Line Paratransit Dial-A-Ride Program is replacing two gas-powered shuttles with two electric vehicle shuttles.

Friday's launch of the electric vehicles and a ribbon cutting ceremony was held at the Lift Line fleet facility in Watsonville. Santa Cruz County Supervisor Zach Friend, Community Bridges CEO Raymon Cancino, Veronica Eady from the California Air Resources Board and other local leaders attended the event.

"Transitioning to EVs allows Community Bridges to continue our efforts to be good stewards of both the environment and the agency's finances," said Raymon Cancino, Community Bridges CEO in [a press release](#). "This program is investing in the long-term health of Santa Cruz County, and we are proud to provide opportunities to empower our community."

Funding comes from the statewide initiative California Climate Investments and will also provide two Level 2 charging stations, at the Lift Line fleet facility in Watsonville. Levels indicate how fast the charge is. The chargers will be accessible to the public at varying costs. Community Bridges has four charging stations in the county.

The electric vehicles each have 16 seats and wheelchair lifts. They can drive on average from 60 to 100 miles without needing to be recharged, but do require about nine to 16 hours to charge when necessary. The vehicles use a regenerative braking system designed to take energy from braking to recharge the battery, which extends the vehicle's driving range, according to the release.

The total project cost for the two EV shuttles and the two Level 2 charging stations was \$360,592, according to the release. The California Air Resources Board's California Climate Investments grant provided \$268,219 and \$62,000 came from the Santa Cruz County Regional Transportation Commission via Measure D.

"Investing in zero-emission cars, trucks — and paratransit shuttles — is a smart use of cap-and-trade proceeds, helping to ensure that all Californians benefit from the state's efforts to fight climate change," Eady said in a prepared statement. "It helps bring ultra-clean vehicles to market sooner, and places them in communities most impacted by pollution, where support is needed to improve air quality and climate resiliency."

Lift Line is the first public transportation agency to utilize electric vehicles across Santa Cruz County, according to the release. The ride-sharing program provides transportation to 700 low-income seniors and people with disabilities in the county annually. The rides are at no-cost to passengers, according to the release. With these vehicles, the program is expected to reduce carbon emissions.

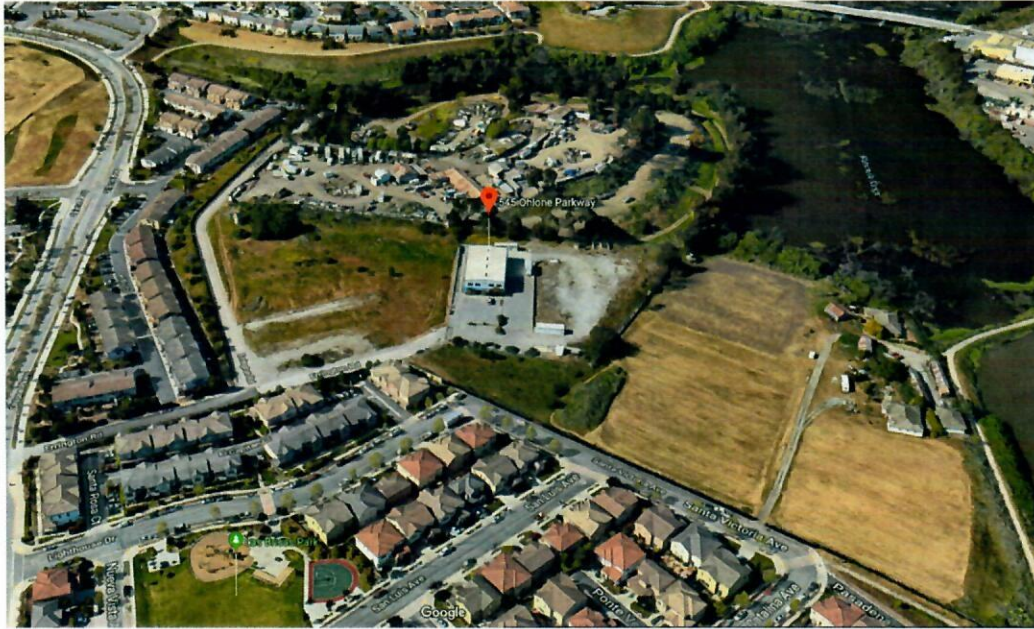
Lift Line has upcoming projects, too. Amy Hanley, marketing communications manager at Community Bridges, said Community Bridges will put a state-funded charging station at Mountain Community Resources in Felton by the end of the year. She said Santa Cruz METRO supported this project and will use the station along with the public.

The Santa Cruz County Regional Transportation Commission awarded Lift Line \$242,000 to purchase an electric vehicle, upon approval from Caltrans, for transit use and to install two Level 3 charging stations. Funding is provided through the California Climate Investments Low Carbon Transit Operations Program (LCTOP). With these additions, Lift Line will have three electric vehicles and Community Bridges will operate a total of five charging stations nationwide.

"I want to commend the RTC and Santa Cruz METRO for prioritizing the environmental health of our county and allowing us to get our ground-ready project going," Cancino said in [a second press release](#). "Our goal is to use our public resources as efficiently and effectively as possible so all users may have full access to electric vehicle benefits."

Attachment: J1

Operations Facility Site Before Occupancy



Lift Line Operations Facility Site After Occupancy



Attachment: J2

Operations Facility Site After Occupancy Showing Maintenance Shop



Attachment: K1

New Lift Line Operations Facility Site, before and after clearing lot, removing trees along the fence, replacing fence, relocating EV charging station to new facility, and replacing awning above front door.

Before



After



After



After



Attachment L: Operations Facility Site with Measure D Signage



Attachment M: Relocated Charging Stations w/ Measured D Signage.

Relocated from 240 Ford St. Watsonville (old facility) to 545 Ohlone Parkway Watsonville (new facility).



Attachment: N1





LIFT LINE

COMMUNITY BRIDGES
PUENTES DE LA COMUNIDAD



Community Bridges Lift Line is the first public transportation agency in Santa Cruz County to utilize electric vehicles. The EV program will reduce carbon emissions by supporting the transition from a gas-powered to an EV fleet, as well as contributing to a more complete network of EV charging stations throughout Santa Cruz County.

HOW FAR CAN YOU DRIVE ON \$25?

Electric Vehicle 641 miles



Gas Vehicle 171 miles



Assumptions: A standard EV battery requires 30 kilowatt-hours (kWh) per 100 miles, and the average national residential utility rate is 13 cents per kWh. A gasoline passenger car averages 25 miles per gallon (mpg), and average cost of gasoline in California is \$3.65 a gallon.



Attachment: 0

**FREE
MEDICAL
RIDES**

LIFT LINE

COMMUNITY BRIDGES
PUENTES DE LA COMUNIDAD



Partially funded by



SEVEN DAYS A WEEK

8:00AM — 4:00PM



831.688.9663

COMMUNITYBRIDGES.ORG/LIFTLINE

New Services!

Now Serving North Monterey County:
Transportation to and from appointments in
Pajaro, Las Lomas, Castroville, Prunedale and Moss
Landing.

Now Offering Rides to Louden Nelson Senior Classes:
Need a ride to class? Now providing door-to-door
rides to the Louden Nelson Community Center
Monday-Saturday.

Nuevos Servicios!

**Ahora ofreciendo transportación médica gratuita
en el norte del condado de Monterey:**
Comunidades de Pájaro, Las Lomas, Castroville,
Prunedale and Moss Landing.

**Ahora ofrecemos transportación para personas de
la tercera edad a las clases y actividades del centro
Louden Nelson:**
¿Ocupas transportación a tu clase? Proveyendo
transportación de puerta a puerta al centro
comunitario Louden Nelson.

LIFT LINE

COMMUNITY BRIDGES
PUENTES DE LA COMUNIDAD

CommunityBridges.org/LiftLine

Partially funded by



LIFT LINE | COMMUNITY BRIDGES
PUENTES DE LA COMUNIDAD



Promoting Independence

Promoviendo la independencia



*Free transportation promoting
senior health and independence*

*Transporte gratis que fomenta la salud
e independencia de los mayores*

Att: 02

Lift Line

Providing 65,000 door-to-door rides a year to seniors and people with disabilities; allowing these Santa Cruz County residents to maintain their independence.

Our fleet of vehicles provide comfortable trips for eligible riders, and our professional drivers provide door-to-door assistance from origin to destination. Escorts, personal care attendants, and a limited number of traveling companions are welcome.

All Lift Line services are **free of cost** to qualifying residents of Santa Cruz County.

Lift Line is part of the Community Bridges family of programs.



Proporcionamos 65,000 viajes anuales de puerta a puerta para adultos mayores y personas con discapacidades, y así, permitirles a estos residentes del Condado de Santa Cruz mantener su independencia.

Nuestra flota de vehículos proporciona cómodos viajes para pasajeros elegibles, y nuestros choferes profesionales proveen asistencia desde el origen hasta el destino. Acompañantes, asistentes personales, y un número limitado de visitantes son bienvenidos.

Todos los servicios de Lift Line **son gratuitos** para los residentes del Condado de Santa Cruz que califiquen.

Lift Line es parte de los programas de Puentes de la Comunidad.

Services

County-wide Medical Transportation:

Transportation to appointments with accredited medical professionals or for other approved medical programs or purposes in Santa Cruz County.

Out-of-County Medical Transportation:

Transportation to out-of-county medical appointments, allowing for accessible travel to Monterey, San Mateo, San Benito, Santa Clara, and San Francisco counties.

Veterans Medical Transportation:

Transportation to medical appointments or Veterans Administration Clinics for qualifying veterans.

Meals on Wheels Dining Site Transportation:

Transportation to Meals on Wheels dining sites throughout Santa Cruz County.

Elderday Adult Day Health Care Transportation:

Transportation to and from Elderday twice a day, Monday-Friday.

Servicios

Transporte Médico en todo el Condado:

Transporte a las citas con profesionales médicos certificados u otros programas o propósitos médicos en el Condado de Santa Cruz.

Transporte Médico fuera del Condado:

Transporte a citas médicas ubicadas fuera del condado, y así tener acceso a los Condados de Monterey, San Mateo, San Benito, Santa Clara, y San Francisco.

Transporte médico para Veteranos:

Transporte a citas médicas o a Clínicas Administradas para Veteranos que califiquen.

Transporte a Merenderos Meals on Wheels:

Transporte a merenderos Meals on Wheels por todo el Condado de Santa Cruz.

Transporte a Elderday Cuidado Diurno:

Transporte hacia y desde Elderday dos veces al día, de Lunes a Viernes.

Taxi Scrip Coupons:

Qualifying residents can purchase taxi scrip coupons from Lift Line at a discounted rate. The taxi scrip coupon is used in place of money to pay for or supplement the price of a ride from one of our participating taxi companies.

Eligibility

All programs involve an application process and eligibility requirements. Eligibility guidelines are set by the following criteria:

- Resident of Santa Cruz County
- 60+ years of age or disabled, determined by:
 - (a) Medical Health & Physical (H&P) form or Physicians Document,
 - (b) ADA ParaCruz eligibility, or
 - (c) Other State Disability Verification
- Meets the income eligibility requirements as determined by:
 - (a) Medi-Cal,
 - (b) SSI Verification, or
 - (c) Income Tax Forms

Cupones Taxi Scrip:

Los residentes que califiquen podrán comprar cupones taxi scrip de Lift Line con un descuento preferencial. El cupón Taxi Scrip es usado en vez de dinero para pagar o completar el pago de un viaje en una de nuestras compañías de taxi participantes.

Elegibilidad

Todos los programas tienen un proceso de solicitud y requisitos que deberán cumplirse. Los criterios para ser elegible son los siguientes:

- Ser un residente del Condado de Santa Cruz.
- Ser mayor de 60 años o tener alguna discapacidad reconocida por:
 - (a) Formulario Médico Físico y de Salud (H&P) o documento médico
 - (b) Elegibilidad ADA ParaCruz, o
 - (c) Alguna otra verificación estatal de discapacidad
- Cumple con los requisitos de ingreso económico determinados por:
 - (a) Medi-Cal,
 - (b) Verificación SSI, o
 - (c) Declaraciones de Impuestos

How You Can Help / Cómo Puedes Ayudar

Volunteer

Volunteers are critical to our success. Reach out to see where your passion and skills fit best.

Donate

Join us in our work to ensure people in need have access to life-saving medical appointments. Secure donations can be made by mail or online at CommunityBridges.org/Donate.

Leave Your Legacy

Through a charitable bequest in your will or living trust, you can ensure that we will be there for future generations of seniors in need. Please visit us at CommunityBridges.org/Legacy to learn more.

Trabajo Voluntario

Los voluntarios son esenciales para nuestro éxito. Contáctenos para descubrir como su pasión y habilidades nos puede ayudar.

Donar

Únete a nosotros en nuestro trabajo para asegurar que las personas con necesidades vitales tendrán acceso a citas médicas. Sus donativos seguros pueden hacerse por correo o en línea en el sitio CommunityBridges.org/Donate.

Deje su Legado

A través de un legado caritativo en su testamento o fideicomiso, puede asegurarse de que estaremos presentes para ayudar a futuras generaciones de personas mayores con necesidades. Visítenos a CommunityBridges.org/Legacy para saber más.

Lift Line
521 Main Street, Suite H
Watsonville, CA 95076
831-688-9663

CommunityBridges.org/LiftLine

Attachment: P

Outreach 2018-2019

July 10, 2018

Kelly Mercer-Lebov – Senior Program Coordinator at the Loudon Nelson Community Center

August 7, 2018

Jenny Fratta – Social Worker at Pacific Coast Manor Senior Facility

August 23, 2018

Pastor Bonnie Bell – St. Stephen's Lutheran Church

September 4, 2018

Helen – PAMF Social Worker

September 13, 2018

Dean Kaufman – VA Veteran Services Officer

October 18, 2018

Lauren Scally – Kaiser Permanent Social Worker/Case manager

October 24, 2018

Rachelle Farver – Satellite Health Dialysis Social Worker

Ayella MacLeod – Satellite Health Dialysis Social Worker

Attachment: P 1

November 20, 2018

Jeff Caplan – MAH/ C3 Meeting Community Dialogue Catalyst

January 17, 2019

Dave Tavaréz – Castroville Public Library

Jon Brown – North County Recreation and Park District Program Director

Dr. Nkwocha – Clinica de Salud de Valle de Salinas Chief Medical Officer

Gina Capps – Prundale Senior Center Director

January 22, 2019

Stacy Garcia – MAH/ C3 Meeting Director of Community Engagement

January 28, 2019

Cindy Chaberlin – Life Hope Central Officer of Communications

February 7, 2019

North County Recreation and Park District in Castroville Lift Line set up a table, gave a presentation to seniors and help them sign up to LL transportation.

Pedro Espinoza - Castroville Our Lady of Refuge Catholic Church

Attachment: P 2

February 15, 2019

Ryan Murray – Homeless Services Director/ Watsonville Day Center and Winter Shelter.

May 7, 2019

Rosalinda (Rossy) – Social Worker Planned Parenthood

May 19, 2019

Nancy Faulstich – Executive Director of Regeneracion Pajaro Valley

June 8, 2019 & June 9, 2019

Cincy Chamberlin – Life Hope Centers Clinic

June 11, 2019

Rachelle Recinto – Administrator of Blue Hammock II Assisting Living

Irene – Social Worker of Valley Convalescent & Rehab Center

Ariel Santana – EDD Disability Department

Rachelle Recinto – Administrator of Bright View Care Home

Christina Cantu – Administrator of Skilled Nursing/Post accurate Center

Christa Garcia – Social Service Director of Watsonville Nursing Center