

COMMUNITY BRIDGES
(A Private, Non-Profit Organization)

Annual Financial Report

Fiscal Year Ended June 30, 2017

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, 2017, 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, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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 12, 2017, 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

December 12, 2017

COMMUNITY BRIDGES
(A Private, Non-Profit Organization)
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017

ASSETS

Cash and Cash Equivalents	\$ 175,027
Investments	570,423
Grant Receivables	1,017,204
Other Receivables	701,513
Inventories	18,698
Prepaid Expenses	143,628
Deposits	51,082
Deposit in Escrow	201,250
Property and Equipment, net	<u>2,753,779</u>
TOTAL ASSETS	<u>\$ 5,632,604</u>

LIABILITIES

Accounts Payable and Accrued Expenses	\$ 485,025
Salaries and Benefits Payable	637,315
Deferred Revenue	130,242
Obligation Under Capital Lease	6,774
Notes Payable	<u>1,786,617</u>
TOTAL LIABILITIES	<u>3,045,973</u>

NET ASSETS

Unrestricted	2,166,032
Temporarily Restricted	<u>420,599</u>
TOTAL NET ASSETS	<u>2,586,631</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,632,604</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, 2017

	Unrestricted	Temporarily Restricted	Total
SUPPORT and REVENUE			
Support			
Grant Revenues	\$ 11,538,933	\$ -	\$ 11,538,933
Foundations and other institutions	336,085		336,085
Donations/contributions	755,239		755,239
Total support	<u>12,630,257</u>	<u>-</u>	<u>12,630,257</u>
Revenue			
Service fees	2,459,813		2,459,813
Interest	6,115	22,978	29,093
Other income	188,957	20,364	209,321
Total revenue	<u>2,654,885</u>	<u>43,342</u>	<u>2,698,227</u>
Net assets released from restrictions	3,698	(3,698)	-
TOTAL SUPPORT and REVENUE	<u>15,288,840</u>	<u>39,644</u>	<u>15,328,484</u>
EXPENSES			
Program Services			
Women, Infants, and Children (WIC)	2,036,278		2,036,278
Child & Adult Care Food Program	3,991,362		3,991,362
Transportation Services - Lift Line	1,258,592		1,258,592
Senior Nutrition Meals on Wheels	1,282,191		1,282,191
Child Development Division	1,624,029		1,624,029
Nueva Vista Community Resources	299,185		299,185
Live Oak Family Community Resources	254,541		254,541
Mountain Community Resources	310,008		310,008
La Manzana Community Resources	557,667		557,667
Senior CBAS Elderday	1,249,968		1,249,968
Total Program Services	12,863,821	-	12,863,821
Supporting Services			
Management and General	1,569,096		1,569,096
Fund Development	179,207		179,207
Total Supporting Services	1,748,303	-	1,748,303
TOTAL EXPENSES	<u>14,612,124</u>	<u>-</u>	<u>14,612,124</u>
EXCESS/(DEFICIENCY) OF SUPPORT AND REVENUE OVER EXPENSES	<u>676,716</u>	<u>39,644</u>	<u>716,360</u>
Depreciation Grant Funded Assets	(90,986)	-	(90,986)
INCREASE/(DECREASE) IN NET ASSETS	585,730	39,644	625,374
NET ASSETS, BEGINNING OF YEAR	<u>1,580,302</u>	<u>380,955</u>	<u>1,961,257</u>
NET ASSETS, END OF YEAR	<u><u>\$ 2,166,032</u></u>	<u><u>\$ 420,599</u></u>	<u><u>\$ 2,586,631</u></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, 2017

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
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EXPENSES

Salaries and benefits	\$ 1,648,511	\$ 285,710	\$ 852,670	\$ 625,411	\$ 1,474,248	\$ 213,698
Day care home food payments	-	3,623,010	-	-	-	-
Building occupancy	216,856	32,530	58,666	116,714	107,740	21,841
Meals expense	-	-	-	439,654	56,972	1,602
Travel and transportation	14,354	6,924	72,626	48,494	5,873	6,557
Supplies and other misc expenses	49,920	6,597	5,072	17,805	21,895	7,878
Professional and contracted services	24,939	11,408	9,672	9,498	3,090	17,246
Vehicle expense	-	-	114,848	13,729	-	-
Insurance	8,115	1,672	66,047	16,091	17,293	10,343
Printing, advertising and dues	4,630	10,085	4,503	1,172	5,817	739
Telephone and communication	32,663	10,628	19,518	20,438	19,532	8,884
Minor equipment	12,557	696	5,639	7,399	5,725	272
Equipment rental & repair	4,013	1,523	41,381	11,457	3,124	738
Interest expense	-	-	-	-	-	3,515
Staff training	12,029	449	1,868	511	215	364
Contract services to other agencies	-	-	-	-	-	-
Taxes, licenses and bank fees	4,943	130	6,082	4,497	5,357	1,224
Depreciation	2,748	-	-	-	2,535	4,284
Administrative services	281,264	29,449	138,174	209,433	169,405	48,531
Subtotal	2,317,542	4,020,811	1,396,766	1,542,303	1,898,821	347,716
Intercompany Eliminations	(281,264)	(29,449)	(138,174)	(260,112)	(274,792)	(48,531)
TOTAL EXPENSES	\$ 2,036,278	\$ 3,991,362	\$ 1,258,592	\$ 1,282,191	\$ 1,624,029	\$ 299,185

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, 2017

	PROGRAM SERVICES				SUPPORTING SERVICES		
	Live Oak Family Community Resources	Mountain Community Resources	La Manzana Community Resources	Senior CBAS Elderday	Management and General	Fund Development	Total
EXPENSES							
Salaries and benefits	\$ 171,423	\$ 222,741	\$ 399,550	\$ 829,481	\$ 1,204,717	\$ 41,939	\$ 7,970,099
Day care home food payments	-	-	-	-	-	-	3,623,010
Building occupancy	33,746	40,506	55,713	251,768	120,082	240	1,056,402
Meals expense	-	3,030	-	108,242	-	-	609,500
Travel and transportation	2,133	1,227	8,487	318,295	3,295	505	488,770
Supplies and other misc expenses	5,181	14,839	11,993	17,167	20,265	36,256	214,868
Professional and contracted services	13,300	7,209	13,729	72,531	123,442	59,869	365,933
Vehicle expense	-	-	679	-	-	-	129,256
Insurance	4,340	4,252	3,763	14,992	168	270	147,346
Printing, advertising and dues	402	1,384	1,230	8,034	15,193	12,607	65,796
Telephone and communication	6,891	4,665	7,241	5,136	15,038	17,821	168,455
Minor equipment	253	3,567	1,661	20,181	10,719	693	69,362
Equipment rental & repair	6,537	4,357	4,819	449	3,938	-	82,336
Interest expense	-	-	-	-	16,692	-	20,207
Staff training	1,025	1,619	1,367	3,129	3,760	1,443	27,779
Contract services to other agencies	4,600	-	43,000	-	100	200	47,900
Taxes, licenses and bank fees	4,710	612	3,645	6,255	21,674	7,364	66,493
Depreciation	-	-	1,117	2,723	10,576	-	23,983
Administrative services	40,021	52,575	87,149	280,785	2,028	31,850	1,370,664
Subtotal	294,562	362,583	645,143	1,939,168	1,571,687	211,057	16,548,159
Intercompany Eliminations	(40,021)	(52,575)	(87,476)	(689,200)	(2,591)	(31,850)	(1,936,035)
TOTAL EXPENSES	\$ 254,541	\$ 310,008	\$ 557,667	\$ 1,249,968	\$ 1,569,096	\$ 179,207	\$ 14,612,124

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, 2017

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 625,374
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation	114,970
(Increase) Decrease in Assets:	
Trading Securities	(48,505)
Grant Receivables	22,708
Other Receivables	(332,504)
Inventories	(3,373)
Prepaid Expenses	(96,945)
Deposits	4,423
Deposit in Escrow	(18,250)
Increase (Decrease) in Liabilities:	
Accounts Payable and Accrued Expenses	78,168
Salaries and Benefits Payable	86,625
Deferred Revenue	102,510
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>535,201</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Acquisition of Property and Equipment	(461,326)
NET CASH USED BY INVESTING ACTIVITIES	<u>(461,326)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Borrowings on Line of Credit	225,000
Payments on Line of Credit	(225,000)
Payments on Capital Lease	(1,807)
Payments on Debt	(10,068)
NET CASH USED BY FINANCING ACTIVITIES	<u>(11,875)</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS 62,000

BEGINNING CASH AND CASH EQUIVALENTS 113,027

ENDING CASH AND CASH EQUIVALENTS \$ 175,027

Supplemental Disclosures of Cash Flow Information:
Cash paid during year for interest \$20,207

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

COMMUNITY BRIDGES
(A Private, Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS
June 30, 2017

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, 2017

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, 2017

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 \$12,888 were expensed in the year ended June 30, 2017. There were no advertising costs capitalized during the year ended June 30, 2017.

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 12, 2017, the date the financial statements were available to be issued.

COMMUNITY BRIDGES
(A Private, Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS
June 30, 2017

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, 2017, the uninsured cash balances totaled \$44,633. 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, 2017:

	<u>Amount</u>
Cash	\$ 162,581
Money Market Funds	<u>12,446</u>
Total	<u>\$ 175,027</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, 2017 are as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
Mutual Funds	<u>\$ 570,423</u>	<u>\$ 570,423</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, 2017

Note 6. PROPERTY & EQUIPMENT

Property & equipment are summarized by major classifications as follows:

Buildings	\$2,281,080
Vehicles	1,346,463
Furniture & Equipment	880,742
Leasehold Improvements	<u>440,688</u>
 Total Property & Equipment	 4,948,973
 Less: Accumulated Depreciation	 <u>(2,195,194)</u>
 Property & Equipment, net	 <u><u>\$ 2,753,779</u></u>

Depreciation amounted to \$90,986 for grant funded property and equipment, and \$23,983 for Organization property and equipment for the year ended June 30, 2017. 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 \$43,141 to the plan for all eligible employees who contributed a 1% salary match for the year ending June 30, 2017.

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 \$2,558.

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

<u>For the Year Ending June 30,</u>		
2018	\$	2,112
2019		2,112
2020		2,112
2021		1,584
2022		0
Thereafter		<u>0</u>
Total minimum lease payment		7,920
Less amount representing interest		<u>(1,146)</u>
Present value minimum lease payment	\$	<u><u>6,774</u></u>

COMMUNITY BRIDGES
(A Private, Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS
June 30, 2017

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, 2017 is \$281,185.

Note 10. 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>
2018	\$ 18,000
2019	18,000
2020	18,000
2021	18,000
2022	18,000
Thereafter	<u>444,000</u>
	<u>\$ 534,000</u>

Operating Leases:

The total rental expense incurred by the Organization for facilities during the year was \$610,001. The Organization also had miscellaneous equipment rental of \$8,716 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>	
2018	\$ 128,439
2019	0
2020	0
2021	0
2022	0

COMMUNITY BRIDGES
(A Private, Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS
June 30, 2017

Note 11. NOTES PAYABLE

Notes payable consist of the following at June 30, 2017:

	<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 February 13, 2018. 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.	1,066,219
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.	661,000
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>59,398</u>
Total	<u>\$1,786,617</u>
Current Portion	<u>\$ 20,731</u>
Long Term Portion	<u>\$1,765,886</u>

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

2018	\$ 20,731
2019	70,233
2020	73,657
2021	77,246
2022	676,602
Thereafter	<u>868,148</u>
	<u>\$1,786,617</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, 2017, 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 12, 2017.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

(Continued)

KAKU & MERSINO, LLP
CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Community Bridges
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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Community Bridges' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kaku + Mersino, LLP

KAKU & MERSINO, LLP

December 12, 2017

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, 2017. 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, 2017.

(Continued)

KAKU & MERSINO, LLP
CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Community Bridges
Page 2

Report on Internal Control Over Compliance

Management of Community Bridges is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Community Bridges' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Community Bridges' internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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


KAKU & MERSINO, LLP

December 12, 2017

Community Bridges
Schedule of State and Federal Financial Assistance
For the Year Ended June 30, 2017

Program Title	Federal Catalog Number	Program/ Contract Number	Program Expenses	Expenditures to Subrecipients
U.S. Department of Agriculture:				
Passed through Calif Dept of Education:				
Summer Food Service Program for Children	10.559	44-9440-4T	\$ 53,149	
Passed through Calif Association of Food Banks:				
Food Stamp Outreach (Cal Fresh Outreach)	10.561	16-SUB-00965	65,604	
Passed through Salud Para La Gente				
Covered California Health Insurance Education	93.525	15-N-57	20,552	
Passed through Calif State Dept of Health Services:				
Special Supplemental Food Program for				
Women, Infants and Children (WIC) 7/16-9/16	10.557	15-10065 A02	599,391	
Women, Infants and Children (WIC) 10/16-6/17	10.557	15-10065 A02	1,699,993	
Women, Infants and Children (WIC) Farmer's Market 7	10.557	15-10065 A02	2,113	
Passed through County of Santa Cruz, Health Services Agency				
USDA-Supplemental Nutrition Assistance Program (SNAF	10.551	PO 17B3979	44,619	
Passed through Calif Dept of Education:				
Child and Adult Care Food Program:				
Homes and Homes Administration 7/16-6/17	10.558	44-1733-4F	4,002,880	
Centers and Centers Administration Children 7/16-6/17	10.558	44-1733-4A	112,734	
Centers and Centers Administration Adults 7/16-6/17	10.558	44-1733-4A	66,688	
U.S. Department of Health and Human Services:				
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	1617-02	39,280	
Special Programs for the Aging-Title IIIC1-Cong Meals	93.045	1617-02	251,391	
Special Programs for the Aging-Title IIIC2-Home Delivery	93.045	1617-02	108,965	
Food Donation Program:				
Nutrition Services Incentives Program - Congregate	93.053	1617-02	33,842	
Nutrition Services Incentives Program - Home Deliv	93.053	1617-02	68,242	
Passed through County of Santa Cruz:				
CARE Program (Ryan White CARE Act)	93.153	Unknown	5,894	
Passed through Calif State Dept of Education				
Early Education and Support Division (formerly Child Devel Div)				
State Preschool	93.596	CSPP-6555	187,740	
State Preschool	93.575	CSPP-6555	83,949	

Community Bridges
Schedule of State and Federal Financial Assistance
For the Year Ended June 30, 2017

Program Title	Federal Catalog Number	Program/ Contract Number	Program Expenses	Expenditures to Subrecipients
U.S. Federal Emergency Management Agency				
Federal Emergency Management Agency:				
Emergency Food & Shelter National Board Program:				
Home Delivered Meals	97.024	33-089200-013	-	
Nueva Vista Meals	97.024	33-089200-030	170	
U.S. Department of Transportation:				
Passed through Calif Dept of Transportation:				
Federal Transit Authority Section 5310-Equipment	20.500		39,978	
Federal Transit Authority Section 5310-Expanded	20.513	64AO16-00054	67,527	
Total Federal Financial Assistance			7,654,700	
State Programs				
California Department of Aging:				
Title IIIC(1) - Congregate Meals		1617-02	69,176	
Title IIIC(2) - Home Delivered Meals		1617-02	208,108	
Passed through First Five of Santa Cruz County				
State Proposition 10/First Five - LMCR		16-17-007	217,769	
State Proposition 10/First Five - MCR		16-17-007	53,421	
Passed through City of Santa Cruz/Regional Transportation Commission				
Transportation Development Act-Paratransit CTSA		N/A	668,545	
Passed through the SC Co Office of Education				
QRIS Block Grant 7/1/16 to 6/30/17		MOU	60,550	
Passed through the First Five of Santa Cruz County				
QRIS Block Grant 7/1/16 to 6/30/17		16-17-058/16-17-068	6,350	
Early Education and Support Division (formerly Child Devel Div)				
State Preschool		CSPP-6555	867,591	
Total State Financial Assistance			2,151,510	
Total Federal and State Financial Assistance			<u>\$ 9,806,210</u>	<u>\$ -</u>

COMMUNITY BRIDGES
(A Private, Non-Profit Organization)

NOTES TO SUPPLEMENTARY INFORMATION
June 30, 2017

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, 2017. 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, 2017

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. 10.557 – Special Supplemental Nutrition Program for Women, Infants, and Children (WIC); CFDA No. 93.044 Special Programs for the Aging – Title III, Part B – Grants for Supportive Services and Senior Centers, CFDA No. 93.045 – Special Programs for the Aging – Title III, Part C – Nutrition Services, CFDA No. 93.053 Nutrition Services Incentive Program.
- 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, 2017

SUPPORT and REVENUE	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
Support									
Child Development Funding	\$ -	\$ -	\$ 1,139,280	\$ 1,139,280	\$ -	\$ -	\$ -	\$ -	\$ 1,139,280
Food Program	4,002,881	16,910	111,360	111,360	-	1,377	66,684	-	4,199,212
Other Grant Revenues	949	-	143,867	143,867	60,550	78,022	-	5,917,053	6,200,441
Foundations and other institutions	2,000	-	6,000	6,000	-	-	-	328,085	336,085
Donations/contributions	9,217	-	9,741	9,741	-	2,061	-	734,220	755,239
Interprogram Transfers	26,913	-	(16,910)	-	-	-	(10,003)	-	-
Total support	4,041,960	16,910	1,393,338	1,410,248	60,550	81,460	56,681	6,979,358	12,630,257
Revenue									
Service fees	5,000	-	112,097	112,097	-	277,573	-	2,065,143	2,459,813
Interest	-	-	-	-	-	-	-	29,093	29,093
Other income	9,062	-	3,229	3,229	-	1,401	-	195,629	209,321
Total revenue	14,062	-	115,326	115,326	-	278,974	-	2,289,865	2,698,227
Net assets released from restrictions	-	-	-	-	-	-	-	-	-
TOTAL SUPPORT and REVENUE	4,056,022	16,910	1,508,664	1,525,574	60,550	360,434	56,681	9,269,223	15,328,484
EXPENSES									
Salaries and benefits	285,710	16,910	1,164,466	1,181,376	35,016	257,856	37,355	6,172,786	7,970,099
Day care home food payments	3,623,010	-	-	-	-	-	-	-	3,623,010
Building occupancy	32,530	-	95,613	95,613	2,977	9,150	-	916,132	1,056,402
Meals expense	-	-	50,294	50,294	-	6,678	10,764	541,764	609,500
Travel and transportation	6,924	-	5,595	5,595	-	279	-	475,972	488,770
Supplies and other misc. expenses	6,597	-	4,884	4,884	9,855	7,157	-	186,375	214,868
Professional and contracted services	11,408	-	912	912	1,868	310	-	351,435	365,933
Vehicle expense	-	-	-	-	-	-	-	129,256	129,256
Insurance	1,672	-	14,581	14,581	-	2,712	-	128,381	147,346
Printing, advertising and dues	10,085	-	4,034	4,034	1,262	521	-	49,894	65,796
Telephone and communication	10,628	-	16,872	16,872	-	2,661	-	138,294	168,455
Minor equipment	696	-	2,570	2,570	577	5,702	-	59,817	69,362
Equipment rental & repair	1,523	-	-	-	-	-	-	80,813	82,336
Interest expense	-	-	-	-	-	-	-	20,207	20,207
Staff training	449	-	-	-	215	-	-	27,115	27,779
Contract services to other agencies	-	-	-	-	-	-	-	47,900	47,900
Taxes, licenses and bank fees	130	-	3,431	3,431	-	1,926	-	61,006	66,493
Depreciation	-	-	2,535	2,535	-	-	-	21,448	23,983
Administrative services	29,449	-	110,803	110,803	8,780	49,822	-	1,171,810	1,370,664
Subtotal	4,020,811	16,910	1,476,590	1,493,500	60,550	344,774	48,119	10,580,405	16,548,159
Intercompany Eliminations								(1,936,035)	(1,936,035)
TOTAL EXPENSES								8,644,370	14,612,124
EXCESS/(DEFICIENCY) OF SUPPORT AND REVENUE OVER EXPENSES	35,211	-	32,074	32,074	-	15,660	8,562	624,853	716,360
Depreciation Grant Funded Assets	-	-	-	-	-	-	-	(90,986)	(90,986)
INCREASE/(DECREASE) IN NET ASSETS	35,211	-	32,074	32,074	-	15,660	8,562	533,867	625,374
NET ASSETS, BEGINNING OF YEAR	27,197	-	189,262	189,262	5,317	(49,176)	(13)	1,788,670	1,961,257
NET ASSETS, END OF YEAR	\$ 62,408	\$ -	\$ 221,336	\$ 221,336	\$ 5,317	\$ (33,516)	\$ 8,549	\$ 2,322,537	\$ 2,586,631

COMMUNITY BRIDGES
Combining Schedule of Expenditures by State Category
Fiscal Year Ended June 30, 2017

		CSPP-6555		Total	QRIS		Total
		Child Care		Reimbursable	Non-	Non-	Program
		Centers			Reimb.	Reimb.	
Expenditures:							
1000	Certified Salaries	\$ 809,676	\$	809,676	\$ 30,562	\$ -	\$ 840,238
1100	Teachers Salaries	809,676		809,676	30,562		840,238
1300	Supervisors Salaries	-		-			-
2000	Classified Salaries	151,004		151,004	-	-	151,004
2100	Instructional Aides Salaries	-		-			-
2300	Clerical & Other Personnel Salaries	105,614		105,614			105,614
2400	Maintenance Personnel Salaries	-		-			-
2500	Food Service Personnel Salaries	45,390		45,390			45,390
2600	Transportation Personnel Salaries	-		-			-
3000	Employee benefits	220,923		220,923	4,454	-	225,377
3300	Disability & Health Ins	167,704		167,704	4,268		171,971
3500	State Unemployment Insurance	8,864		8,864	31		8,895
3600	Workers Compensation Insurance	44,355		44,355	156		44,511
4000	Books, Supplies, and Transportation	53,855		53,855	9,126	-	62,982
4200	Other Books	-		-			-
4300	Instructional Supplies	3,561		3,561	9,126	-	12,688
4600	Pupil Transportation	-		-			-
4700	Food Services	50,294		50,294			50,294
5000	Contracted Services & Other Expenses	144,032		144,032	7,628	898	152,558
5100	Contracts for Personal Services	912		912	1,868	-	2,780
5200	Travel, Conferences & Other Expenses	32,925		32,925	2,783	898	36,606
5400	Insurance	14,581		14,581			14,581
5500	Utilities & Housekeeping Services	41,526		41,526	2,977		44,503
5600	Contracts, Rents and Leases	54,087		54,087			54,087
5800	Legal, Election and Audit	-		-			-
6000	Equip & Equip Replacement	2,535		2,535	-	-	2,535
6200	Buildings and Improvements	2,535		2,535			2,535
6400	New Equipment	-		-			-
6500	Equipment replacement	-		-			-
	Startup/Close-down Expense	-		-			-
	Indirect Cost at 8%	110,423		110,423	8,780	152	119,355
	Subtotals	110,423		110,423	8,780	152	119,355
TOTAL EXPENDITURES		\$ 1,492,448	\$	1,492,449	\$ 60,550	\$ 1,050	\$ 1,554,049

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, 2017

	CSPP-5539			QRIS		
	Child Care	Total		Non-	Non-	Total
	Centers	Reimbursable		Reimb.	Reimb.	Program
Schedule of Expenditures by State Categories	\$ 1,492,448	\$ 1,492,449	\$	60,550	\$ 1,050	\$ 1,554,049
Adjustment to Reconcile Difference in Reporting:						
None	-	-	-	-	-	-
Combining Statement of Activities (GAAP)	\$ 1,492,448	\$ 1,492,449	\$	60,550	\$ 1,050	\$ 1,554,049

COMMUNITY BRIDGES

Combining Schedule of Equipment Expenditures Year Ended June 30, 2017

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

Combining Schedule of Renovation and Repair Expenditures Year Ended June 30, 2017

	Child and Adult Care Food	Child Care Pre-School CSPP-5539	Repair & Maintenance	Instructional Materials & Supplies	Total Costs
Unit Cost under \$10,000 item:					
Item: Depreciation renovations for RM portable	\$ -	\$ 2,535	\$ -	\$ -	\$ 2,535
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	\$ -	\$ 2,535	\$ -	\$ -	\$ 2,535

COMMUNITY BRIDGES
COMBINING STATEMENT OF ADMINISTRATIVE COSTS
For the Year Ended June 30, 2017

	Child & Adult Care Food Program	CSPP-6555 Child Care Centers	CRPM-xxxx Repair & Maint.	Total Costs
Grants Management Salaries	\$ -	\$ 39,669	\$ -	\$ 39,669
Accounting Manager Salary	-	5,598	-	5,598
Accounting Clerk Salaries	-	16,693	-	16,693
Administrative Salaries	-	3,763	-	3,763
Employee Benefits-Hlth/UI/401K	-	8,069	-	8,069
Payroll Taxes-FICA/WC	-	5,724	-	5,724
Books and Supplies	-	2,546	-	2,546
Contractual Services	-	7,139	-	7,139
Audit and Legal	-	4,202	-	4,202
Travel and Conference	-	308	-	308
Space Rent and Maint, Utils	-	8,887	-	8,887
Janitorial Services and Supplies	-	914	-	914
Telephone and Internet	-	1,161	-	1,161
Printing and Copying	-	1,095	-	1,095
Indirect Costs	29,449	110,423	-	139,872
TOTAL	\$ 29,449	\$ 216,190	\$ -	\$ 245,639

AUDITED ATTENDANCE AND FISCAL REPORT

for California State Preschool Programs

Agency Name: COMMUNITY BRIDGES Vendor No. B-671

Fiscal Year Ended: June 30, 2017 Contract No. CSPP 6555

Independent Auditor's Name: Kaku & Mersino, LLP

SECTION I - CERTIFIED CHILDREN DAYS OF ENROLLMENT	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
	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	230		230	1.0000	230.000
Three-quarters-time			-	0.7500	-
One-half-time			-	0.6196	-
<i>Exceptional Needs</i>					
Full-time-plus			-	1.4160	-
Full-time	1,019	28	1,047	1.2000	1,256.400
Three-quarters-time			-	0.9000	-
One-half-time			-	0.6196	-
<i>Limited and Non-English Proficient</i>					
Full-time-plus			-	1.2980	-
Full-time		25,710	25,710	1.1000	28,281.000
Three-quarters-time			-	0.8250	-
One-half-time		1,536	1,536	0.6196	951.706
<i>At Risk of Abuse or Neglect</i>					
Full-time-plus			-	1.2980	-
Full-time	25,702	(25,702)	-	1.1000	-
Three-quarters-time			-	0.8250	-
One-half-time	1,514	(1,514)	-	0.6196	-
<i>Severely Disabled</i>					
Full-time-plus			-	1.7700	-
Full-time			-	1.5000	-
Three-quarters-time			-	1.1250	-
One-half-time			-	0.6196	-
TOTAL DAYS OF ENROLLMENT	28,465	58	28,523		30,719.106
DAYS OF OPERATION	242	-	242		
DAYS OF ATTENDANCE	28,465	58	28,523		

☐ 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. B-671

Fiscal Year Ended: June 30, 2017 Contract No. CSPP 6555

SECTION II - NONCERTIFIED CHILDREN Report all children who were not certified, but who were served at the same sites as certified children. DAYS OF ENROLLMENT	COLUMN A CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	COLUMN B AUDIT ADJUSTMENTS	COLUMN C CUMULATIVE FISCAL YEAR PER AUDIT	COLUMN D ADJUSTMENT FACTOR	COLUMN E 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	355		355	1.0000	355.000
Three-quarters-time			-	0.7500	-
One-half-time			-	0.6196	-
<i>Exceptional Needs</i>					
Full-time-plus			-	1.4160	-
Full-time			-	1.2000	-
Three-quarters-time			-	0.9000	-
One-half-time			-	0.6196	-
<i>Limited and Non-English Proficient</i>					
Full-time-plus			-	1.2980	-
Full-time			-	1.1000	-
Three-quarters-time			-	0.8250	-
One-half-time			-	0.6196	-
<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			-	0.6196	-
<i>Severely Disabled</i>					
Full-time-plus			-	1.7700	-
Full-time			-	1.5000	-
Three-quarters-time			-	1.1250	-
One-half-time			-	0.6196	-
TOTAL DAYS OF ENROLLMENT	355	-	355		355

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. B-671
 Fiscal Year End: June 30, 2017 Contract No. CSPP 6555

	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
SECTION III - REVENUE			
RESTRICTED INCOME			
Child Nutrition Programs	\$84,441	\$25,919	\$110,360
County Maintenance of Effort (EC § 8279)			0
Uncashed Checks to Providers			0
Other (Specify):			0
Other (Specify):			0
Subtotal	\$84,441	\$25,919	\$110,360
Transfer from Reserve - General	0		0
Transfer from Reserve - Professional Development			0
Subtotal	\$0	\$0	\$0
Family Fees for Certified Children	103,913	(606)	103,307
Interest Earned on Apportionments	0		0
UNRESTRICTED INCOME			
Family Fees for Noncertified Children	9,250	(460)	8,790
Head Start Program (EC § 8235(b))			0
Other (Specify):			0
Other (Specify):			0
TOTAL REVENUE	\$197,604	\$24,853	\$222,457

SECTION IV - REIMBURSABLE EXPENSES

<i>Direct Payments to Providers (FCCH Only)</i>			\$0
1000 Certificated Salaries	807,220	2,456	809,676
2000 Classified Salaries	158,783	(7,779)	151,004
3000 Employee Benefits	225,831	(4,908)	220,923
4000 Books and Supplies	53,156	699	53,855
5000 Services and Other Operating Expenses	137,929	6,103	144,032
6100/6200 Other Approved Capital Outlay		2,535	2,535
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: 8.00% (Rate is Self-Calculating)	101,548	8,875	110,423
TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT	\$1,484,467	\$7,981	\$1,492,448
TOTAL ADMINISTRATIVE COSTS (included in section IV above)	\$215,089	\$1,101	\$216,190

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. B-671

Fiscal Year End: June 30, 2017 Contract No. CSPP 6555

	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
SECTION V - SUPPLEMENTAL REVENUE			
Enhancement Funding			\$0
Other (Specify): QRIS	60,550		60,550
Other (Specify):			0
Other (Specify):			0
TOTAL SUPPLEMENTAL REVENUE	\$60,550	\$0	\$60,550

SECTION VI - SUPPLEMENTAL EXPENSES

EXPENSES RELATED TO SUPPLEMENTAL REVENUE			
1000 Certificated Salaries	\$30,421	\$141	\$30,562
2000 Classified Salaries			0
3000 Employee Benefits	4,425	29	4,454
4000 Books and Supplies	8,451	675	9,126
5000 Services and Other Operating Expenses	8,473	(845)	7,628
6000 Equipment/Other Capital Outlay			0
Depreciation or Use Allowance			0
Indirect Costs	8,780	0	8,780
NONREIMBURSABLE EXPENSES			
6100-6500 Nonreimbursable Capital Outlay			0
Other: e.g., Entertainment Expenses			0
Other (Specify):			0
Other (Specify):			0
TOTAL SUPPLEMENTAL EXPENSES	\$60,550	\$0	\$60,550

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

AUDITED RESERVE ACCOUNT ACTIVITY REPORT

Agency Name: Community Bridges

Fiscal Year End: June 30, 2017

Vendor No. B-671

Independent Auditor's Name: Kaku & Mersino, LLP

RESERVE ACCOUNT TYPE (Check One):

- ☒ Center Based
- ☐ Resource and Referral
- ☐ Alternative Payment

COLUMN A	COLUMN B	COLUMN C
PER AGENCY	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	PER AUDIT

LAST YEAR:

1. Beginning Balance (must equal ending balance from Last Year's AUD 9530-A)	\$0		\$0
2. Plus Transfers from Contracts to Reserve Account (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
3. Less Excess Reserve to be Billed (enter as a positive amount any excess amount calculated by CDFS on last year's post-audit CDFS 9530)			\$0
4. Ending Balance on Last Year's Post-Audit CDFS 9530	\$0	\$0	\$0

THIS YEAR:

5. Plus Interest Earned This Year on Reserve Funds (column A must agree with this year's CDFS 9530-A, Section II)			\$0
6. Less Transfers to Contracts from Reserve Account (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):			
CSPP - General			
Contract No.			\$0
Contract No.			0
CSPP - Professional Development			
Contract No.			\$0
Contract No.			0
Subtotal	\$0	\$0	\$0
Other Contracts			
Contract No.			\$0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Subtotal	\$0	\$0	\$0
Total Transferred to Contracts from Reserve Account	\$0	\$0	\$0
7. Ending Balance on June 30, 2017 (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: