

COMMUNITY BRIDGES
(A Private, Non-Profit Organization)

Annual Financial Report

Fiscal Year Ended June 30, 2018

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, 2018, 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, 2018, 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 19-35) 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 17, 2018, 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 17, 2018

COMMUNITY BRIDGES
(A Private, Non-Profit Organization)
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018

ASSETS

Cash and Cash Equivalents	\$ 934,432
Investments	575,749
Grant Receivables	1,480,387
Other Receivables	403,279
Inventories	18,690
Prepaid Expenses	258,297
Deposits	42,399
Property and Equipment, net	<u>3,812,220</u>
TOTAL ASSETS	<u><u>\$ 7,525,453</u></u>

LIABILITIES

Accounts Payable and Accrued Expenses	\$ 1,154,822
Salaries and Benefits Payable	778,326
Deferred Revenue	69,590
Obligation Under Capital Lease	4,968
Reserve Fund	408,061
Notes Payable	<u>2,339,736</u>
TOTAL LIABILITIES	<u>4,755,503</u>

NET ASSETS

Unrestricted	2,351,568
Restricted	<u>418,382</u>
TOTAL NET ASSETS	<u>2,769,950</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 7,525,453</u></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, 2018

	Unrestricted	Restricted	Total
SUPPORT and REVENUE			
Support			
Grant Revenues	\$ 12,716,351	\$ -	\$ 12,716,351
Foundations and other institutions	361,537		361,537
Donations/contributions	721,760		721,760
Total support	13,799,648	-	13,799,648
Revenue			
Service fees	2,173,138		2,173,138
Interest	5,864	21,479	27,343
Other income	277,355	20,419	297,774
Total revenue	2,456,357	41,898	2,498,255
Net assets released from restrictions	44,115	(44,115)	-
TOTAL SUPPORT and REVENUE	16,300,120	(2,217)	16,297,903
EXPENSES			
Program Services			
Women, Infants, and Children (WIC)	2,071,989		2,071,989
Child & Adult Care Food Program	4,497,948		4,497,948
Transportation Services - Lift Line	1,460,827		1,460,827
Senior Nutrition Meals on Wheels	1,394,002		1,394,002
Child Development Division	1,818,374		1,818,374
Nueva Vista Community Resources	289,258		289,258
Live Oak Family Community Resources	267,267		267,267
Mountain Community Resources	322,686		322,686
La Manzana Community Resources	556,710		556,710
Senior CBAS Elderday	1,273,115		1,273,115
Total Program Services	13,952,176	-	13,952,176
Supporting Services			
Management and General	1,709,791		1,709,791
Other Services	131,550		131,550
Fund Development	214,065		214,065
Total Supporting Services	2,055,406	-	2,055,406
TOTAL EXPENSES	16,007,582	-	16,007,582
EXCESS/(DEFICIENCY) OF SUPPORT AND REVENUE OVER EXPENSES	292,538	(2,217)	290,321
Depreciation Grant Funded Assets	(107,002)	-	(107,002)
INCREASE/(DECREASE) IN NET ASSETS	185,536	(2,217)	183,319
NET ASSETS, BEGINNING OF YEAR	2,166,032	420,599	2,586,631
NET ASSETS, END OF YEAR	\$ 2,351,568	\$ 418,382	\$ 2,769,950

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, 2018

PROGRAM SERVICES

	Women, Infants & Children (WIC)	Child & Adult Care Food Program	Transportation Services - Lift Line	Senior Nutrition Meals on Wheels	Child Development Division	Nueva Vista Community Resources	Live Oak Family Community Resources
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EXPENSES

Salaries and benefits	\$ 1,647,827	\$ 304,422	\$ 1,036,664	\$ 687,549	\$ 1,530,277	\$ 213,931	\$ 168,967
Day care home food payments	-	4,214,742	-	-	-	-	-
Building occupancy	201,215	39,158	70,061	129,973	106,217	21,946	36,598
Meals expense	-	-	-	474,740	59,982	4,354	-
Travel and transportation	19,660	6,321	75,041	49,346	6,616	6,019	3,949
Supplies and other misc expenses	38,503	9,932	11,037	21,735	48,396	10,143	8,011
Professional and contracted services	34,812	14,369	33,653	12,133	3,106	2,930	23,829
Vehicle expense	-	-	114,778	14,303	-	-	-
Insurance	9,310	2,034	63,375	21,740	17,856	7,959	4,352
Printing, advertising and dues	4,099	9,748	6,447	1,960	3,684	1,503	1,829
Telephone and communication	32,441	4,982	17,805	11,849	27,717	7,594	6,674
Minor equipment	33,410	1,413	14,380	8,544	3,379	3,404	1,082
Equipment rental & repair	1,373	930	6,022	7,546	2,728	721	4,243
Interest expense	-	-	-	-	-	3,216	-
Staff training	12,331	558	906	517	1,562	170	3,473
Contract services to other agencies	-	-	-	-	-	-	-
Taxes, licenses and bank fees	4,032	958	8,098	4,072	4,177	1,084	4,260
Depreciation	32,976	-	2,560	-	2,677	4,284	-
Administrative services	327,446	33,255	182,430	227,947	178,581	46,813	41,911
Subtotal	2,399,435	4,642,822	1,643,257	1,673,954	1,996,955	336,071	309,178
Less Intercompany Transfers	(327,446)	(144,874)	(182,430)	(279,952)	(178,581)	(46,813)	(41,911)
TOTAL EXPENSES	\$ 2,071,989	\$ 4,497,948	\$ 1,460,827	\$ 1,394,002	\$ 1,818,374	\$ 289,258	\$ 267,267

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, 2018

	PROGRAM SERVICES			SUPPORTING SERVICES			Total
	Mountain Community Resources	La Manzana Community Resources	Senior CBAS Elderday	Management and General	Other Services	Fund Development	
EXPENSES							
Salaries and benefits	\$ 224,055	\$ 391,048	\$ 873,013	\$ 1,312,945	\$ -	\$ 64,367	\$ 8,455,065
Day care home food payments	-	-	-	-	-	-	4,214,742
Building occupancy	20,495	63,471	251,204	116,007	150,994	240	1,207,579
Meals expense	2,870	-	116,889	-	-	-	658,835
Travel and transportation	5,426	10,011	311,632	3,681	-	120	497,822
Supplies and other misc expenses	13,967	7,760	16,706	28,642	8,792	65,280	288,904
Professional and contracted services	8,252	7,554	72,207	147,032	1,954	55,844	417,675
Vehicle expense	-	865	-	-	-	-	129,946
Insurance	4,347	4,146	15,014	10,297	2,640	273	163,343
Printing, advertising and dues	1,019	1,609	7,030	15,609	156	16,781	71,474
Telephone and communication	4,702	7,745	5,649	15,009	-	323	142,490
Minor equipment	1,479	1,956	1,095	18,575	2,687	1,656	93,060
Equipment rental & repair	4,515	4,581	146	4,421	7,457	-	44,683
Interest expense	11,662	-	-	4	80,500	-	95,382
Staff training	3,764	170	1,943	21,127	-	1,698	48,219
Contract services to other agencies	-	39,473	-	5,146	-	-	44,619
Taxes, licenses and bank fees	10,577	3,304	7,339	8,299	1,323	7,483	65,006
Depreciation	5,556	13,404	2,723	3,226	14,742	-	82,148
Administrative services	53,060	85,511	284,889	13,857	4,785	36,235	1,516,720
Subtotal	375,746	642,608	1,967,479	1,723,877	276,030	250,300	18,237,712
Less Intercompany Transfers	(53,060)	(85,898)	(694,364)	(14,086)	(144,480)	(36,235)	(2,230,130)
TOTAL EXPENSES	\$ 322,686	\$ 556,710	\$ 1,273,115	\$ 1,709,791	\$ 131,550	\$ 214,065	\$ 16,007,582

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, 2018

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	\$ 183,319
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation	189,149
(Increase) Decrease in Assets:	
Trading Securities	(5,326)
Grant Receivables	(463,183)
Other Receivables	298,234
Inventories	8
Prepaid Expenses	(114,669)
Deposits	8,683
Deposit in Escrow	201,250
Increase (Decrease) in Liabilities:	
Accounts Payable and Accrued Expenses	669,797
Salaries and Benefits Payable	141,011
Deferred Revenue	(60,652)
Reserve Fund	408,061
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,455,682</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Acquisition of Property and Equipment	(1,247,590)
NET CASH USED BY INVESTING ACTIVITIES	<u>(1,247,590)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Payments on Capital Lease	(1,806)
Proceeds from Debt	583,704
Payments on Debt	(30,585)
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>551,313</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	759,405
BEGINNING CASH AND CASH EQUIVALENTS	<u>175,027</u>
ENDING CASH AND CASH EQUIVALENTS	<u>\$ 934,432</u>

Supplemental Disclosures of Cash Flow Information:
Cash paid during year for interest \$95,371

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

COMMUNITY BRIDGES
(A Private, Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS
June 30, 2018

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, 2018

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, 2018

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, or 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 \$11,417 were expensed in the year ended June 30, 2018. There were no advertising costs capitalized during the year ended June 30, 2018.

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 17, 2018, the date the financial statements were available to be issued.

COMMUNITY BRIDGES
(A Private, Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS
June 30, 2018

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, 2018, the uninsured cash balances totaled \$901,557. 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, 2018:

	<u>Amount</u>
Cash	\$ 919,318
Money Market Funds	<u>15,114</u>
Total	<u>\$ 934,432</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, 2018 are as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
Mutual Funds	<u>\$ 575,749</u>	<u>\$ 575,749</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, 2018

Note 6. PROPERTY & EQUIPMENT

Property & equipment are summarized by major classifications as follows:

Buildings	\$3,042,849
Vehicles	1,367,755
Furniture & Equipment	907,306
Leasehold Improvements	<u>878,653</u>
 Total Property & Equipment	 6,196,563
 Less: Accumulated Depreciation	 <u>(2,384,343)</u>
 Property & Equipment, net	 <u>\$ 3,812,220</u>

Depreciation amounted to \$107,002 for grant funded property and equipment, and \$82,148 for Organization property and equipment for the year ended June 30, 2018. 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 \$42,828 to the plan for all eligible employees who contributed a 1% salary match for the year ending June 30, 2018.

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 \$4,064.

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

<u>For the Year Ending June 30,</u>		
	2019	\$ 2,112
	2020	2,112
	2021	1,584
	2022	0
	2023	0
	Thereafter	<u>0</u>
Total minimum lease payment		5,808
Less amount representing interest		<u>(840)</u>
Present value minimum lease payment		<u>\$ 4,968</u>

COMMUNITY BRIDGES
(A Private, Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS
June 30, 2018

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, 2018 is \$372,660.

Note 10. COMMITMENTS AND CONTINGENCIES

Operating Leases:

The total rental expense incurred by the Organization for facilities during the year was \$492,719. The Organization also had miscellaneous equipment rental of \$8,903 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>	
2019	\$ 0
2020	0
2021	0
2022	0
2023	0

Prior Lease Obligation:

A prior lease agreement stipulated Community Bridges would remove leasehold improvements upon terminating the lease and restore the premise to the original floorplan. Community Bridges is in the process of satisfying the lease terms.

Note 11. RESERVE FUND

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

COMMUNITY BRIDGES
(A Private, Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 12. NOTES PAYABLE

Notes payable consist of the following at June 30, 2018:

	<u>Amount</u>
Line of credit with a financial institution in the amount of \$600,000. Interest rate is prime plus 1.00%. The line renews on March 13, 2019. 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.	1,121,450
Promissory note payable with monthly payments of principal and interest of \$3,061. Interest rate is 5% per annum. The note is secured by a building.	515,487
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.	650,069
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>52,730</u>
Total	<u>\$2,339,736</u>
Current Portion	<u>\$ 81,506</u>
Long Term Portion	<u>\$2,258,230</u>

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

2019	\$ 81,506
2020	85,418
2021	89,697
2022	700,274
2023	92,398
Thereafter	<u>1,290,443</u>
	<u>\$2,339,736</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, 2018, 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 17, 2018.

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 17, 2018

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, 2018. 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, 2018.

(Continued)

Board of Directors
Community Bridges
Page 2

Report on Internal Control Over Compliance

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

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

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

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

Kaku + Mersino, LLP

KAKU & MERSINO, LLP

December 17, 2018

Community Bridges
Schedule of State and Federal Financial Assistance
For the Year Ended June 30, 2018

Program Title	Federal Catalog Number	Program/ Contract Number	Program Expenses	Expenditures to Subrecipients
Federal Programs				
U.S. Department of Agriculture:				
Passed through Calif Dept of Education: Summer Food Service Program for Children	10.559	18B00116	\$ 49,793	
Passed through Calif Association of Food Banks: Food Stamp Outreach (Cal Fresh Outreach)	10.561	16-SUB-00965	16,402	
Passed through Salud Para La Gente Covered California Health Insurance Education	93.525	15-N-57	16,890	
Passed through Calif State Dept of Health Services: Special Supplemental Food Program for Women, Infants and Children (WIC)	10.557	15-10065 A02	640,680	
Women, Infants and Children (WIC)	10.557	15-10065 A02	1,744,087	
Women, Infants and Children (WIC) Farmer's Market	10.557	15-10065 A02	902	
Passed through County of Santa Cruz, Health Services Agency USDA-Supplemental Nutrition Assistance Program (SNAP)	10.551	17H3979	18,638	
Passed through Calif Dept of Education: Child and Adult Care Food Program: Homes and Homes Administration	10.558	44-1733-4F	3,857,845	
Centers and Centers Administration Children	10.558	44-1733-4A	105,854	
Centers and Centers Administration Adults	10.558	44-1733-4A	58,080	
U.S. Department of Health and Human Services:				
Passed through the City of Santa Cruz: Community Development and Block Grant-BFCC	93.569	83-18009	25,000	
Community Development and Block Grant-Familia Ctr	93.569	83-18009	75,000	
Passed through Area Agency on Aging for Santa Cruz & San Benito Counties:				
Special Programs for the Aging-Title IIIB-Transportation	93.044	1718-02	38,448	
Special Programs for the Aging-Title IIIC1-Cong Meals	93.045	1718-02	241,081	
Special Programs for the Aging-Title IIIC2-Home Delivery	93.045	1718-02	96,437	
Food Donation Program: Nutrition Services Incentives Program - Congregate	93.053	1718-02	37,725	
Nutrition Services Incentives Program - Home Deliv	93.053	1718-02	67,804	
Passed through County of Santa Cruz: CARE Program (Ryan White CARE Act)	93.153	N/A	4,627	
Passed through Calif State Dept of Education Early Education and Support Division (formerly Child Devel Div) State Preschool	93.596	CSPP-7582	159,010	
State Preschool	93.575	CSPP-7582	73,033	
U.S. Federal Emergency Management Agency				
Federal Emergency Management Agency: Emergency Food & Shelter National Board Program:				
Home Delivered Meals	97.024	33-089200-013	10,861	
Nueva Vista Meals	97.024	33-089200-030	2,435	

Community Bridges
Schedule of State and Federal Financial Assistance
For the Year Ended June 30, 2018

Program Title	Federal Catalog Number	Program/ Contract Number	Program Expenses	Expenditures to Subrecipients
U.S. Department of Transportation:				
Passed through Calif Dept of Transportation:				
Federal Transit Authority Section 5310-Equipment	20.500	64AO16-00054	-	
Federal Transit Authority Section 5310-Expanded	20.513	64AO16-00054	-	
Federal Transit Authority Section 5310-Expanded	20.513	64AO16-00054	57,032	
Federal Transit Authority Section 5310-Expanded	20.513	64AO18-00679	35,479	
Total Federal Financial Assistance			7,433,142	-
State Programs				
California Department of Aging:				
Title IIIC(1) - Congregate Meals		1718-02	75,303	
Title IIIC(2) - Home Delivered Meals		1718-02	212,090	
Passed through First Five of Santa Cruz County				
State Proposition 10/First Five - LMCR		17-18-009	203,600	
State Proposition 10/First Five - MCR		17-18-009	54,031	
Passed through City of Santa Cruz/Regional Transportation Commission				
Transportation Development Act-Paratransit CTSA		N/A	664,910	
Passed through the SC Co Office of Education				
QRIS Block Grant		MOU	64,000	
Passed through the First Five of Santa Cruz County				
QRIS Block Grant		511.54 17-18-066/17-18-061	8,150	
Early Education and Support Division (formerly Child Devel Div)				
State Preschool		CSPP-7582	1,128,296	
Centers-Repair & Maintenance		CRPM-	-	
Total State Financial Assistance			2,410,380	-
Total Federal and State Financial Assistance			\$ 9,843,521	\$ -

COMMUNITY BRIDGES
(A Private, Non-Profit Organization)

NOTES TO SUPPLEMENTARY INFORMATION
June 30, 2018

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, 2018. 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, 2018

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, 2018

	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 and REVENUE									
Support									
Child Development Funding	\$ -	\$ -	\$ 1,360,339	\$ 1,360,339	\$ -	\$ -	\$ -	\$ -	\$ 1,360,339
Food Program	4,588,074	15,870	105,844	105,844	-	-	58,080	-	4,767,868
Other Grant Revenues	15,000	-	123,491	123,491	64,000	103,584	-	6,282,069	6,588,144
Foundations and other institutions	2,000	-	1,996	1,996	-	4,004	-	353,537	361,537
Donations/contributions	4,121	-	6,382	6,382	-	218	-	711,039	721,760
Interprogram Transfers	24,582	-	(15,870)	-	-	-	(8,712)	-	-
Total support	4,633,777	15,870	1,582,182	1,598,052	64,000	107,806	49,368	7,346,645	13,799,648
Revenue									
Service fees	3,333	-	65,407	65,407	-	219,433	-	1,884,965	2,173,138
Interest	-	-	-	-	-	-	-	27,343	27,343
Other income	7	-	9,023	9,023	-	534	-	288,210	297,774
Total revenue	3,340	-	74,430	74,430	-	219,967	-	2,200,518	2,498,255
Net assets released from restrictions	-	-	-	-	-	-	-	-	-
TOTAL SUPPORT and REVENUE	4,637,117	15,870	1,656,612	1,672,482	64,000	327,773	49,368	9,547,163	16,297,903
EXPENSES									
Salaries and benefits	304,422	15,870	1,285,478	1,301,348	19,480	218,878	34,382	6,576,555	8,455,065
Day care home food payments	4,214,742	-	-	-	-	-	-	-	4,214,742
Building occupancy	39,158	-	90,621	90,621	-	7,768	-	1,070,032	1,207,579
Meals expense	-	-	54,267	54,267	-	4,805	14,986	584,777	658,835
Travel and transportation	6,321	-	6,444	6,444	-	172	-	484,885	497,822
Supplies and other misc. expenses	9,932	-	9,987	9,987	43,162	3,899	-	221,924	288,904
Professional and contracted services	14,369	-	2,711	2,711	-	395	-	400,200	417,675
Vehicle expense	-	-	-	-	-	-	-	129,946	129,946
Insurance	2,034	-	15,303	15,303	-	2,553	-	143,453	163,343
Printing, advertising and dues	9,748	-	3,057	3,057	486	627	-	57,556	71,474
Telephone and communication	4,982	-	23,798	23,798	-	4,008	-	109,702	142,490
Minor equipment	1,413	-	4,769	4,769	872	852	-	85,154	93,060
Equipment rental & repair	930	-	-	-	-	-	-	43,753	44,683
Interest expense	-	-	-	-	-	-	-	95,382	95,382
Staff training	558	-	690	690	-	-	-	46,971	48,219
Contract services to other agencies	-	-	-	-	-	-	-	44,619	44,619
Taxes, licenses and bank fees	958	-	3,411	3,411	-	796	-	59,841	65,006
Depreciation	-	-	2,677	2,677	-	-	-	79,471	82,148
Administrative services	33,255	-	126,446	126,446	-	42,705	-	1,314,314	1,516,720
Subtotal	4,642,822	15,870	1,629,659	1,645,529	64,000	287,458	49,368	11,548,535	18,237,712
Intercompany Eliminations								(2,230,130)	(2,230,130)
TOTAL EXPENSES								9,318,405	16,007,582
EXCESS/(DEFICIENCY) OF SUPPORT AND REVENUE OVER EXPENSES	(5,705)	-	26,953	26,953	-	40,315	-	228,758	290,321
Depreciation Grant Funded Assets	-	-	-	-	-	-	-	(107,002)	(107,002)
INCREASE/(DECREASE) IN NET ASSETS	(5,705)	-	26,953	26,953	-	40,315	-	121,756	183,319
NET ASSETS, BEGINNING OF YEAR	62,408	-	221,336	221,336	5,317	(33,516)	8,549	2,322,537	2,586,631
NET ASSETS, END OF YEAR	\$ 56,703	\$ -	\$ 248,289	\$ 248,289	\$ 5,317	\$ 6,799	\$ 8,549	\$ 2,444,293	\$ 2,769,950

COMMUNITY BRIDGES

**Combining Schedule of Expenditures by State Category
Fiscal Year Ended June 30, 2018**

**CSPP-7582
Child Care
Centers**

Expenditures:	
1000	Certified Salaries 908,880
1100	Teachers Salaries 908,880
1300	Supervisors Salaries 0
2000	Classified Salaries 167,281
2100	Instructional Aides Salaries 0
2300	Clerical & Other Personnel Salaries 121,047
2400	Maintenance Personnel Salaries 0
2500	Food Service Personnel Salaries 46,234
2600	Transportation Personnel Salaries 0
3000	Employee benefits 225,187
3300	Old Age, Survivors, Disability & Health Ins 176,100
3500	State Unemployment Insurance 6,618
3600	Workers Compensation Insurance 42,469
4000	Books, Supplies, Food, and Transportation 66,865
4200	Other Books 0
4300	Instructional Supplies 11,688
4600	Pupil Transportation 0
4700	Food Services 55,177
5000	Contracted Services & Other Operating Expenses 148,193
5100	Contracts for Personal Services 2,710
5200	Travel, Conferences & Other Expenses 31,728
5400	Insurance 15,303
5500	Utilities & Housekeeping Services 42,574
5600	Contracts, Rents and Leases 55,877
5800	Legal, Election and Audit 0
6000	Sites, Buildings, New Equip & Equip Replacement 2,677
6200	Buildings and Improvements 2,677
6400	New Equipment 0
6500	Equipment replacement 0
Expenses not otherwise classified: Direct Administrative 0	
Administrative Grant Mgmt 0	
Capital Outlay Revolving Fund Repayment 0	
Startup/Close-down Expense 0	
Indirect Cost at 8% 126,446	
Subtotals 126,446	
TOTAL EXPENDITURES 1,645,529	

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, 2018

	CSPP-7582 Child Care Centers
Schedule of Expenditures by State Categories	\$ 1,645,529
Adjustment to Reconcile Difference in Reporting:	
None	-
Combining Statement of Activities (GAAP)	<u>\$ 1,645,529</u>

COMMUNITY BRIDGES

Combining Schedule of Equipment Expenditures Year Ended June 30, 2018

	Child and Adult Care Food	Child Care Pre-School CSPP-7582	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, 2018

		Child and Adult Care Food	Child Care Pre-School CSPP-7582	Repair & Maintenance	Instructional Materials & Supplies	Total Costs
Unit Cost under \$10,000 item:						
Item: None	\$	-	\$	-	\$	-
Unit cost over \$10,000 with CDD approval:						
Item: None	\$	-	\$	-	\$	-
Unit cost over \$10,000 without CDD approval:						
Item: None	\$	-	\$	-	\$	-
Total renovation and repair expenditures	\$	-	\$	-	\$	-

COMMUNITY BRIDGES
COMBINING STATEMENT OF ADMINISTRATIVE COSTS
For the Year Ended June 30, 2018

	Child & Adult Care Food Program	CSP-7582 Child Care Centers	Total Costs
Grants Management Salaries	0	46,887	46,887
Accounting Manager Salary	0	5,919	5,919
Accounting Clerk Salaries	0	17,858	17,858
Administrative Salaries	0	2,416	2,416
Employee Benefits-Hlth/UI/401K	0	8,372	8,372
Payroll Taxes-FICA/WC	0	6,146	6,146
Books and Supplies	0	4,414	4,414
Contractual Services	0	8,323	8,323
Audit and Legal	0	5,708	5,708
Travel and Conference	0	351	351
Space Rent and Maint, Utils	0	10,036	10,036
Janitorial Services and Supplies	0	971	971
Insurance	0	983	983
Telephone and Internet	0	1,433	1,433
Printing and Copying	0	1,230	1,230
Indirect Costs	29,779	126,446	156,225
TOTAL	29,779	247,493	277,272

CALIFORNIA DEPARTMENT OF EDUCATION
 AUDITED ATTENDANCE AND FISCAL REPORT FOR
 CALIFORNIA STATE PRESCHOOL PROGRAMS
 A U D 8501 Page 1 of 9 (09/18)

Fiscal Year Ending
 Contract Number
 Vendor Code

Full Name of Contractor

Section 1 - Days of Enrollment Certified Children	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative Per Audit	Column D Adjustment Factor	Column E Adjusted Days Per Audit
Three and Four Year Olds Full-time-plus				1.1800	0
Three and Four Year Olds Full-time	259	1	260	1.0000	260
Three and Four Year Olds Three-quarters-time				0.7500	0
Three and Four Year Olds One-half-time	392		392	0.6193	242.7656
Exceptional Needs Full-time-plus				1.4160	0
Exceptional Needs Full-time	1,125	-1	1,124	1.2000	1,348.8
Exceptional Needs Three-quarters-time				0.9000	0
Exceptional Needs One-half-time				0.6193	0
Limited and Non-English Proficient Full-time-plus				1.2980	0
Limited and Non-English Proficient Full-time	25,830		25,830	1.1000	28,413
Limited and Non-English Proficient Three-quarters-time				0.8250	0
Limited and Non-English Proficient One-half-time	1,460		1,460	0.6193	904.178

CALIFORNIA DEPARTMENT OF EDUCATION
 AUDITED ATTENDANCE AND FISCAL REPORT FOR
 CALIFORNIA STATE PRESCHOOL PROGRAMS
 A U D 8501 Page 2 of 9 (09/18)

Fiscal Year Ending
 Contract Number
 Vendor Code

Full Name of Contractor

Section 1 - Days of Enrollment Certified Children	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative Per Audit	Column D Adjustment Factor	Column E Adjusted Days Per Audit
At Risk of Abuse or Neglect Full-time-plus				1.2980	0
At Risk of Abuse or Neglect Full-time				1.1000	0
At Risk of Abuse or Neglect Three-quarters-time				0.8250	0
At Risk of Abuse or Neglect One-half-time				0.6193	0
Severely Disabled Full-time-plus				1.7700	0
Severely Disabled Full-time				1.5000	0
Severely Disabled Three-quarters-time				1.1250	0
Severely Disabled One-half-time				0.6193	0
TOTAL DAYS OF ENROLLMENT	29,066	0	29,066	N/A	31,168.7436
DAYS OF OPERATION	241		241	N/A	N/A
DAYS OF ATTENDANCE	29,066		29,066	N/A	N/A

NO NON-CERTIFIED CHILDREN Check this box (omit pages 3-5) and continue to Revenue Section on page 6.

CALIFORNIA DEPARTMENT OF EDUCATION
 AUDITED ATTENDANCE AND FISCAL REPORT FOR
 CALIFORNIA STATE PRESCHOOL PROGRAMS
 A U D 8501 Page 6 of 9 (09/18)

Fiscal Year Ending
 Contract Number
 Vendor Code

Full Name of Contractor

Section 3 - Revenue	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative Per Audit
Restricted Income - Child Nutrition Programs	120,136	-14,292	105,844
Restricted Income - County Maintenance of Effort (EC Section 8279)			
Restricted Income - Other:			
Restricted Income - Subtotal	120,136	-14,292	105,844
Transfer from Reserve - General			
Transfer from Reserve - Professional Development			
Transfer from Reserve Total			
Family Fees for Certified Children	65,017	390	65,407
Interest Earned on Child Development Apportionment Payments			
Unrestricted Income: Fees for Non-Certified Children			
Unrestricted Income: Head Start			
Unrestricted Income - Other: Local Govts, grants, donations	164,182	-23,290	140,892
Total Revenue	349,335	-37,192	312,143

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 CALIFORNIA STATE PRESCHOOL PROGRAMS
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Fiscal Year Ending
 Contract Number
 Vendor Code

Full Name of Contractor

Section 4 - Reimbursable Expenses	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative Per Audit
Direct Payments to Providers (FCCH only)			
1000 Certificated Salaries	876,495	32,385	908,880
2000 Classified Salaries	156,656	10,625	167,281
3000 Employee Benefits	226,672	-1,485	225,187
4000 Books and Supplies	98,961	-32,096	66,865
5000 Services and Other Operating Expenses	423,461	-275,268	148,193
6100/6200 Other Approved Capital Outlay			
6400 New Equipment (program-related)			
6500 Equipment Replacement (program-related)			
Depreciation or Use Allowance		2,677	2,677
Start-up Expenses (service level exemption)			
Budget Impasse Credit			
Indirect Costs (Include in Administrative Cost)	133,746	-7,300	126,446
Non-Reimbursable (State Use Only)			
Total Reimbursable Expenses	1,915,991	-270,462	1,645,529
Total Administrative Cost (included in section 4 above)	244,168	3,325	247,493

Approved Indirect Cost Rate:

Comments:

No Supplemental Revenue check this box and omit Page 8.

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 CALIFORNIA STATE PRESCHOOL PROGRAMS
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Fiscal Year Ending June 30, 2018

Contract Number CSPP-7582

Vendor Code B671

Full Name of Contractor Community Bridges

Section 5 - Supplemental Revenue	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative Per Audit
Enhancement Funding			
Other:QRIS	64,000		64,000
Other:			
Total Supplemental Revenue	64,000		64,000

Section 6 - Supplemental Expenses	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative Per Audit
1000 Certificated Salaries	15,724	1,825	17,549
2000 Classified Salaries			
3000 Employee Benefits	2,615	-684	1,931
4000 Books and Supplies	0	33,882	33,882
5000 Services and Other Operating Expenses	45,661	-35,509	10,152
6000 Equipment/Capital Outlay	0	486	486
Depreciation or Use Allowance			
Indirect Costs			
Non-reimbursable Expenses 6100-6500 Non-reimbursable Capital Outlay			
Total Supplemental Expenses	64,000	0	64,000

CALIFORNIA DEPARTMENT OF EDUCATION AUDITED ATTENDANCE AND FISCAL REPORT FOR CALIFORNIA STATE PRESCHOOL PROGRAMS

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Fiscal Year Ending
 Contract Number
 Vendor Code

Full Name of Contractor

Section 7 - Summary	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative Per Audit
Total Certified Days of Enrollment	29,066	0	29,066
Days of Operation	241		241
Days of Attendance	29,066		29,066
Total Non-Certified Days of Enrollment			
Restricted Program Income	120,136	-14,292	105,844
Transfer from Reserve			
Family Fees for Certified Children	65,017	390	65,407
Interest Earned on Apportionment Payments			
Direct Payments to Providers			
Start-up Expenses (service level exemption)			
Total Reimbursable Expenses	1,915,991	-270,462	1,645,529
Total Administrative Cost	244,168	3,325	247,493

Total Certified Adjusted Days of Enrollment

Total Non-Certified Adjusted Days of Enrollment

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

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

No

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

No

Include any comments in the Comments box on page 7. If necessary, attach additional sheets to explain adjustments.

CALIFORNIA DEPARTMENT OF EDUCATION
 AUDITED RESERVE ACCOUNT ACTIVITY REPORT
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Fiscal Year End June 30, 2018
 Reserve Account Type Center-Based
 Vendor Code B671

Full Name of Contractor Community Bridges

Prior Year - Reserve Account Activity			Per 2016-17 AUD 9530-A
1. Beginning Balance (2016-17 Ending Balance)			0
2. Plus Transfers to Reserve Account:			Per CDNFS 9530
Contract No.			
Contract No.			
Contract No.			
Contract No.			
Contract No.			
Contract No.			
Total Transferred from PY Contracts to Reserve			
3. Less Excess Reserve to be Billed			
4. Ending Balance on PY Post-Audit CDNFS 9530			0
Current Year - Reserve Account Activity	Column A Per CDNFS 9530-A	Column B Audit Adjustments	Column C Per Audit
5. Plus Interest Earned This Year On Reserve Funds			
6. Less Transfers to Contracts from Reserve Account:			
CSPP General - Contract No.			
CSPP General - Contract No.			
CSPP Professional Development Contract No.			
CSPP Professional Development Contract No.			
Subtotal CSPP Transfers			
Other Contract No.			
Other Contract No.			
Other Contract No.			
Other Contract No.			
Other Contract No.			
Subtotal Other Contract Transfers			
Total Transferred to Contracts from Reserve Account			
7. Ending Balance on June 30, 2018	0		0

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