

COMMUNITY BRIDGES
(A Private, Non-Profit Organization)

Annual Financial Report

Fiscal Year Ended June 30, 2019

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 FINANCIAL POSITION
JUNE 30, 2019

ASSETS

Cash and Cash Equivalents	\$ 440,977
Investments	620,684
Grant Receivables	2,255,811
Other Receivables	544,784
Inventories	19,392
Prepaid Expenses	305,292
Deposits	39,399
Property and Equipment, net	<u>7,083,689</u>
TOTAL ASSETS	<u>\$ 11,310,028</u>

LIABILITIES

Accounts Payable and Accrued Expenses	\$ 1,245,373
Salaries and Benefits Payable	852,634
Deferred Revenue	279,128
Obligation Under Capital Lease	3,161
Reserve Fund	266,584
Notes Payable	<u>4,887,206</u>
TOTAL LIABILITIES	<u>7,534,086</u>

NET ASSETS

Net Assets without Donor Restrictions	3,321,943
Net Assets with Donor Restrictions	<u>453,999</u>
TOTAL NET ASSETS	<u>3,775,942</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 11,310,028</u>

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

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

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT and REVENUE			
Support			
Grant Revenues	\$ 11,990,927	\$ -	\$ 11,990,927
Foundations and other institutions	377,075		377,075
Donations/contributions	735,475		735,475
Total support	13,103,477	-	13,103,477
Revenue			
Service fees	2,017,154		2,017,154
Interest	7,323	21,630	28,953
Other income	377,444	37,129	414,573
Total revenue	2,401,921	58,759	2,460,680
Net assets released from restrictions	23,142	(23,142)	-
TOTAL SUPPORT and REVENUE	15,528,540	35,617	15,564,157
EXPENSES			
Program Services			
Women, Infants, and Children (WIC)	1,911,954		1,911,954
Child & Adult Care Food Program	3,533,786		3,533,786
Transportation Services - Lift Line	1,701,353		1,701,353
Senior Nutrition Meals on Wheels	1,419,381		1,419,381
Child Development Division	1,814,250		1,814,250
Nueva Vista Community Resources	304,856		304,856
Live Oak Family Community Resources	270,183		270,183
Mountain Community Resources	332,007		332,007
La Manzana Community Resources	489,448		489,448
Senior CBAS Elderday	1,268,705		1,268,705
Total Program Services	13,045,923	-	13,045,923
Supporting Services			
Management and General	1,643,929		1,643,929
Other Services	286,781		286,781
Fund Development	226,232		226,232
Total Supporting Services	2,156,943	-	2,156,943
TOTAL EXPENSES	15,202,866	-	15,202,866
EXCESS/(DEFICIENCY) OF SUPPORT AND REVENUE OVER EXPENSES	325,674	35,617	361,291
Increase in Grant Funded Assets	797,825		797,825
Depreciation Grant Funded Assets	(153,124)	-	(153,124)
INCREASE IN NET ASSETS	970,375	35,617	1,005,992
NET ASSETS, BEGINNING OF YEAR	2,351,568	418,382	2,769,950
NET ASSETS, END OF YEAR	\$ 3,321,943	\$ 453,999	\$ 3,775,942

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

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)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	PROGRAM SERVICES			SUPPORTING SERVICES			Total
	Mountain Community Resources	La Manzana Community Resources	Senior CBAS Elderday	Management and General	Other Services	Fund Development	
EXPENSES							
Salaries and benefits	\$ 205,123	\$ 350,132	\$ 853,402	\$ 1,277,129	\$ 15,139	\$ 68,347	\$ 8,416,762
Day care home food payments	-	-	-	-	-	-	3,358,357
Building occupancy	13,837	61,236	256,515	171,116	174,622	-	1,255,677
Meals expense	3,090	-	120,999	-	-	-	659,743
Travel and transportation	3,040	4,158	315,318	4,109	-	467	484,865
Supplies and other misc expenses	18,190	8,505	25,998	32,453	3,643	47,590	283,676
Professional and contracted services	36,125	42,498	64,337	138,524	-	74,214	604,100
Vehicle expense	-	1,136	-	-	-	-	149,124
Insurance	4,443	4,809	15,409	8,446	3,304	1,823	163,028
Printing, advertising and dues	771	1,339	9,715	13,817	-	9,873	60,266
Telephone and communication	5,830	8,407	6,826	11,457	154	16,976	168,374
Minor equipment	637	1,469	4,656	14,162	377	425	69,463
Equipment rental & repair	1,115	4,845	346	5,784	-	-	41,512
Interest expense	25,885	-	-	525	85,673	-	113,838
Staff training	27	87	999	12,478	-	656	41,621
Contract services to other agencies	-	32,131	-	-	-	200	32,331
Taxes, licenses and bank fees	561	1,539	7,412	14,202	3,869	5,661	84,514
Depreciation	13,333	13,404	6,990	2,769	-	-	71,408
Administrative services	56,962	86,397	286,827	13,484	-	35,991	1,605,865
Subtotal	388,969	622,092	1,975,749	1,720,455	286,781	262,223	17,664,524
Less Intercompany Transfers	(56,962)	(132,644)	(707,044)	(76,526)	-	(35,991)	(2,461,658)
TOTAL EXPENSES	\$ 332,007	\$ 489,448	\$ 1,268,705	\$ 1,643,929	\$ 286,781	\$ 226,232	\$ 15,202,866

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

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

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	\$ 1,005,992
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation	224,533
(Increase) Decrease in Assets:	
Trading Securities	(44,935)
Grant Receivables	(775,424)
Other Receivables	(141,505)
Inventories	(702)
Prepaid Expenses	(46,995)
Deposits	3,000
Increase (Decrease) in Liabilities:	
Accounts Payable and Accrued Expenses	90,551
Salaries and Benefits Payable	74,308
Deferred Revenue	209,538
Reserve Fund	(141,477)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>456,884</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Acquisition of Property and Equipment	(996,002)
NET CASH USED BY INVESTING ACTIVITIES	<u>(996,002)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Payments on Capital Lease	(1,807)
Proceeds from Debt	171,834
Payments on Debt	(124,364)
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>45,663</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(493,455)
BEGINNING CASH AND CASH EQUIVALENTS	<u>934,432</u>
ENDING CASH AND CASH EQUIVALENTS	<u>\$ 440,977</u>

Supplemental Disclosures of Cash Flow Information:

Cash paid during year for interest \$113,838

Noncash financing include note payables totaling \$2,500,000 for a building.

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>	Quoted Prices in Active Markets for Identical Assets <u>(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
(A Private, Non-Profit Organization)

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
Page 2

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)

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
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2019

Program Title	Federal CFDA Number	Program/ Contract Number	Program Expenditures	Expenditures to Subrecipients
U.S. Department of Agriculture:				
Passed through Calif Dept of Education:				
Summer Food Service Program for Children	10.559	19B00116	\$ 37,184	
Passed through Calif Association of Food Banks:				
Food Stamp Outreach (Cal Fresh Outreach)	10.561	18-7013	17,860	
Passed through Salud Para La Gente				
Covered California Health Insurance Education	93.525	15-N-57	16,047	
Passed through Calif State Dept of Health Services:				
Special Supplemental Food Program for				
Women, Infants and Children (WIC)	10.557	15-10065 A03	596,010	
Women, Infants and Children (WIC)	10.557	15-10065 A03	1,742,921	
Women, Infants and Children (WIC) Farmer's Market	10.557	15-10065 A03	2,448	
Passed through County of Santa Cruz, Health Services Agency				
USDA-Supplemental Nutrition Assistance Program (SNAP)	10.551		-	
Passed through Calif Dept of Education:				
Child and Adult Care Food Program:				
Homes and Homes Administration	10.558	44-1733-4F	3,879,319	
Centers and Centers Administration Children	10.558	44-1733-4A	102,613	
Centers and Centers Administration Adults	10.558	44-1733-4A	67,709	
U.S. Department of Health and Human Services:				
Passed through the City of Santa Cruz:				
Community Development and Block Grant-BFCC	93.569	83-18009	25,000	
Community Development and Block Grant-Familia Ctr	93.569	83-18009	50,000	
Passed through Area Agency on Aging for Santa Cruz & San Benito Counties:				
Special Programs for the Aging-Title IIIB-Transportation	93.044	1819-02	39,267	
Special Programs for the Aging-Title IIIC1-Cong Meals	93.045	1819-02	269,064	
Special Programs for the Aging-Title IIIC2-Home Delivery	93.045	1819-02	197,653	
Food Donation Program:				
Nutrition Services Incentives Program - Congregate	93.053	1819-02	34,140	
Nutrition Services Incentives Program - Home Deliv	93.053	1819-02	71,466	
Passed through County of Santa Cruz:				
CARE Program (Ryan White CARE Act)	93.153	N/A	1,729	
Passed through Calif State Dept of Education				
Early Education and Support Division (formerly Child Devel Div)				
State Preschool	93.596	CSPP-8584	161,808	
State Preschool	93.575	CSPP-8584	74,317	
U.S. Federal Emergency Management Agency				
Federal Emergency Management Agency:				
Emergency Food & Shelter National Board Program:				
Home Delivered Meals	97.024	33-089200-013	10,178	
Nueva Vista Meals	97.024	33-089200-030	2,125	

COMMUNITY BRIDGES
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2019

Program Title	Federal CFDA Number	Program/ Contract Number	Program Expenditures	Expenditures to Subrecipients
U.S. Department of Transportation:				
Passed through Calif Dept of Transportation:				
Federal Transit Authority Section 5310-Equipment	20.500	64AC18-00625	-	
Federal Transit Authority Section 5310-Expanded	20.513	64AO18-00679	-	
Federal Transit Authority Section 5310-Expanded	20.513	64AO18-00679	199,083	
Total Expenditures of Federal Awards			\$ 7,597,941	\$ -
State Programs				
California Department of Aging:				
Title IIIC(1) - Congregate Meals		1819-02	44,796	
Title IIIC(2) - Home Delivered Meals		1819-02	114,493	
Passed through First Five of Santa Cruz County				
State Proposition 10/First Five - LMCR		18-19-050	202,224	
State Proposition 10/First Five - MCR		18-19-050	54,526	
Passed through City of Santa Cruz/Regional Transportation Commission				
Transportation Development Act-Paratransit CTSA		N/A	695,073	
Passed through the SC Co Office of Education				
QRIS Block Grant 7/1/18 to 6/30/19		MOU	30,000	
California Dept of Health:				
Elderday debt repayment			-	
California Air Resources Board				
Lift Line Paratransit Dial-A-Ride Electric Vehicle Transition Program		G16-LDPL-06	219,521	
Low Carbon Transit Operations Program		99313	17,295	
Passed through the First Five of Santa Cruz County				
QRIS Block Grant 5/23/19 to 9/30/19		18-19-104	-	
Early Education and Support Division (formerly Child Devel Div)				
State Preschool		CSPP-8584	1,370,205	
Total Expenditures of State Awards			2,748,133	-
Total Expenditures of Federal and State Awards			\$ 10,346,074	\$ -

COMMUNITY BRIDGES
(A Private, Non-Profit Organization)

NOTES TO SUPPLEMENTARY INFORMATION
June 30, 2019

Note A. SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

Basis of Presentation

The accompanying schedule of expenditures of federal and state awards includes the grant activity of Community Bridges under programs of the federal government for the year ended June 30, 2019. The information in this schedule is presented in accordance with the 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). Because the schedule presents only a selected portion of the operations of Community Bridges, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Community Bridges.

Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance.

Community Bridges does not use the 10 percent de minimis indirect cost rate.

Note B. CLAIM PREPARATION

Centers

Monthly CACFP claims are prepared in accordance with the total count - fixed percentage claiming method.

The "Total Count-Fixed Percentage" claiming method requires each Organization to accurately categorize enrollment data into free, reduced price, and base rate categories at least one time at the beginning of the fiscal year. The percentage for each category becomes the percentage used to determine reimbursement for the fiscal year. These percentages may be adjusted by the Organization to accurately categorize enrollment if material changes in the enrollment percentages occur during the fiscal year.

Day Care Homes

Monthly CACFP claims are prepared in accordance with the Tiering claims method.

A day care home sponsor must collect eligibility from each day care home provider under sponsorship. All providers are Tier II unless eligibility has been documented. A Tier I home is determined based on either the location of the home in an eligible area or by the provider's income. Sponsors must document the determination and keep on file as long as the classification is in effect plus three physical years.

Note C. PROPERTY

Property purchased with CDE contract are separately accounted for in a property management system.

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
(A Private, Non-Profit Organization)
COMBINING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	Child & Adult Care Food	CDE Child- Care Centers	QRIS	Other Child- Care Centers	Adult Care Centers	Total Other Programs	Total
SUPPORT and REVENUE							
Support							
Child Development Funding	\$ -	\$ 1,475,481	\$ -	\$ -	\$ -	\$ -	\$ 1,475,481
Food Program	3,735,685	102,613	-	-	67,709	-	3,906,007
Other Grant Revenues	15,000	73,851	30,000	145,112	-	6,345,476	6,609,439
Foundations and other institutions	8,000	1,000	-	5,000	-	363,075	377,075
Donations/contributions	4,433	5,344	-	983	-	724,715	735,475
Total support	3,763,118	1,658,289	30,000	151,095	67,709	7,433,266	13,103,477
Revenue							
Service fees	-	130,849	-	149,811	-	1,736,494	2,017,154
Interest	-	-	-	-	-	28,953	28,953
Other income	622	694	-	2,271	-	410,986	414,573
Total revenue	622	131,543	-	152,082	-	2,176,433	2,460,680
Net assets released from restrictions	-	-	-	-	-	-	-
TOTAL SUPPORT and REVENUE	3,763,740	1,789,832	30,000	303,177	67,709	9,609,699	15,564,157
EXPENSES							
Salaries and benefits	267,907	1,384,931	12,436	137,659	51,773	6,562,056	8,416,762
Day care home food payments	3,358,357	-	-	-	-	-	3,358,357
Building occupancy	27,540	96,808	-	9,347	-	1,121,982	1,255,677
Meals expense	-	57,157	-	2,380	15,936	584,270	659,743
Travel and transportation	4,949	8,563	-	512	-	470,841	484,865
Supplies and other misc. expenses	3,734	17,856	8,827	1,776	-	251,483	283,676
Professional and contracted services	19,532	6,125	-	123	-	578,320	604,100
Vehicle expense	-	-	-	-	-	149,124	149,124
Insurance	1,221	15,371	-	2,546	-	143,890	163,028
Printing, advertising and dues	8,732	2,449	-	486	-	48,599	60,266
Telephone and communication	8,483	23,493	-	3,377	-	133,021	168,374
Minor equipment	-	3,766	4,739	433	-	60,525	69,463
Equipment rental & repair	-	-	-	-	-	41,512	41,512
Interest expense	-	-	-	-	-	113,838	113,838
Staff training	862	438	3,998	816	-	35,507	41,621
Contract services to other agencies	-	-	-	-	-	32,331	32,331
Taxes, licenses and bank fees	889	5,512	-	2,209	-	75,904	84,514
Depreciation	-	2,677	-	-	-	68,731	71,408
Administrative services	56,070	161,975	-	27,737	-	1,360,083	1,605,865
Subtotal	3,758,276	1,787,121	30,000	189,401	67,709	11,832,017	17,664,524
Intercompany Eliminations	-	-	-	-	-	(2,461,658)	(2,461,658)
TOTAL EXPENSES	3,758,276	1,787,121	30,000	189,401	67,709	9,370,359	15,202,866
EXCESS/(DEFICIENCY) OF SUPPORT AND REVENUE OVER EXPENSES	5,464	2,711	-	113,776	-	239,340	361,291
Increase in Grant Funded Assets	-	-	-	-	-	797,825	797,825
Depreciation Grant Funded Assets	-	-	-	-	-	(153,124)	(153,124)
INCREASE/(DECREASE) IN NET ASSETS	5,464	2,711	-	113,776	-	884,041	1,005,992
NET ASSETS, BEGINNING OF YEAR	21,726	77,480	-	7,359	839	2,740,026	2,769,950
NET ASSETS, END OF YEAR	\$ 27,190	\$ 80,191	\$ -	\$ 121,135	\$ 839	\$ 3,624,067	\$ 3,775,942

COMMUNITY BRIDGES
Schedule of Expenditures by State Categories
Fiscal Year Ended June 30, 2019

		CSPP-8584				
		Child Care Centers	Total Reimbursable	QRIS	Non- Reimb.	Total Program
Expenditures:						
1000	Certified Salaries	\$ 978,354	\$ 978,354	\$ 7,170	\$ -	\$ 985,523
1100	Teachers Salaries	978,354	978,354	7,170		985,523
1300	Supervisors Salaries	-	-			-
2000	Classified Salaries	156,847	156,847	4,394	5,469	166,709
2100	Instructional Aides Salaries	-	-			-
2300	Clerical & Other Personnel Salaries	104,813	104,813	4,394	5,469	114,676
2400	Maintenance Personnel Salaries	-	-			-
2500	Food Service Personnel Salaries	52,034	52,034			52,034
2600	Transportation Personnel Salaries	-	-			-
3000	Employee benefits	241,701	241,701	873	-	242,573
3300	Old Age, Survivors, Disability & Health Ins	201,335	201,335	548		201,883
3500	State Unemployment Insurance	7,102	7,102	43		7,145
3600	Workers Compensation Insurance	33,264	33,264	281		33,545
4000	Books, Supplies, Food, and Transportation	66,315	66,315	8,827	-	75,142
4200	Other Books	-	-			-
4300	Instructional Supplies	7,842	7,842	8,827		16,668
4600	Pupil Transportation	-	-			-
4700	Food Services	58,473	58,473			58,473
5000	Contracted Services & Other Operating Expenses	169,694	169,694	8,738	1,529	179,960
5100	Contracts for Personal Services	8,123	8,123		-	8,123
5200	Travel, Conferences & Other Expenses	19,822	19,822	8,738	1,529	30,089
5400	Insurance	15,370	15,370			15,370
5500	Utilities & Housekeeping Services	67,818	67,818			67,818
5600	Contracts, Rents and Leases	58,560	58,560			58,560
6000	Sites, Buildings, New Equip & Equip Replacement	2,677	2,677	-	-	2,677
6200	Buildings and Improvements	2,677	2,677			2,677
6400	New Equipment	-	-			-
6500	Equipment replacement	-	-			-
Expenses not otherwise classified:		-	-			-
	Startup/Close-down Expense	-	-			-
	Indirect Cost at 10%	161,559	161,559		2,977	164,536
Subtotals		161,559	161,559	-	2,977	164,536
TOTAL EXPENDITURES		\$ 1,777,145	\$ 1,777,145	\$ 30,000	\$ 9,976	\$ 1,817,121

COMMUNITY BRIDGES
Reconciliation of CDE and GAAP Expense Reporting
Fiscal Year Ended June 30, 2019

	CSPP-8584 Child Care Centers
Schedule of Expenditures by State Categories	\$ 1,777,145
Adjustment to Reconcile Difference in Reporting:	
None	-
Combining Statement of Activities (GAAP)	<u>\$ 1,777,145</u>

COMMUNITY BRIDGES

Schedule of Reimbursable Equipment Expenditures Year Ended June 30, 2019

	Child and Adult Care Food	Child Care Pre-School CSPP-8584	Repair & Maintenance	Total Costs
Unit Cost under \$7,500 item: Item: None	\$ -	\$ -	\$ -	\$ -
Unit cost over \$7,500 with CDD approval: Item: None	\$ -	\$ -	\$ -	\$ -
Unit cost over \$7,500 without CDD approval: Item: None	\$ -	\$ -	\$ -	\$ -
Total equipment expenditures	\$ -	\$ -	\$ -	\$ -

COMMUNITY BRIDGES

Schedule of Reimbursable Renovation and Repair Expenditures Year Ended June 30, 2019

		Child and Adult Care Food	Child Care Pre-School CSPP-8584	Repair & Maintenance	Instructional Materials & Supplies	Total Costs
Unit Cost under \$10,000 item:						
Item: None	\$	-	\$	-	\$	-
Unit cost over \$10,000 with CDD approval:						
Item: None	\$	-	\$	-	\$	-
Unit cost over \$10,000 without CDD approval:						
Item: None	\$	-	\$	-	\$	-
Total renovation and repair expenditures	\$	-	\$	-	\$	-

COMMUNITY BRIDGES
Schedule of Reimbursable Administrative Costs
For the Year Ended June 30, 2019

	Child & Adult Care Food Program	CSPP-8584 Child Care Centers	Total Costs
Grants Management Salaries	\$ -	\$ 35,292	\$ 35,292
Accounting Salaries	-	38,253	38,253
CACFP Centers Consultant	-	13,828	13,828
Employee Benefits-Hlth/UI/401K	-	10,655	10,655
Payroll Taxes-FICA/WC	-	6,785	6,785
Indirect Costs	<u>56,070</u>	<u>161,559</u>	<u>217,629</u>
TOTAL	<u><u>\$ 56,070</u></u>	<u><u>\$ 266,372</u></u>	<u><u>\$ 322,442</u></u>

CALIFORNIA DEPARTMENT OF EDUCATION
 AUDITED ATTENDANCE AND FISCAL REPORT FOR
 CALIFORNIA STATE PRESCHOOL PROGRAMS
 EARLY CHILDHOOD MENTAL HEALTH CONSULTATION SERVICES
 AUD 8501-MHCS Page 1 of 14 (06/19)

Fiscal Year Ending June 30, 2019
 Contract Number CSPP 8584
 Vendor Code B671

Full Name of Contractor Community Bridges

Section 1 - Days of Enrollment Certified Children in Classrooms With Mental Health Consultation Services Recipient(s)	Column A Cumulative CDNFS 8501- MHCS	Column B Audit Adjustments	Column C Cumulative Per Audit	Column D Adjustment Factor	Column E Adjusted Days Per Audit
Three Years and Older Full-time-plus				1.2300	0
Three Years and Older Full-time	59		59	1.0500	61.95
Three Years and Older Three-quarters-time				0.8000	0
Three Years and Older One-half-time	64		64	0.6693	42.8352
Exceptional Needs Full-time-plus				1.6666	0
Exceptional Needs Full-time	1,377		1,377	1.4200	1,955.34
Exceptional Needs Three-quarters-time				1.0775	0
Exceptional Needs One-half-time				0.6693	0
Limited and Non-English Proficient Full-time-plus				1.3480	0
Limited and Non-English Proficient Full-time	5,774		5,774	1.1500	6,640.1
Limited and Non-English Proficient Three-quarters-time				0.8750	0
Limited and Non-English Proficient One-half-time	179		179	0.6693	119.8047

CALIFORNIA DEPARTMENT OF EDUCATION
 AUDITED ATTENDANCE AND FISCAL REPORT FOR
 CALIFORNIA STATE PRESCHOOL PROGRAMS
 EARLY CHILDHOOD MENTAL HEALTH CONSULTATION SERVICES
 AUD 8501-MHCS Page 2 of 14 (06/19)

Fiscal Year Ending June 30, 2019
 Contract Number CSPP 8584
 Vendor Code B671

Full Name of Contractor Community Bridges

Section 1 - Days of Enrollment Certified Children in Classrooms With Mental Health Consultation Services Recipient(s)	Column A Cumulative CDNFS 8501- MHCS	Column B Audit Adjustments	Column C Cumulative Per Audit	Column D Adjustment Factor	Column E Adjusted Days Per Audit
At Risk of Abuse or Neglect Full-time-plus				1.3480	0
At Risk of Abuse or Neglect Full-time				1.1500	0
At Risk of Abuse or Neglect Three-quarters-time				0.8750	0
At Risk of Abuse or Neglect One-half-time				0.6693	0
Severely Disabled Full-time-plus				2.0737	0
Severely Disabled Full-time				1.7650	0
Severely Disabled Three-quarters-time				1.3363	0
Severely Disabled One-half-time				0.6693	0
TOTAL CERTIFIED DAYS OF ENROLLMENT with Mental Health Consultation Services Recipient(s)	7,453		7,453	N/A	8,820.03
DAYS OF OPERATION	241		241	N/A	N/A
DAYS OF ATTENDANCE	7,453		7,453	N/A	N/A

NO MENTAL HEALTH CONSULTATION SERVICES RECIPIENT NON-CERTIFIED CHILDREN Check this box (omit pages 3-5) and continue to Certified Children Section on page 6.

Full Name of Contractor **Community Bridges**

Section 3 - Days of Enrollment Certified Children	Column A Cumulative CDNFS 8501- MHCS	Column B Audit Adjustments	Column C Cumulative Per Audit	Column D Adjustment Factor	Column E Adjusted Days Per Audit
Three Years and Older Full-time-plus				1.1800	0
Three Years and Older Full-time	87		87	1.0000	87
Three Years and Older Three-quarters-time				0.7500	0
Three Years and Older One-half-time	1,083		1,083	0.6193	670.7019
Exceptional Needs Full-time-plus				1.6166	0
Exceptional Needs Full-time	1,757		1,757	1.3700	2,407.09
Exceptional Needs Three-quarters-time				1.0275	0
Exceptional Needs One-half-time				0.6193	0
Limited and Non-English Proficient Full-time-plus				1.2980	0
Limited and Non-English Proficient Full-time	19,135		19,135	1.1000	21,048.5
Limited and Non-English Proficient Three-quarters-time				0.8250	0
Limited and Non-English Proficient One-half-time	384		384	0.6193	237.8112

CALIFORNIA DEPARTMENT OF EDUCATION
 AUDITED ATTENDANCE AND FISCAL REPORT FOR
 CALIFORNIA STATE PRESCHOOL PROGRAMS
 EARLY CHILDHOOD MENTAL HEALTH CONSULTATION SERVICES
 AUD 8501-MHCS Page 7 of 14 (06/19)

Fiscal Year Ending
 Contract Number
 Vendor Code

Full Name of Contractor

Section 3 - Days of Enrollment Certified Children	Column A Cumulative CDNFS 8501- MHCS	Column B Audit Adjustments	Column C Cumulative Per Audit	Column D Adjustment Factor	Column E Adjusted Days Per Audit
At Risk of Abuse or Neglect Full-time-plus				1.2980	0
At Risk of Abuse or Neglect Full-time				1.1000	0
At Risk of Abuse or Neglect Three-quarters-time				0.8250	0
At Risk of Abuse or Neglect One-half-time				0.6193	0
Severely Disabled Full-time-plus				2.0237	0
Severely Disabled Full-time				1.7150	0
Severely Disabled Three-quarters-time				1.2863	0
Severely Disabled One-half-time				0.6193	0
TOTAL DAYS OF ENROLLMENT	22,446		22,446	N/A	24,451.103
DAYS OF OPERATION	241		241	N/A	N/A
DAYS OF ATTENDANCE	22,446		22,446	N/A	N/A

NO NON-CERTIFIED CHILDREN Check this box (omit pages 8-10) and continue to Revenue Section on page 11.

CALIFORNIA DEPARTMENT OF EDUCATION
 AUDITED ATTENDANCE AND FISCAL REPORT FOR
 CALIFORNIA STATE PRESCHOOL PROGRAMS
 EARLY CHILDHOOD MENTAL HEALTH CONSULTATION SERVICES
 AUD 8501-MHCS Page 11 of 14 (06/19)

Fiscal Year Ending
 Contract Number
 Vendor Code

Full Name of Contractor

Section 5 - Revenue	Column A Cumulative CDNFS 8501- MHCS	Column B Audit Adjustments	Column C Cumulative Per Audit
Restricted Income - Child Nutrition Programs	89,278	13,335	102,613
Restricted Income - County Maintenance of Effort (EC Section 8279)			
Restricted Income - Other:Local govt grants, misc	121,372	-121,372	0
Restricted Income - Subtotal	210,650	-108,037	102,613
Transfer from Reserve - General			
Transfer from Reserve - Professional Development			
Transfer from Reserve Total			
Family Fees for Certified Children	105,169	25,680	130,849
Interest Earned on Child Development Apportionment Payments			
Unrestricted Income: Fees for Non-Certified Children			
Unrestricted Income: Head Start			
Unrestricted Income Other:			
Total Revenue	315,819	-82,357	233,462

Full Name of Contractor

Section 6 - Reimbursable Expenses	Column A Cumulative CDNFS 8501- MHCS	Column B Audit Adjustments	Column C Cumulative Per Audit
Direct Payments to Providers (FCCH only)			
1000 Certificated Salaries	976,348	2,006	978,354
2000 Classified Salaries	189,621	-32,774	156,847
3000 Employee Benefits	229,185	12,516	241,701
4000 Books and Supplies	65,541	774	66,315
5000 Services and Other Operating Expenses	179,427	-9,733	169,694
6100/6200 Other Approved Capital Outlay			
6400 New Equipment (program-related)			
6500 Equipment Replacement (program-related)			
Depreciation or Use Allowance		2,677	2,677
Start-up Expenses (service level exemption)			
Budget Impasse Credit			
Indirect Costs (Include in Administrative Cost)	120,203	41,356	161,559
Non-Reimbursable (State Use Only)			
Total Reimbursable Expenses	1,760,325	16,822	1,777,147
Total Administrative Cost (included in section 6 above)	262,551	3,821	266,372

Approved Indirect Cost Rate:

Comments:

Full Name of Contractor Community Bridges

Section 7 - Supplemental Revenue	Column A Cumulative CDNFS 8501-MHCS	Column B Audit Adjustments	Column C Cumulative Per Audit
Enhancement Funding			
Other: QRIS - Santa Cruz County Office of Education	30,000		30,000
Other:			
Total Supplemental Revenue	30,000		30,000

Section 8 - Supplemental Expenses	Column A Cumulative CDNFS 8501-MHCS	Column B Audit Adjustments	Column C Cumulative Per Audit
1000 Certificated Salaries	5,104	2,066	7,170
2000 Classified Salaries		4,394	4,394
3000 Employee Benefits	696	177	873
4000 Books and Supplies	12,950	-4,123	8,827
5000 Services and Other Operating Expenses	11,250	-2,514	8,736
6000 Equipment / Capital Outlay			
Depreciation or Use Allowance			
Indirect Costs		0	0
Non-reimbursable Expenses 6100-6500 Non-reimbursable Capital Outlay			
Total Supplemental Expenses	30,000	0	30,000

Full Name of Contractor

Section 9 - Summary	Column A Cumulative CDNFS 8501- MHCS	Column B Audit Adjustments	Column C Cumulative Per Audit
Total Certified Days of Enrollment (incl. MHCS)	29,899		29,899
Days of Operation	241		241
Days of Attendance (incl. MHCS)	29,899		29,899
Total Non-Certified Days of Enrollment (incl. MHCS)			
Restricted Program Income	210,650	-108,037	102,613
Transfer from Reserve			
Family Fees for Certified Children	105,169	25,680	130,849
Interest Earned on Apportionment Payments			
Direct Payments to Providers			
Start-up Expenses (service level exemption)			
Total Reimbursable Expenses	1,760,325	16,822	1,777,147
Total Administrative Cost	262,551	3,821	266,372

Total Certified Adjusted Days of Enrollment (Includes MHCS)

Total Non-Certified Adjusted Days of Enrollment (Includes MHCS)

Independent Auditor's Assurances on Agency's Compliance with the Contract Funding Terms and Conditions and Program Requirements of the California Department of Education, Early Learning and Care Division:

Eligibility, enrollment and attendance records are being maintained as required (check YES or NO):

- Yes
- No

Reimbursable expenses claimed on page 12 are eligible for reimbursement, reasonable, necessary, and adequately supported (check YES or NO):

- Yes
- No

Include any comments in the Comments box on page 12. If necessary, attach additional sheets to explain adjustments.

CALIFORNIA DEPARTMENT OF EDUCATION
 AUDITED RESERVE ACCOUNT ACTIVITY REPORT
 A U D 9530-A Page 1 of 1 (06/19)

Fiscal Year End June 30, 2019

Reserve Account Type Center-Based

Vendor Code B671

Full Name of Contractor Community Bridges

Prior Year - Reserve Account Activity	Per 2017-18 AUD 9530-A		
1. Beginning Balance (2017-18 Ending Balance)	0		
2. Plus Transfers to Reserve Account:	Per CDNFS 9530		
Contract No.			
Total Transferred from PY Contracts to Reserve			
3. Less Excess Reserve to be Billed			
4. Ending Balance on PY Post-Audit CDNFS 9530	0		
Current Year - Reserve Account Activity	Column A CDNFS 9530-A	Column B Audit Adjustments	Column C Per Audit
5. Plus Interest Earned This Year on Reserve	0		0
6. Less Transfers to Contracts from Reserve:			
CSPP General-Contract No.			
CSPP General-Contract No.			
CSPP Professional Development-Contract No.			
CSPP Professional Development-Contract No.			
Subtotal CSPP Transfers			
Other Contract No.			
Subtotal Other Contract Transfers			
Total Transferred to Contracts from Reserve Account			
7. Ending Balance on June 30, 2019	0		0

COMMENTS - If necessary, attach additional sheets to explain adjustments.

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>