

**COMMUNITY BRIDGES**  
(A Private, Non-Profit Organization)

Annual Financial Report

Fiscal Year Ended June 30, 2016

**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, 2016, 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, 2016, 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 19-33) 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.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2016, 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 9, 2016

**COMMUNITY BRIDGES**  
(A Private, Non-Profit Organization)  
**STATEMENT OF FINANCIAL POSITION**  
JUNE 30, 2016

**ASSETS**

Cash and Cash Equivalents	\$ 113,027
Investments	521,918
Grant Receivables	1,039,912
Other Receivables	369,009
Inventories	15,325
Prepaid Expenses	46,683
Deposits	55,505
Deposit in Escrow	183,000
Property and Equipment, net	<u>676,423</u>
<b>TOTAL ASSETS</b>	<b><u><u>\$ 3,020,802</u></u></b>

**LIABILITIES**

Accounts Payable and Accrued Expenses	\$ 406,857
Salaries and Benefits Payable	550,690
Deferred Revenue	27,732
Obligation Under Capital Lease	8,581
Notes Payable	<u>65,685</u>
<b>TOTAL LIABILITIES</b>	<b><u>1,059,545</u></b>

**NET ASSETS**

Unrestricted	1,580,302
Temporarily Restricted	<u>380,955</u>
<b>TOTAL NET ASSETS</b>	<b><u>1,961,257</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u><u>\$ 3,020,802</u></u></b>

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, 2016

	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT and REVENUE</b>			
Support			
Grant Revenues	\$ 11,782,134	\$ -	\$ 11,782,134
Foundations and other institutions	207,468		207,468
Donations/contributions	522,022	140	522,162
Total support	<u>12,511,624</u>	<u>140</u>	<u>12,511,764</u>
Revenue			
Service fees	1,997,326		1,997,326
Interest	11,762	35,745	47,507
Other income	94,920	(49,332)	45,588
Total revenue	<u>2,104,008</u>	<u>(13,587)</u>	<u>2,090,421</u>
Net assets released from restrictions	21,499	(21,499)	-
<b>TOTAL SUPPORT and REVENUE</b>	<u>14,637,131</u>	<u>(34,946)</u>	<u>14,602,185</u>
<b>EXPENSES</b>			
<b>Program Services</b>			
Women, Infants, and Children (WIC)	2,150,866		2,150,866
Child & Adult Care Food Program	4,108,612		4,108,612
Transportation Services - Lift Line	1,118,517		1,118,517
Senior Nutrition Meals on Wheels	1,260,734		1,260,734
Child Development Division	1,751,330		1,751,330
Nueva Vista Community Resources	279,820		279,820
Live Oak Family Community Resources	276,898		276,898
Mountain Community Resources	310,211		310,211
La Manzana Community Resources	571,828		571,828
Senior CBAS Elderday	1,102,845		1,102,845
<b>Total Program Services</b>	12,931,661	-	12,931,661
<b>Supporting Services</b>			
Management and General	1,437,666		1,437,666
Fund Development	150,083		150,083
<b>Total Supporting Services</b>	<u>1,587,749</u>	<u>-</u>	<u>1,587,749</u>
<b>TOTAL EXPENSES</b>	<u>14,519,410</u>	<u>-</u>	<u>14,519,410</u>
<b>EXCESS/(DEFICIENCY) OF SUPPORT AND REVENUE OVER EXPENSES</b>	<u>117,721</u>	<u>(34,946)</u>	<u>82,775</u>
Depreciation Grant Funded Assets	(107,781)	-	(107,781)
<b>INCREASE/(DECREASE) IN NET ASSETS</b>	9,940	(34,946)	(25,006)
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>1,570,362</u>	<u>415,901</u>	<u>1,986,263</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 1,580,302</u>	<u>\$ 380,955</u>	<u>\$ 1,961,257</u>

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, 2016

	<b>PROGRAM SERVICES</b>					
	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
<b>EXPENSES</b>						
Salaries and benefits	\$ 1,709,476	\$ 339,496	\$ 745,950	\$ 646,697	\$ 1,448,294	\$ 191,122
Day care home food payments	-	3,678,645	-	-	-	-
Building occupancy	236,130	33,408	59,040	111,644	99,274	21,484
Meals expense	-	-	-	396,498	60,963	2,023
Travel and transportation	21,416	9,045	52,788	51,435	5,837	7,106
Supplies and other misc expenses	58,728	13,285	8,169	26,694	35,916	5,570
Professional and contracted services	26,520	9,331	5,669	6,439	832	21,083
Vehicle expense	-	-	105,658	18,074	-	-
Insurance	8,149	1,637	87,607	16,751	15,174	9,583
Printing, advertising and dues	6,315	5,751	2,456	1,820	1,455	1,488
Telephone and communication	29,188	11,845	16,384	17,361	19,748	8,548
Minor equipment	38,278	2,214	2,380	9,883	48,299	1,545
Equipment rental & repair	1,947	1,466	27,071	4,773	4,999	968
Interest expense	-	-	-	-	-	3,855
Staff training	10,420	2,363	344	750	5,322	305
Contract services to other agencies	-	-	-	-	-	-
Taxes, licenses and bank fees	4,299	126	5,001	5,366	5,217	856
Depreciation	-	-	-	-	-	4,284
Administrative services	276,216	8,670	129,951	216,936	169,701	45,381
Subtotal	2,427,082	4,117,282	1,248,468	1,531,121	1,921,031	325,201
Intercompany Eliminations	(276,216)	(8,670)	(129,951)	(270,387)	(169,701)	(45,381)
<b>TOTAL EXPENSES</b>	<b>\$ 2,150,866</b>	<b>\$ 4,108,612</b>	<b>\$ 1,118,517</b>	<b>\$ 1,260,734</b>	<b>\$ 1,751,330</b>	<b>\$ 279,820</b>

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, 2016

	PROGRAM SERVICES				SUPPORTING SERVICES		Total
	Live Oak Family Community Resources	Mountain Community Resources	La Manzana Community Resources	Senior CBAS Elderday	Management and General	Fund Development	
<b>EXPENSES</b>							
Salaries and benefits	\$ 188,809	\$ 225,170	\$ 406,569	\$ 725,200	\$ 1,233,479	\$ 42,974	\$ 7,903,236
Day care home food payments	-	-	-	-	-	-	3,678,645
Building occupancy	33,870	29,147	56,804	226,658	111,501	240	1,019,200
Meals expense	-	6,187	-	101,023	-	-	566,694
Travel and transportation	1,772	1,782	7,520	315,934	4,702	1,143	480,480
Supplies and other misc expenses	11,350	20,423	15,316	14,953	23,145	19,592	253,141
Professional and contracted services	16,495	4,534	11,373	53,054	107,523	54,832	317,685
Vehicle expense	-	-	1,223	-	-	-	124,955
Insurance	4,430	4,414	4,032	14,227	5,865	267	172,136
Printing, advertising and dues	1,501	1,088	2,744	4,521	13,845	7,541	50,525
Telephone and communication	6,891	6,959	6,363	4,727	14,196	16,800	159,010
Minor equipment	594	5,014	3,683	2,255	13,451	888	128,484
Equipment rental & repair	6,120	4,293	5,059	188	3,296	106	60,286
Interest expense	-	-	-	-	-	-	3,855
Staff training	1,090	315	185	1,672	4,097	1,635	28,498
Contract services to other agencies	-	-	47,992	-	-	200	48,192
Taxes, licenses and bank fees	3,976	885	3,452	5,433	8,968	3,865	47,444
Depreciation	-	-	-	1,180	2,252	-	7,716
Administrative services	43,121	52,609	88,963	249,272	1,585	25,452	1,307,857
Subtotal	320,019	362,820	661,278	1,720,297	1,547,905	175,535	16,358,039
Intercompany Eliminations	(43,121)	(52,609)	(89,450)	(617,452)	(110,239)	(25,452)	(1,838,629)
<b>TOTAL EXPENSES</b>	<b>\$ 276,898</b>	<b>\$ 310,211</b>	<b>\$ 571,828</b>	<b>\$ 1,102,845</b>	<b>\$ 1,437,666</b>	<b>\$ 150,083</b>	<b>\$ 14,519,410</b>

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, 2016

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in Net Assets	\$ (25,006)
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation	115,497
Gain on Sale of Assets	(10,300)
(Increase) Decrease in Assets:	
Trading Securities	24,322
Grant Receivables	94,567
Other Receivables	(130,912)
Inventories	3,003
Prepaid Expenses	54,412
Deposits	(10,875)
Deposit in Escrow	(16,500)
Increase (Decrease) in Liabilities:	
Accounts Payable and Accrued Expenses	35,898
Salaries and Benefits Payable	(55,744)
Deferred Revenue	(135,925)
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<u>(57,563)</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Acquisition of Property and Equipment	(85,237)
Proceeds Sale of Assets	10,300
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<u>(74,937)</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Borrowings on Line of Credit	125,000
Payments on Line of Credit	(125,000)
Payments on Capital Lease	(451)
Payments on Debt	(5,945)
<b>NET CASH USED BY FINANCING ACTIVITIES</b>	<u>(6,396)</u>
 <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(138,896)
 <b>BEGINNING CASH AND CASH EQUIVALENTS</b>	<u>251,923</u>
 <b>ENDING CASH AND CASH EQUIVALENTS</b>	<u><u>\$ 113,027</u></u>

Supplemental Disclosures of Cash Flow Information:  
Cash paid during year for interest \$3,855.  
Noncash financing - capital lease equipment \$9,032.

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

**COMMUNITY BRIDGES**  
(A Private, Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS  
June 30, 2016

**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.

**Basis of Presentation**

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

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.

**Investments**

Investments consist of securities. The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at fair value in the Statement of Financial Position.

**COMMUNITY BRIDGES**  
(A Private, Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS  
June 30, 2016

**Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Grants Receivables and Other Receivables**

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

**Inventory**

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

**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, 2016

**Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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 unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions. Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promise become unconditional. Due to the nature of contributions, significant increases and decreases in net assets may occur. These significant fluctuations can arise as contributions are recognized as support in the fiscal period in which they are contributed, but the expense incurred with such contributions occur in a different period. Or, the contributions may be used to purchase property and equipment that is capitalized and depreciated over several periods.

**Advertising**

Advertising costs are expensed as incurred. Advertising costs totaling \$3,351 were expensed in the year ended June 30, 2016. There were no advertising costs capitalized during the year ended June 30, 2016.

**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 9, 2016, the date the financial statements were available to be issued.

**COMMUNITY BRIDGES**  
(A Private, Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS  
June 30, 2016

**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. 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, 2016:

	<u>Amount</u>
Cash	\$ 105,433
Money Market Funds	<u>7,594</u>
Total	<u>\$ 113,027</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, 2016 are as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
Mutual Funds	<u>\$ 521,918</u>	<u>\$ 521,918</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, 2016

**Note 6. PROPERTY & EQUIPMENT**

Property & equipment are summarized by major classifications as follows:

Furniture & Equipment	\$ 822,097
Vehicles	1,286,214
Building	283,394
Leasehold Improvements	<u>365,677</u>
 Total Property & Equipment	 2,757,382
 Less: Accumulated Depreciation	 <u>(2,080,959)</u>
 Property & Equipment, net	 <u>\$ 676,423</u>

Depreciation amounted to \$107,781 for grant funded property and equipment, and \$7,716 for Organization property and equipment for the year ended June 30, 2016. 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 all employees who have one hour of service. The Organization contributed \$40,223 to the plan for all eligible employees who contributed a 1% salary match for the year ending June 30, 2016.

**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 \$452.

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

<u>For the Year Ending June 30,</u>		
	2017	\$ 2,112
	2018	2,112
	2019	2,112
	2020	2,112
	2021	1,584
	Thereafter	<u>0</u>
Total minimum lease payment		10,032
Less amount representing interest		<u>(1,451)</u>
Present value minimum lease payment		<u>\$ 8,581</u>

**COMMUNITY BRIDGES**  
(A Private, Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS  
June 30, 2016

**Note 8. COMMITMENTS AND CONTINGENCIES**

In October 2010, Community Bridges entered into a real property lease/purchase agreement with San Lorenzo Valley School District. The purchase price of \$735,000 was determined based on a previous agreement with Mountain Community Resources. Community Bridges is obligated to make monthly escrow payments of \$1,500 to a title company until Community Bridges obtains financing. Title to the property will pass at the completion of escrow. Community Bridges is also obligated to make \$1,500 lease payments until the purchase price is paid in full.

<u>For the Year Ending June 30,</u>	<u>Escrow Payments</u>
2017	\$ 18,000
2018	18,000
2019	18,000
2020	18,000
2021	18,000
Thereafter	<u>462,000</u>
	<u>\$ 552,000</u>

Operating Leases:

The total rental expense incurred by the Organization for facilities during the year was \$616,629. The Organization also had miscellaneous equipment rental of \$8,888 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>	
2017	\$ 244,603
2018	132,657
2019	0
2020	0
2021	0

**COMMUNITY BRIDGES**  
(A Private, Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS  
June 30, 2016

**Note 9. NOTES PAYABLE**

Notes payable consist of the following at June 30, 2016:

	<u>Amount</u>
Line of credit with a financial institution in the amount of \$500,000. Interest rate is prime plus 1.25%, The line renews on February 13, 2017. The line is secured by equipment, inventory, receivables, and contains certain covenants.	\$ 0
Promissory note payable to a financial institution in monthly payments of principal and interest of \$817. Interest rate is 5.5%. Loan balance is due December 1, 2024 The note is secured by a building.	<u>65,685</u>
Total	<u>\$ 65,685</u>
Current Portion	<u>\$ 6,321</u>
Long Term Portion	<u>\$ 59,364</u>

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

2017	\$ 6,321
2018	6,678
2019	7,054
2020	7,453
2021	7,873
Thereafter	<u>30,306</u>
	<u>\$ 65,685</u>



**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, 2016, 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 9, 2016.

**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 9, 2016

**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, 2016. 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, 2016.

(Continued)

Board of Directors  
Community Bridges  
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### **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

December 9, 2016

**Community Bridges**  
**Schedule of State and Federal Financial Assistance**  
**For the Year Ended June 30, 2016**

Program Title	Federal Catalog Number	Program/ Contract Number	Program Expenses	Expenditures to Subrecipients
<b>Major Federal Programs</b>				
<b>U.S. Department of Agriculture:</b>				
Passed through Area Agency on Aging for Santa Cruz and San Benito Counties:				
Summer Food Service Program for Children	10.559	44-9440-4T	60,655	
Passed through Calif Association of Food Banks:				
Food Stamp Outreach (Cal Fresh Outreach)	10.561	14-3035	31,588	
Passed through Calif State Dept of Health Services:				
Special Supplemental Food Program for				
Women, Infants and Children (WIC) 7/15-9/15	10.557	15-10065	695,501	
Women, Infants and Children (WIC) 10/15-6/16	10.557	15-10065	1,725,664	
Women, Infants and Children (WIC) Farmer's Market 7-9/15	10.557	15-10065	1,553	
Passed through County of Santa Cruz, Health Services Agency				
USDA-Supplemental Nutrition Assistance Program (SNAP)	10.551	3979	72,427	
Passed through Calif Dept of Education:				
Child and Adult Care Food Program:				
Homes and Homes Administration 7/15-6/16	10.558	44-1733-4F	4,066,636	
Centers and Centers Administration Children 7/15-6/16	10.558	44-1733-4A	125,607	
Centers and Centers Administration Adults 7/15-6/16	10.558	44-1733-4A	56,551	
<b>U.S. Department of Health and Human Services:</b>				
Passed through the City of Santa Cruz:				
Community Development and Block Grant-BFCC	93.569	N/A	25,000	
Community Development and Block Grant-Familia Ctr	93.569	N/A	75,000	
Passed through Area Agency on Aging for Santa Cruz & San Benito Counties:				
Special Programs for the Aging-Title IIIB-Transportation	93.044	1516-02	39,283	
Special Programs for the Aging-Title IIIC1-Cong Meals	93.045	1516-02	180,541	
Special Programs for the Aging-Title IIIC2-Home Delivery	93.045	1516-02	152,890	
Food Donation Program:				
Nutrition Services Incentives Program - Congregate	93.053	1516-02	37,187	
Nutrition Services Incentives Program - Home Deliv	93.053	1516-02	75,112	
Passed through County of Santa Cruz:				
CARE Program (Ryan White CARE Act)	93.153	Unknown	12,348	
Passed through Calif State Dept of Education				
Early Education and Support Division (formerly Child Devel Div)				
State Preschool	93.596	CSPP-5539	250,279	
State Preschool	93.575	CSPP-5539	85,847	
<b>U.S. Federal Emergency Management Agency</b>				
Federal Emergency Management Agency:				
Emergency Food & Shelter National Board Program:				
Home Delivered Meals	97.024	33-089200-013	7,461	
Nueva Vista Meals	97.024	33-089200-030	1,588	
<b>U.S. Department of Transportation:</b>				
Passed through Calif Dept of Transportation:				
Federal Transit Authority Section 5310-Equipment	20.500		0	
Federal Transit Authority Section 5310-Expanded	20.513	64AO16-00054	42,315	
<b>U.S. Department of Transportation:</b>				
Passed through Calif Dept of Transportation:				
Federal Transit Authority Section 5317-SD Jjul-Dec 2015	20.521	643730	28,049	
Federal Transit Authority Section 5317-OOC Jan-Jun 2015	20.521	643729	19,162	
<b>Total Federal Financial Assistance</b>			<b>7,868,243</b>	<b>0</b>

**State Programs**

California Department of Aging:

Title IIIC(1) - Congregate Meals	1516-02	137,204
Title IIIC(2) - Home Delivered Meals	1516-02	150,097

Passed through First Five of Santa Cruz County

State Proposition 10/First Five - LMCR	15-16-015	229,230
State Proposition 10/First Five - MCR	15-16-016	56,233
State Proposition 10/First Five - Nueva Vista CR	MOU	473

Passed through City of Santa Cruz/Regional Transportation Commission

Transportation Development Act-Paratransit CTSA	N/A	626,561
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Passed through the SC Co Office of Education

QRIS Block Grant 7/1/15 to 6/30/16	MOU	62,400
QRIS Block Grant 7/1/14 to 12/31/15	MOU	68,455

Early Education and Support Division (formerly Child Devel Div)  
State Preschool

CSPP-5539	902,034
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**Total State Financial Assistance**

2,232,686

**Total Federal and State Financial Assistance**

\$ 10,100,929    \$ -

**COMMUNITY BRIDGES**  
(A Private, Non-Profit Organization)

NOTES TO SUPPLEMENTARY INFORMATION  
June 30, 2016

**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, 2016. 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, 2016

**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, 2016

	Child & Adult Care Food	CACFP Admin CDE Centers	CDE Child- Care Centers	Total CDE Child- Care Centers	QRIS	Other Child- Care Centers	Adult Care Centers	Total Other Programs	Total
<b>SUPPORT and REVENUE</b>									
Support									
Child Development Funding	\$ -	\$ -	\$ 1,167,783	\$ 1,167,783	\$ -	\$ -	\$ -	\$ -	\$ 1,167,783
Food Program	4,064,691	18,832	125,605	125,605	-	-	56,611	-	4,265,739
Other Grant Revenues	949	-	166,937	166,937	130,855	62,526	-	5,987,345	6,348,612
Foundations and other institutions	4,368	-	-	-	-	-	-	203,100	207,468
Donations/contributions	4,940	-	5,129	5,129	-	1,936	-	510,157	522,162
Interprogram Transfers	27,324	-	(18,832)	-	-	-	(8,492)	-	-
Total support	4,102,272	18,832	1,446,622	1,465,454	130,855	64,462	48,119	6,700,602	12,511,764
Revenue									
Service fees	5,000	-	121,109	121,109	-	191,891	-	1,679,326	1,997,326
Interest	-	-	-	-	-	-	-	47,507	47,507
Other income	8,486	-	9,262	9,262	-	1,158	-	26,682	45,588
Total revenue	13,486	-	130,371	130,371	-	193,049	-	1,753,515	2,090,421
Net assets released from restrictions	-	-	-	-	-	-	-	-	-
<b>TOTAL SUPPORT and REVENUE</b>	4,115,758	18,832	1,576,993	1,595,825	130,855	257,511	48,119	8,454,117	14,602,185
<b>EXPENSES</b>									
Salaries and benefits	339,496	18,832	1,227,790	1,246,622	58,559	161,945	37,355	6,059,259	7,903,236
Day care home food payments	3,678,645	-	-	-	-	-	-	-	3,678,645
Building occupancy	33,408	-	85,471	85,471	6,284	7,519	-	886,518	1,019,200
Meals expense	-	-	61,677	61,677	-	3,663	10,764	490,590	566,694
Travel and transportation	9,045	-	5,513	5,513	-	324	-	465,598	480,480
Supplies and other misc expenses	13,285	-	9,502	9,502	21,435	4,001	-	204,918	253,141
Professional and contracted services	9,331	-	651	651	40	140	-	307,523	317,685
Vehicle expense	-	-	-	-	-	-	-	124,955	124,955
Insurance	1,637	-	13,130	13,130	-	2,043	-	155,326	172,136
Printing, advertising and dues	5,751	-	300	300	753	402	-	43,319	50,525
Telephone and communication	11,845	-	17,730	17,730	-	2,018	-	127,417	159,010
Minor equipment	2,214	-	14,171	14,171	33,145	5,982	-	72,972	128,484
Equipment rental & repair	1,466	-	-	-	-	-	-	58,820	60,286
Interest expense	-	-	-	-	-	-	-	3,855	3,855
Staff training	2,363	-	-	-	5,322	-	-	20,813	28,498
Contract services to other agencies	-	-	-	-	-	-	-	48,192	48,192
Taxes, licenses and bank fees	126	-	3,732	3,732	-	1,485	-	42,101	47,444
Depreciation	-	-	-	-	-	-	-	7,716	7,716
Administrative services	8,670	-	115,229	115,229	-	32,141	-	1,151,817	1,307,857
Subtotal	4,117,282	18,832	1,554,896	1,573,728	125,538	221,663	48,119	10,271,709	16,358,039
Intercompany Eliminations								(1,838,629)	(1,838,629)
<b>TOTAL EXPENSES</b>								8,433,080	14,519,410
<b>EXCESS/(DEFICIENCY) OF SUPPORT AND REVENUE OVER EXPENSES</b>	(1,524)	-	22,097	22,097	5,317	35,848	-	21,037	82,775
Depreciation Grant Funded Assets	-	-	-	-	-	-	-	(107,781)	(107,781)
<b>INCREASE/(DECREASE) IN NET ASSETS</b>	(1,524)	-	22,097	22,097	5,317	35,848	-	(86,744)	(25,006)
<b>NET ASSETS, BEGINNING OF YEAR</b>	28,721	-	167,165	167,165	-	(85,024)	(13)	1,875,414	1,986,263
<b>NET ASSETS, END OF YEAR</b>	\$ 27,197	\$ -	\$ 189,262	\$ 189,262	\$ 5,317	\$ (49,176)	\$ (13)	\$ 1,788,670	\$ 1,961,257

See accompanying notes to supplementary information.

**COMMUNITY BRIDGES**  
**Combining Schedule of Expenditures by State Category**  
**Fiscal Year Ended June 30, 2016**

	CSPP-5539 Child Care Centers	Total Reimbursable	QRIS Non- Reimb.	Non- Reimb.	Total Program
<b>Expenditures:</b>					
1000 Certified Salaries	\$ 787,309	\$ 787,309	\$ 48,701	\$ -	\$ 836,010
1100 Teachers Salaries	787,309	787,309	48,701		836,010
1300 Supervisors Salaries	-	-			-
2000 Classified Salaries	177,760	177,760	-	-	177,760
2100 Instructional Aides Salaries	-	-			-
2300 Clerical & Other Personnel Salaries	108,653	108,653			108,653
2400 Maintenance Personnel Salaries	-	-			-
2500 Food Service Personnel Salaries	69,107	69,107			69,107
2600 Transportation Personnel Salaries	-	-			-
3000 Employee benefits	281,552	281,552	9,858	-	291,410
3300 Old Age, Survivors, Disability & Health Ins	188,337	188,337	4,171		192,508
3500 State Unemployment Insurance	8,228	8,228	570		8,798
3600 Workers Compensation Insurance	84,988	84,988	5,116		90,104
4000 Books, Supplies, Food, and Transportation	75,671	75,671	52,570	-	128,242
4200 Other Books	-	-			-
4300 Instructional Supplies	13,995	13,995	52,570	-	66,565
4600 Pupil Transportation	-	-			-
4700 Food Services	61,677	61,677			61,677
5000 Contracted Services & Other Operating Expenses	136,206	136,206	14,409	824	151,439
5100 Contracts for Personal Services	651	651	40	-	691
5200 Travel, Conferences & Other Expenses	36,954	36,954	8,085	824	45,862
5400 Insurance	13,130	13,130			13,130
5500 Utilities & Housekeeping Services	31,728	31,728	6,284		38,012
5600 Contracts, Rents and Leases	53,743	53,743			53,743
5800 Legal, Election and Audit	-	-			-
6000 Sites, Buildings, New Equip & Equip Replacemen	-	-	5,317	-	5,317
6200 Buildings and Improvements	-	-			-
6400 New Equipment	-	-	5,317		5,317
6500 Equipment replacement	-	-			-
Expenses not otherwise classified: Direct Administrative	-	-			-
Administrative Grant Mgmt	-	-			-
Capital Outlay Revolving Fund Repayment	-	-			-
Startup/Close-down Expense	-	-			-
Indirect Cost at 8%	115,229	115,229	-	22,331	137,560
Subtotals	115,229	115,229	-	22,331	137,560
<b>TOTAL EXPENDITURES</b>	<b>\$ 1,573,728</b>	<b>\$ 1,573,728</b>	<b>\$ 130,855</b>	<b>\$ 23,155</b>	<b>\$ 1,727,738</b>

We have examined the claims filed for reimbursement and the original supporting records supporting the transactions recorded under the contracts listed above to an extent considered necessary to assure ourselves that the amounts claimed by the contractor were eligible for reimbursement, reasonable, necessary, and adequately supported, according to governing laws, regulations, and contract provisions.

**COMMUNITY BRIDGES**  
**Reconciliation of CDE and GAAP Expenditures**  
**Fiscal Year Ended June 30, 2016**

	<b>CSPP-5539</b>		<b>QRIS</b>		<b>Total</b>
	Child Care	<b>Total</b>	Non-	<b>Non-</b>	<b>Total</b>
	Centers	Reimbursable	Reimb.	Reimb.	Program
Schedule of Expenditures by State Categories	\$ 1,573,728	\$ 1,573,728	\$ 130,855	\$ 23,155	\$ 1,727,738
Adjustment to Reconcile Difference in Reporting:					
Equipment	0	0	(5,317)	0	(5,317)
Combining Statement of Activities (GAAP)	<u>\$ 1,573,728</u>	<u>\$ 1,573,728</u>	<u>\$ 125,538</u>	<u>\$ 23,155</u>	<u>\$ 1,722,421</u>

## COMMUNITY BRIDGES

### Combining Schedule of Equipment Expenditures Year Ended June 30, 2016

	Child and Adult Care Food	Child Care Pre-School CSPP-5539	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

### Combining Schedule of Renovation and Repair Expenditures Year Ended June 30, 2016

	Child and Adult Care Food	Child Care Pre-School CSPP-5539	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**  
**COMBINING STATEMENT OF ADMINISTRATIVE COSTS**  
**For the Year Ended June 30, 2016**

	Child & Adult Care Food Program	CSPP-5539 Child Care Centers	Total Costs
Grants Management Salaries	\$ -	\$ 32,377	\$ 32,377
Accounting Manager Salary	-	5,887	5,887
Accounting Clerk Salaries	-	17,004	17,004
Administrative Salaries	-	7,164	7,164
Employee Benefits-Hlth/UI/401K	-	12,470	12,470
Payroll Taxes-FICA/WC	-	5,610	5,610
Books and Supplies	-	3,462	3,462
Contractual Services	-	6,356	6,356
Audit and Legal	-	3,966	3,966
Travel and Conference	-	473	473
Space Rent and Maint, Utils	-	10,097	10,097
Janitorial Services and Supplies	-	988	988
Insurance	-	590	590
Telephone and Internet	-	1,108	1,108
Printing and Copying	-	1,102	1,102
Indirect Costs	6,137	115,229	121,366
<b>TOTAL</b>	<b>\$ 6,137</b>	<b>\$ 223,882</b>	<b>\$ 230,019</b>

## AUDITED ATTENDANCE AND FISCAL REPORT

### for California State Preschool Programs

Agency Name: Community Bridges Vendor No. B671  
 Fiscal Year Ended: June 30, 2016 Contract No. CSPP-5539  
 Independent Auditor's Name: Kaku & Mersino, LLP

<b>SECTION I - CERTIFIED CHILDREN DAYS OF ENROLLMENT</b>	<b>COLUMN A</b>	<b>COLUMN B</b>	<b>COLUMN C</b>	<b>COLUMN D</b>	<b>COLUMN E</b>
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<i>Three and Four Year Olds</i>					
Full-time-plus			-	1.1800	-
Full-time	178		178	1.0000	178.000
Three-quarters-time			-	0.7500	-
One-half-time	561		561	0.6195	347.540
<i>Exceptional Needs</i>					
Full-time-plus			-	1.4160	-
Full-time	947		947	1.2000	1,136.400
Three-quarters-time			-	0.9000	-
One-half-time			-	0.6195	-
<i>Limited and Non-English Proficient</i>					
Full-time-plus			-	1.2980	-
Full-time	27,638	(2)	27,636	1.1000	30,399.600
Three-quarters-time			-	0.8250	-
One-half-time	1,791		1,791	0.6195	1,109.525
<i>At Risk of Abuse or Neglect</i>					
Full-time-plus			-	1.2980	-
Full-time			-	1.1000	-
Three-quarters-time			-	0.8250	-
One-half-time			-	0.6195	-
<i>Severely Disabled</i>					
Full-time-plus			-	1.7700	-
Full-time			-	1.5000	-
Three-quarters-time			-	1.1250	-
One-half-time			-	0.6195	-
<b>TOTAL DAYS OF ENROLLMENT</b>	<b>31,115</b>	<b>(2)</b>	<b>31,113</b>		<b>33,171.064</b>
<b>DAYS OF OPERATION</b>	<b>244</b>		<b>244</b>		
<b>DAYS OF ATTENDANCE</b>	<b>31,115</b>	<b>(2)</b>	<b>31,113</b>		

NO NONCERTIFIED CHILDREN - Check box, omit page 2 & continue to Section III if no noncertified children were enrolled in the program.

Comments - If necessary, attach additional sheets to explain adjustments:

**AUDITED ATTENDANCE AND FISCAL REPORT  
for California State Preschool Programs**

Agency Name: Community Bridges Vendor No. B671

Fiscal Year Ended: June 30, 2016 Contract No. CSPP-5539

<b>SECTION II - NONCERTIFIED CHILDREN</b> Report all children who were not certified, but who were served at the same sites as certified children.	<b>COLUMN A</b>	<b>COLUMN B</b>	<b>COLUMN C</b>	<b>COLUMN D</b>	<b>COLUMN E</b>
<b>DAYS OF ENROLLMENT</b>	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<i>Toddlers (18 up to 36 months)</i>					
Full-time-plus			-	1.6520	-
Full-time			-	1.4000	-
Three-quarters-time			-	1.0500	-
One-half-time			-	0.7700	-
<i>Three and Four Year Olds</i>					
Full-time-plus			-	1.1800	-
Full-time	210		210	1.0000	210.000
Three-quarters-time			-	0.7500	-
One-half-time	37		37	0.6195	22.922
<i>Exceptional Needs</i>					
Full-time-plus			-	1.4160	-
Full-time			-	1.2000	-
Three-quarters-time			-	0.9000	-
One-half-time			-	0.6195	-
<i>Limited and Non-English Proficient</i>					
Full-time-plus			-	1.2980	-
Full-time			-	1.1000	-
Three-quarters-time			-	0.8250	-
One-half-time			-	0.6195	-
<i>At Risk of Abuse or Neglect</i>					
Full-time-plus			-	1.2980	-
Full-time			-	1.1000	-
Three-quarters-time			-	0.8250	-
One-half-time			-	0.6195	-
<i>Severely Disabled</i>					
Full-time-plus			-	1.7700	-
Full-time			-	1.5000	-
Three-quarters-time			-	1.1250	-
One-half-time			-	0.6195	-
<b>TOTAL DAYS OF ENROLLMENT</b>	<b>247</b>	<b>-</b>	<b>247</b>		<b>232.922</b>

Comments - If necessary, attach additional sheets to explain adjustments:



**AUDITED ATTENDANCE AND FISCAL REPORT  
for California State Preschool Programs**

Agency Name: Community Bridges Vendor No. B671

Fiscal Year End: June 30, 2016 Contract No. CSPP-5539

	<b>COLUMN A</b>	<b>COLUMN B</b>	<b>COLUMN C</b>
	<b>CUMULATIVE FISCAL YEAR PER FORM CDFS 8501</b>	<b>AUDIT ADJUSTMENT INCREASE OR (DECREASE)</b>	<b>CUMULATIVE FISCAL YEAR PER AUDIT</b>
<b>SECTION III - REVENUE</b>			
<b>RESTRICTED INCOME</b>			
Child Nutrition Programs	\$99,566	\$26,040	\$125,606
County Maintenance of Effort (EC § 8279)			0
Uncashed Checks to Providers			0
Other (Specify):	183,777	(183,777)	0
Other (Specify):			0
<b>Subtotal</b>	<b>\$283,343</b>	<b>(\$157,737)</b>	<b>\$125,606</b>
Transfer from Reserve - General			0
Transfer from Reserve - Professional Development			0
<b>Subtotal</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Family Fees for Certified Children	112,226	(1,844)	110,382
Interest Earned on Apportionments			0
<b>UNRESTRICTED INCOME</b>			
Family Fees for Noncertified Children	7,828	2,899	10,727
Head Start Program (EC § 8235(b))			0
Other (Specify): Local Jurisdictions, Donations, Misc	0	181,328	181,328
Other (Specify):			0
<b>TOTAL REVENUE</b>	<b>\$403,397</b>	<b>\$24,647</b>	<b>\$428,044</b>

**SECTION IV - REIMBURSABLE EXPENSES**

<i>Direct Payments to Providers (FCCH Only)</i>			\$0
1000 Certificated Salaries	759,533	27,776	787,309
2000 Classified Salaries	144,229	33,531	177,760
3000 Employee Benefits	275,757	5,795	281,552
4000 Books and Supplies	74,363	1,308	75,671
5000 Services and Other Operating Expenses	104,901	31,305	136,206
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment ( <i>program-related</i> )			0
6500 Replacement Equipment ( <i>program-related</i> )			0
Depreciation or Use Allowance			0
Start-Up Expenses (service level exemption)			0
Budget Impasse Credit			0
Indirect Costs Rate: 7.90% (Rate is Self-Calculating)	114,399	830	115,229
<b>TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT</b>	<b>\$1,473,182</b>	<b>\$100,546</b>	<b>\$1,573,728</b>
<b>TOTAL ADMINISTRATIVE COSTS</b> (included in section IV above)	<b>\$206,666</b>	<b>\$17,216</b>	<b>\$223,882</b>

FOR CDE-A&I USE ONLY:

**Independent Auditor's Assurances on Agency's compliance with Contract Funding Terms and Conditions and Program**

**Requirements of the California Department of Education, Early Education and Support Division:**

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

YES

NO - Explain any discrepancies.

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

YES

NO - Explain any discrepancies.

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

NO SUPPLEMENTAL REVENUES OR EXPENSES - Check box and omit page 4 if there are no supplemental revenues or expenses to report.

**AUDITED ATTENDANCE AND FISCAL REPORT  
for California State Preschool Programs**

Agency Name: Community Bridges Vendor No. B671

Fiscal Year End: June 30, 2016 Contract No. CSPP-5539

	<b>COLUMN A</b>	<b>COLUMN B</b>	<b>COLUMN C</b>
	<b>CUMULATIVE FISCAL YEAR PER FORM CDFS 8501</b>	<b>AUDIT ADJUSTMENT INCREASE OR (DECREASE)</b>	<b>CUMULATIVE FISCAL YEAR PER AUDIT</b>
<b>SECTION V - SUPPLEMENTAL REVENUE</b>			
Enhancement Funding			\$0
Other (Specify): Co Office of Educ QRIS	130,855		130,855
Other (Specify):			0
Other (Specify):			0
<b>TOTAL SUPPLEMENTAL REVENUE</b>	\$130,855	\$0	\$130,855

**SECTION VI - SUPPLEMENTAL EXPENSES**

<b>EXPENSES RELATED TO SUPPLEMENTAL REVENUE</b>			
1000 Certificated Salaries	\$49,161	(\$460)	\$48,701
2000 Classified Salaries			0
3000 Employee Benefits	9,515	343	9,858
4000 Books and Supplies	42,184	10,386	52,570
5000 Services and Other Operating Expenses	29,995	(15,586)	14,409
6000 Equipment/Other Capital Outlay			0
Depreciation or Use Allowance			0
Indirect Costs			0
<b>NONREIMBURSABLE EXPENSES</b>			
6100-6500 Nonreimbursable Capital Outlay		5,317	5,317
Other: e.g., Entertainment Expenses			0
Other (Specify):			0
Other (Specify):			0
<b>TOTAL SUPPLEMENTAL EXPENSES</b>	\$130,855	(\$0)	\$130,855

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

## AUDITED RESERVE ACCOUNT ACTIVITY REPORT

Agency Name: Community Bridges

Fiscal Year End: June 30, 2016

Vendor No. B671

Independent Auditor's Name: Kaku & Mersino, LLP

<b>RESERVE ACCOUNT TYPE (Check One):</b> <input checked="" type="checkbox"/> Center Based <input type="checkbox"/> Resource and Referral <input type="checkbox"/> Alternative Payment	<b>COLUMN A</b>	<b>COLUMN B</b>	<b>COLUMN C</b>
	PER AGENCY	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	PER AUDIT

LAST YEAR:			
<b>1. Beginning Balance</b> (must equal ending balance from Last Year's AUD 9530-A)	\$0		\$0
<b>2. Plus Transfers from Contracts to Reserve Account</b> (based on last year's post-audit CDFS 9530, Section IV):			
Contract No.			\$0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Total Transferred from Contracts to Reserve Account	\$0	\$0	\$0
<b>3. Less Excess Reserve to be Billed</b> (enter as a positive amount any excess amount calculated by CDFS on last year's post-audit CDFS 9530)			\$0
<b>4. Ending Balance on Last Year's Post-Audit CDFS 9530</b>	\$0	\$0	\$0

THIS YEAR:			
<b>5. Plus Interest Earned This Year on Reserve Funds</b> (column A must agree with this year's CDFS 9530-A, Section II)			\$0
<b>6. Less Transfers to Contracts from Reserve Account</b> (column A amounts must agree with this year's CDFS 9530-A, Section III; and column C amounts must be reported on this year's AUD forms for respective contracts):			
<b>CSPP - General</b>			
Contract No.			\$0
Contract No.			0
<b>CSPP - Professional Development</b>			
Contract No.			\$0
Contract No.			0
<b>Subtotal</b>	\$0	\$0	\$0
<b>Other Contracts</b>			
Contract No.			\$0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
<b>Subtotal</b>	\$0	\$0	\$0
<b>Total Transferred to Contracts from Reserve Account</b>	\$0	\$0	\$0
<b>7. Ending Balance on</b> June 30, 2016 (column A must agree with this year's CDFS 9530-A, Section IV)	\$0	\$0	\$0

**COMMENTS - If necessary, attach additional sheets to explain adjustments:**