

COMMUNITY BRIDGES

(A Private, Non-Profit Organization)

Annual Financial Report

Fiscal Year Ended June 30, 2020

COMMUNITY BRIDGES
(A Private, Non-Profit Organization)

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1-2
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5-6
Statement of Cash Flows	7
Notes to Financial Statements	8-16
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 <i>Government Auditing Standards</i>	17-18
Independent Auditors' Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	19-20
Schedule of Expenditures of Federal and State Awards	21-23
Notes to Supplementary Information	24
Schedule of Findings and Questioned Costs	25
CDE Supplementary Information	
Combining Statement of Activities	26
Schedule of Expenditures by State Categories	27
Reconciliation of CDE and GAAP Expense Reporting	28
Schedule of Claimed Equipment Expenditures	29
Schedule of Claimed Expenditures for Renovation & Repair	30
Schedule of Claimed Administrative Costs	31
Audited Attendance and Fiscal Reports/Audited Fiscal Report	
AUD 8501 Audited Attendance and Fiscal Report for California State Preschool Programs	32-39
AUD 9530 Audited Reserve Account Activity Report	40
Measure D Funding	
Statement of Financial Position – Measure D Funding	41
Statement of Activities – Measure D Funding	42

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, 2020, 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, 2020, 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 21-42) is presented for purposes of additional analysis, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the *CDE Audit Guide*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and in conformity with the CDE Audit Guide issued by the California Department of Education and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. Also, in our opinion, the Measure D information is fairly stated in all material respects in relation to the financial statements as a whole, and the funds allocated to, and received by the Community Bridges' Measure D Funding were expended in conformance with applicable statutes, rules and regulations of Measure D and the agreement with Santa Cruz County Regional Transportation Commission for the year ended June 30, 2020.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2021, 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

February 12, 2021

COMMUNITY BRIDGES
(A Private, Non-Profit Organization)
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020

ASSETS

Cash and Cash Equivalents	\$ 3,106,145
Investments	868,063
Grant Receivables	2,164,060
Other Receivables	367,231
Inventories	24,595
Prepaid Expenses	191,940
Deposits	36,849
Property and Equipment, net	<u>7,633,681</u>
TOTAL ASSETS	<u>\$ 14,392,564</u>

LIABILITIES

Accounts Payable and Accrued Expenses	\$ 1,449,427
Salaries and Benefits Payable	629,452
Refundable Advances	1,407,646
Obligation Under Capital Lease	1,355
Reserve Fund - Transportation	204,214
Notes Payable	<u>4,618,496</u>
TOTAL LIABILITIES	<u>8,310,590</u>

NET ASSETS

Net Assets without Donor Restrictions	5,638,380
Net Assets with Donor Restrictions	<u>443,594</u>
TOTAL NET ASSETS	<u>6,081,974</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 14,392,564</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, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT and REVENUE			
Support			
Grant Revenues	\$ 12,866,717	\$ -	\$ 12,866,717
Foundations and other institutions	1,453,596		1,453,596
Donations/contributions	1,244,996		1,244,996
Total support	15,565,309	-	15,565,309
Revenue			
Service fees	1,889,902		1,889,902
Interest	9,344	11,751	21,095
Other income	196,800	1,655	198,455
Total revenue	2,096,046	13,406	2,109,452
Net assets released from restrictions	23,811	(23,811)	-
TOTAL SUPPORT and REVENUE	17,685,166	(10,405)	17,674,761
EXPENSES			
Program Services			
Women, Infants, and Children (WIC)	1,828,575		1,828,575
Child & Adult Care Food Program	3,609,672		3,609,672
Transportation Services - Lift Line	1,994,803		1,994,803
Senior Nutrition Meals on Wheels	1,580,551		1,580,551
Child Development Division	1,875,260		1,875,260
Nueva Vista Community Resources	328,197		328,197
Live Oak Family Community Resources	299,548		299,548
Mountain Community Resources	413,070		413,070
La Manzana Community Resources	501,906		501,906
Senior CBAS Elderday	1,311,414		1,311,414
Total Program Services	13,742,996	-	13,742,996
Supporting Services			
Management and General	1,907,969		1,907,969
Other Services	308,098		308,098
Fund Development	221,662		221,662
Total Supporting Services	2,437,729	-	2,437,729
TOTAL EXPENSES	16,180,725	-	16,180,725
EXCESS/(DEFICIENCY) OF SUPPORT AND REVENUE OVER EXPENSES	1,504,442	(10,405)	1,494,037
Increase in Grant Funded Assets	1,088,033		1,088,033
Depreciation Grant Funded Assets	(276,038)	-	(276,038)
INCREASE IN NET ASSETS	2,316,437	(10,405)	2,306,032
NET ASSETS, BEGINNING OF YEAR	3,321,943	453,999	3,775,942
NET ASSETS, END OF YEAR	\$ 5,638,380	\$ 443,594	\$ 6,081,974

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, 2020

PROGRAM SERVICES

	Women, Infants & Children (WIC)	Child & Adult Care Food Program	Transportation Services - Lift Line	Senior Nutrition Meals on Wheels	Child Development Division	Nueva Vista Community Resources	Live Oak Family Community Resources
EXPENSES							
Salaries and benefits	\$ 1,553,664	\$ 284,703	\$ 1,253,912	\$ 796,268	\$ 1,467,646	\$ 229,598	\$ 174,639
Food payments	-	3,382,449	-	-	-	-	-
Building occupancy	226,455	27,368	64,556	121,676	132,384	41,718	32,399
Meals expense	-	-	-	553,826	45,848	1,345	-
Travel and transportation	4,743	4,595	78,958	51,370	6,887	2,638	1,460
Supplies and other misc expenses	27,742	3,414	14,746	40,146	77,060	17,900	14,623
Professional and contracted servic	22,401	20,906	151,710	8,977	26,106	4,429	31,619
Vehicle expense	-	-	165,508	16,760	-	-	-
Insurance	10,123	1,561	86,184	20,380	17,579	8,611	7,966
Printing, advertising and dues	4,199	2,586	6,516	2,987	3,891	888	1,203
Telephone and communication	43,321	7,547	23,028	10,276	38,266	9,053	9,396
Minor equipment	24,013	3,812	6,526	5,780	44,965	2,900	10,752
Equipment rental & repair	809	-	15,012	3,978	3,081	1,028	7,592
Interest expense	-	-	123,427	-	-	-	-
Staff training	11,813	371	1,157	83	2,797	3,165	3,284
Contract services to other agencie	-	-	-	-	-	-	-
Taxes, licenses and bank fees	3,699	1,325	12,767	5,201	6,073	640	4,615
Depreciation	22,230	-	3,840	-	2,677	4,284	-
Administrative services	333,237	63,501	289,637	263,573	192,542	54,182	40,853
Subtotal	2,288,449	3,804,138	2,297,484	1,901,281	2,067,802	382,379	340,401
Less Intercompany Transfers	(459,874)	(194,466)	(302,681)	(320,730)	(192,542)	(54,182)	(40,853)
TOTAL EXPENSES	\$ 1,828,575	\$ 3,609,672	\$ 1,994,803	\$ 1,580,551	\$ 1,875,260	\$ 328,197	\$ 299,548

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, 2020

	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	\$ 250,144	\$ 366,782	\$ 862,819	\$ 1,431,621	\$ 34,205	\$ 44,468	\$ 8,750,469
Day care home food payments	-	-	-	-	-	-	3,382,449
Building occupancy	18,847	62,029	266,626	108,295	152,325	700	1,255,378
Meals expense	9,594	-	97,114	-	-	-	707,727
Travel and transportation	4,414	4,175	239,046	3,352	46	593	402,277
Supplies and other misc expenses	22,849	30,328	34,278	52,850	6,355	58,747	401,038
Professional and contracted services	43,122	5,885	79,037	165,776	3,476	88,307	651,751
Vehicle expense	-	1,159	-	302	-	-	183,729
Insurance	4,208	4,722	15,314	10,012	4,868	-	191,528
Printing, advertising and dues	726	1,704	9,381	19,199	2	6,590	59,872
Telephone and communication	6,507	9,367	8,861	12,628	627	14,695	193,572
Minor equipment	4,123	2,420	10,582	12,561	-	-	128,434
Equipment rental & repair	1,143	1,478	583	6,356	3,414	-	44,474
Interest expense	25,388	-	-	-	89,320	-	238,135
Staff training	3,165	3,165	815	4,182	-	2,070	36,067
Contract services to other agencies	-	39,103	-	106,438	-	-	145,541
Taxes, licenses and bank fees	5,507	1,677	7,112	19,799	3,098	5,492	77,005
Depreciation	13,333	13,404	-	16,036	10,362	-	86,166
Administrative services	70,230	86,421	268,965	10,469	-	38,687	1,712,297
Subtotal	483,300	633,819	1,900,533	1,979,876	308,098	260,349	18,647,909
Less Intercompany Transfers	(70,230)	(131,913)	(589,119)	(71,907)	-	(38,687)	(2,467,184)
TOTAL EXPENSES	\$ 413,070	\$ 501,906	\$ 1,311,414	\$ 1,907,969	\$ 308,098	\$ 221,662	\$ 16,180,725

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, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	\$ 2,306,032
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation	362,206
(Increase) Decrease in Assets:	
Trading Securities	(247,379)
Grant Receivables	91,751
Other Receivables	177,553
Inventories	(5,203)
Prepaid Expenses	113,352
Deposits	2,550
Increase (Decrease) in Liabilities:	
Accounts Payable and Accrued Expenses	204,054
Salaries and Benefits Payable	(223,182)
Deferred Revenue	1,128,518
Reserve Fund - Transportation	(62,370)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>3,847,882</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Acquisition of Property and Equipment	(912,198)
NET CASH USED BY INVESTING ACTIVITIES	<u>(912,198)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES	
Payments on Capital Lease	(1,806)
Payments on Debt	(268,710)
NET CASH USED BY FINANCING ACTIVITIES	<u>(270,516)</u>
 NET INCREASE IN CASH AND CASH EQUIVALENTS	 2,665,168
 BEGINNING CASH AND CASH EQUIVALENTS	 <u>440,977</u>
 ENDING CASH AND CASH EQUIVALENTS	 <u>\$ 3,106,145</u>

Supplemental Disclosures of Cash Flow Information:
Cash paid during year for interest \$238,135

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

COMMUNITY BRIDGES
(A Private, Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 1. NATURE OF ACTIVITIES

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

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Financial Statement Presentation

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

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

Cost Allocations

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied and that is also in accordance with guidance of any specific funding terms and conditions associated with the funding received. Allocated expenditures for shared costs include compensation and benefits, which are allocated either on the basis of actual time tracking or estimates of time and effort such as may be extrapolated from a time study. Costs such as contract services are allocated to the program which receives the benefit and may be further allocated based on clients, employees, or number of service units. Facility costs, including depreciation, are allocated based on square footage.

COMMUNITY BRIDGES
(A Private, Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Grants Receivables and Other Receivables

Accounts receivable are amounts due from various agencies and entities for services performed under fee for service contracts. Grants receivable are amounts due from federal, state, or local funding sources for services performed under cost reimbursement contracts. Management considers all amounts to be fully collectible, and therefore, no allowance for doubtful accounts has been recorded in the accompanying financial statements.

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, 2020

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventory

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

Income Tax Status

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

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Organization uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Contributions

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

Advertising

Advertising costs are expensed as incurred. Advertising costs totaling \$6,581 were expensed in the year ended June 30, 2020. There were no advertising costs capitalized during the year ended June 30, 2020.

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.

COMMUNITY BRIDGES
(A Private, Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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 five 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, 2020, the uninsured cash balances totaled \$3,343,815. 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, 2020:

	<u>Amount</u>
Cash	\$ 3,035,351
Money Market Funds	<u>70,794</u>
Total	<u>\$ 3,106,145</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, 2020 are as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
Mutual Funds	<u>\$ 868,063</u>	<u>\$ 868,063</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, 2020

Note 6. PROPERTY & EQUIPMENT

Property & equipment are summarized by major classifications as follows:

Buildings	\$ 6,042,849
Vehicles	2,166,932
Furniture & Equipment	1,067,031
Leasehold Improvements	<u>1,327,950</u>
Total Property & Equipment	10,604,762
Less: Accumulated Depreciation	<u>(2,971,081)</u>
Property & Equipment, net	<u>\$ 7,633,681</u>

Depreciation amounted to \$276,038 for grant funded property and equipment, and \$86,166 for Organization property and equipment for the year ended June 30, 2020. Equipment and building are pledged as collateral as disclosed on the notes payable.

Note 7. REFUNDABLE ADVANCES

Refundable Advances consists of the as following at June 30, 2020:

Program Advances	\$ 467,876
Paycheck Protection Program (PPP)	<u>939,770</u>
Total Refundable Advances	<u>\$ 1,407,646</u>

Paycheck Protection Program

The Organization received a grant from Santa Cruz County Bank in the amount of \$1,666,372 under the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The grant is subject to a note dated April 22, 2020, and may be forgiven to the extent proceeds of the grant are used for eligible expenditures such as payroll and other expenses described in the CARES Act. The Organization intends to use the entire grant amount for qualifying expenses. The loan bears interest at a rate of 1% and is payable in monthly installments of principal and interest over 24 months beginning August 6, 2021. The proceeds from the grant are recognized as a refundable advance until the conditions for forgiveness are substantially met. As of June 30, 2020, the Organization has \$726,602 of qualifying expenses and accordingly has recorded grant revenue of \$726,602. The remaining balance in refundable advances is \$939,770.

COMMUNITY BRIDGES
(A Private, Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 8. 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 \$66,960 to the plan for all eligible employees who contributed a 2% salary match for the year ending June 30, 2020.

Note 9. 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 \$7,678.

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

	<u>For the Year Ending June 30,</u>	
	2021	\$ 1,584
	2022	0
	2023	0
	2024	0
	2025	0
	Thereafter	<u>0</u>
Total minimum lease payment		1,584
Less amount representing interest		<u>(229)</u>
Present value minimum lease payment		\$ <u>1,355</u>

Note 10. 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, 2020 is \$393,932.

Note 11. RESERVE FUND - TRANSPORTATION

The reserve fund primarily 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, 2020

Note 12. NOTES PAYABLE

Notes payable consist of the following at June 30, 2020:

	<u>Amount</u>
Line of credit with a financial institution in the amount of \$650,000. Interest rate is prime plus 1.00%. The line renews on March 13, 2021. 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.	1,196,190
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.	493,287
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.	629,019
Promissory note payable with monthly payments of interest only \$4,167. Interest rate is 5% per annum. A balloon payment is due June 28, 2024. The note is secured by a building.	800,000
Promissory note payable to a financial institution in 107 monthly payments of principal and interest of \$11,482. Interest rate is 4.75%. Loan balance is due June 5, 2029. The note is secured by a building.	<u>1,500,000</u>
Total	<u>\$ 4,618,496</u>
Current Portion	<u>\$ 105,252</u>
Long Term Portion	<u>\$ 4,513,244</u>

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

2021	\$ 105,252
2022	716,144
2023	103,199
2024	909,969
2025	115,188
Thereafter	<u>2,668,744</u>
	<u>\$ 4,618,496</u>

COMMUNITY BRIDGES
(A Private, Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 13. COMMITMENTS AND CONTINGENCIES

Operating Leases:

The total rental expense incurred by the Organization for facilities during the year was \$429,825. The Organization also had miscellaneous equipment rental of \$5,298 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>	
2021	\$ 38,308
2022	38,308
2023	9,000
2024	0
2025	0

Note 14. CHANGE IN PRONOUNCEMENT

Effective July 1, 2020, The Organization prospectively changed its method of recognizing revenue in its financial statements to conform with a recent pronouncement of the Financial Accounting Standards Board. Grant funded contracts were previously considered reciprocal transactions as exchange agreements. Under new guidance, grants likely are to be considered nonreciprocal transactions and therefore are considered contributions. The prospective change to the financial statements increased grant revenue \$428,390 for the year ending June 30, 2020.

Note 15. SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 12, 2021, the date the financial statements were available to be issued.

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. As a result, economic uncertainties have arisen which are likely to negatively impact net assets. Other financial impact could occur though such potential impact is unknown at this time.

COMMUNITY BRIDGES
(A Private, Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 16. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

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

Financial assets at year-end

Cash	\$ 3,106,145
Investments	868,063
Grants Receivable	2,164,060
Other receivable	<u>367,231</u>
 Total Financial Assets	 \$ <u>6,505,499</u>

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

Accounts payable and accrued expenses	(1,449,427)
Salaries and benefits payable	(629,452)
Refundable advances	(1,407,646)
Reserves restricted use	(204,214)
Current portion long term debt	<u>(105,252)</u>

Financial assets available to meet cash needs for general expenditures within one year \$ 2,709,508

Organization operations require maintenance of financial assets, which consist of cash to meet normal operating expenses. The Organization also has a line of credit in place in the amount of \$650,000 which it could draw upon in the event of any unanticipated liquidity needs.

KAKU & MERSINO, LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
Community Bridges

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Community Bridges (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, 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 February 12, 2021.

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

February 12, 2021

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, 2020. 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, 2020.

(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

February 12, 2021

COMMUNITY BRIDGES
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 FOR THE YEAR ENDED JUNE 30, 2020

Program Title	Federal CFDA Number	Program/ Contract Number	Program Expenditures	Expenditures to Subrecipients
U.S. Department of Agriculture:				
Passed through Calif Dept of Education:				
Summer Food Service Program for Children	10.559	19B00116	51,487	
Passed through Calif Association of Food Banks:				
Food Stamp Outreach (Cal Fresh Outreach)	10.561	18-7013	65,326	
Passed through Salud Para La Gente				
Covered California Health Insurance Education	93.525	15-N-57	22,734	
Passed through Calif State Dept of Health Services:				
Special Supplemental Food Program for				
Women, Infants and Children (WIC)	10.557	19-10140 A01	628,359	
Women, Infants and Children (WIC)	10.557	19-10140 A01	1,666,370	
Women, Infants and Children (WIC) Farmer's Ma	10.557	19-10140 A01	1,200	
Passed through Calif Dept of Education:				
Child and Adult Care Food Program:				
Homes and Homes Administration	10.558	44-1733-4F	3,661,113	
Centers and Centers Administration Children	10.558	44-1733-4A	81,247	
Centers and Centers Administration Adults	10.558	44-1733-4A	46,094	
Total Department of Agriculture			6,223,930	-
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 C	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-Transporta	93.044	1920-02	38,124	
Special Programs for the Aging-Title IIIC1-Cong Me	93.045	1920-02	265,851	
Special Programs for the Aging-Title IIIC2-Home De	93.045	1920-02	161,433	
Food Donation Program:				
Nutrition Services Incentives Program - Congrega	93.053	1920-02	31,642	
Nutrition Services Incentives Program - Home De	93.053	1920-02	79,781	
Passed through County of Santa Cruz:				
CARE Program (Ryan White CARE Act)	93.153	N/A	1,764	
Total Department of Housing and Urban Development			678,595	-

COMMUNITY BRIDGES
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 FOR THE YEAR ENDED JUNE 30, 2020

Program Title	Federal CFDA Number	Program/ Contract Number	Program Expenditures	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	\$ 8,750	
Nueva Vista Meals	97.024	33-089200-030	2,205	
Total Department Federal Emergency Management Agency			10,955	-
U.S. Department of Transportation:				
Passed through Calif Dept of Transportation:				
Federal Transit Authority Section 5310-Equipment	20.500	64AC18-00625	384,541	
Federal Transit Authority Section 5310-Expanded	20.513	64AO18-00679	-	
Federal Transit Authority Section 5310-Expanded	20.513	64AO18-00679	112,778	
Total Department of Transportation			497,319	-
U.S. Department of Treasury				
Passed through County of Santa Cruz:				
Corona Virus Relief Fund	21.019		13,752	
Total Department of Treasury			13,752	-
Total Federal Financial Assistance			\$ 7,424,551	\$ -

COMMUNITY BRIDGES
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 FOR THE YEAR ENDED JUNE 30, 2020

Program Title	Federal CFDA Number	Program/ Contract Number	Program Expenditures	Expenditures to Subrecipients
State Programs				
California Department of Aging:				
Title IIIC(1) - Congregate Meals		1920-02	\$ 69,262	
Title IIIC(2) - Home Delivered Meals		1920-02	178,302	
Passed through First Five of Santa Cruz County				
State Proposition 10/First Five - LMCR		19-20-002	198,174	
State Proposition 10/First Five - MCR		19-20-002	56,407	
State Proposition 10/First Five - LOCR		19-20-002	15,549	
Passed through City of Santa Cruz/Regional Transportation Commission				
Transportation Development Act-Paratransit CTSA		N/A	800,055	
Passed through City of Santa Cruz/Regional Transportation Commission				
State Transit Assistance (STA)		N/A	100,000	
Passed through the SC Co Office of Education				
QRIS Block Grant		MOU	61,400	
California Air Resources Board				
Lift Line Paratransit Dial-A-Ride Electric Vehicle Transition Pro		G16-LDPL-06	5,639	
Low Carbon Transit Operations Program		99313	139,143	
Passed through the First Five of Santa Cruz County				
QCC-QRIS Block Grant		18-19-104	4,300	
First Five Santa Cruz County		19-20-055	4,340	
Early Education and Support Division (formerly Child Devel Div)				
State Preschool		CSPP-9584	1,647,530	
Total State Financial Assistance			<u>3,280,101</u>	-
Total Federal and State Financial Assistance			<u>\$ 10,704,652</u>	<u>\$ -</u>

COMMUNITY BRIDGES
(A Private, Non-Profit Organization)

NOTES TO SUPPLEMENTARY INFORMATION
June 30, 2020

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, 2020. 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, 2020

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. 20.500 Federal Transit – Capital Investment Grants
- 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
 COMBINING STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2020

	Child & Adult Care Food	CDE Child- Care Centers	QRIS	Other Child- Care Centers	Adult Care Centers	Total Other Programs	Total
SUPPORT and REVENUE							
Support							
Child Development Funding	\$ -	\$ 1,647,530	\$ -	\$ -	\$ -	\$ -	\$ 1,647,530
Food Program	3,640,339	81,247	-	-	46,094	-	3,767,680
Other Grant Revenues	15,000	66,360	61,400	166,303	-	7,142,444	7,451,507
Foundations and other institutions	8,000	-	-	24,640	-	1,420,956	1,453,596
Donations/contributions	8,646	7,338	-	1,993	-	1,227,019	1,244,996
Total support	3,671,985	1,802,475	61,400	192,936	46,094	9,790,419	15,565,309
Revenue							
Service fees	-	85,982	-	100,689	-	1,703,231	1,889,902
Interest	-	-	-	-	-	21,095	21,095
Other income	8,280	5,709	-	3,453	-	181,013	198,455
Total revenue	8,280	91,691	-	104,142	-	1,905,339	2,109,452
Net assets released from restrictions	-	-	-	-	-	-	-
TOTAL SUPPORT and REVENUE	3,680,265	1,894,166	61,400	297,078	46,094	11,695,758	17,674,761
EXPENSES							
Salaries and benefits	284,703	1,326,128	43,171	98,348	36,525	6,961,594	8,750,469
Day care home food payments	3,382,449	-	-	-	-	-	3,382,449
Building occupancy	27,368	123,319	-	9,065	-	1,095,626	1,255,378
Meals expense	-	44,986	-	862	9,569	652,310	707,727
Travel and transportation	4,595	6,711	-	176	-	390,795	402,277
Supplies and other misc. expenses	3,414	91,600	18,229	12,198	-	275,597	401,038
Professional and contracted services	20,906	23,479	-	2,627	-	604,739	651,751
Vehicle expense	-	-	-	-	-	183,729	183,729
Insurance	1,561	15,162	-	2,417	-	172,388	191,528
Printing, advertising and dues	2,586	3,185	-	706	-	53,395	59,872
Telephone and communication	7,547	34,805	-	3,461	-	147,759	193,572
Minor equipment	3,812	2,781	-	300	-	121,541	128,434
Equipment rental & repair	-	-	-	-	-	44,474	44,474
Interest expense	-	-	-	-	-	238,135	238,135
Staff training	371	2,542	-	255	-	32,899	36,067
Contract services to other agencies	-	-	-	-	-	145,541	145,541
Taxes, licenses and bank fees	1,325	5,204	-	869	-	69,607	77,005
Depreciation	-	2,677	-	-	-	83,489	86,166
Administrative services	63,501	166,456	-	26,086	-	1,456,254	1,712,297
Subtotal	3,804,138	1,849,035	61,400	157,370	46,094	12,729,872	18,647,909
Intercompany Eliminations	(194,466)	-	-	-	-	(2,272,718)	(2,467,184)
TOTAL EXPENSES	3,609,672	1,849,035	61,400	157,370	46,094	10,457,154	16,180,725
EXCESS/(DEFICIENCY) OF SUPPORT AND REVENUE OVER EXPENSES	70,593	45,131	-	139,708	-	1,238,605	1,494,037
Increase in Grant Funded Assets	-	-	-	-	-	1,088,033	1,088,033
Depreciation Grant Funded Assets	-	-	-	-	-	(276,038)	(276,038)
INCREASE/(DECREASE) IN NET ASSETS	70,593	45,131	-	139,708	-	2,050,600	2,306,032
NET ASSETS, BEGINNING OF YEAR	27,190	80,191	-	121,135	839	3,546,587	3,775,942
NET ASSETS, END OF YEAR	\$ 97,783	\$ 125,322	\$ -	\$ 260,843	\$ 839	\$ 5,597,187	\$ 6,081,974

COMMUNITY BRIDGES
SCHEDULE OF EXPENDITURES BY STATE CATEGORIES
FOR THE YEAR ENDED JUNE 30, 2020

		CSPP-9584				
		Child Care Centers	Total Reimbursable	QRIS	Non- Reimb.	Total Program
Expenditures:						
1000	Certified Salaries	\$ 942,999	\$ 942,999	\$ 39,137	\$ -	\$ 982,136
1100	Teachers Salaries	942,999	942,999	39,137		982,136
2000	Classified Salaries	138,377	138,377	-	-	138,377
2300	Clerical & Other Personnel Salaries	86,071	86,071			86,071
2500	Food Service Personnel Salaries	52,306	52,306			52,306
3000	Employee benefits	244,753	244,753	4,034	-	248,787
3300	Old Age, Survivors, Disability & Health Ins	201,085	201,085	2,648		203,733
3500	State Unemployment Insurance	12,762	12,762	260		13,022
3600	Workers Compensation Insurance	30,906	30,906	1,126		32,032
4000	Books, Supplies, Food, and Transportation	134,757	134,757	18,229	-	152,986
4300	Instructional Supplies	82,471	82,471	18,229		100,700
4700	Food Services	52,286	52,286			52,286
5000	Contracted Services & Other Operating Expenses	218,093	218,093	-	923	219,016
5100	Contracts for Personal Services	23,479	23,479		-	23,479
5200	Travel, Conferences & Other Expenses	14,381	14,381		923	15,304
5400	Insurance	15,162	15,162			15,162
5500	Utilities & Housekeeping Services	102,232	102,232			102,232
5600	Contracts, Rents and Leases	62,839	62,839			62,839
6000	Sites, Buildings, New Equip & Equip Replacement	37,878	37,878	-	-	37,878
6400	New Equipment	37,878	37,878			37,878
Expenses not otherwise classified:						
	Depreciation	2,677	2,677			2,677
	Indirect Cost at 10%	166,322	166,322		134	166,456
Subtotals		168,999	168,999	-	134	169,133
TOTAL EXPENDITURES		\$ 1,885,856	\$ 1,885,856	\$ 61,400	\$ 1,057	\$ 1,948,313

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 EXPENSE REPORTING
FOR THE YEAR ENDED JUNE 30, 2020

	CSPP-9584 Child Care Centers
Schedule of Expenditures by State Categories	\$ 1,849,035
Adjustment to Reconcile Difference in Reporting:	
Capitalized equipmnet	37,878
Non-reimbursable	(1,057)
	<hr/>
Combining Statement of Activities (GAAP)	<u>\$ 1,885,856</u>

COMMUNITY BRIDGES
 SCHEDULE OF CLAIMED EQUIPMENT EXPENDITURES
 FOR THE YEAR ENDED JUNE 30, 2020

	Child and Adult Care Food	Child Care Pre-School CSP-9584	Total
<u>Capitalized Equipment Expended on the AUD with Prior Written Approval</u>			
None	\$ -	\$ -	\$ -
Subtotal	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Capitalized Equipment Expended on the AUD without Prior Written Approval</u>			
None	\$ -	\$ -	\$ -
Subtotal	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note: Community Bridges' capitalization threshold is \$5,000.

COMMUNITY BRIDGES

SCHEDULE OF CLAIMED EXPENDITURES FOR RENOVATIONS & REPAIRS FOR THE YEAR ENDED JUNE 30, 2020

	Child and Adult Care Food	Child Care Pre-School CSPP-9584	Total
<u>Unit Costs Under \$10,000 per Item</u>			
Depreciation on renovations for RM portable	\$ -	\$ 2,677	\$ 2,677
Total	\$ -	\$ 2,677	\$ 2,677
<u>Unit Costs \$10,000 or more per Item With Prior Written Approval</u>			
Playground	\$ -	\$ 37,878	\$ 37,878
Total	\$ -	\$ 37,878	\$ 37,878
<u>Unit Costs \$10,000 or more per Item Without Prior Written Approval</u>			
None	\$ -	\$ -	\$ -
Total	\$ -	\$ 40,555	\$ 40,555

Note: Community Bridges' capitalization threshold is \$5,000.

COMMUNITY BRIDGES
SCHEDULE OF CLAIMED ADMINISTRATIVE COSTS
For the Year Ended June 30, 2020

	Child & Adult Care Food Program	CSPP-9584 Child Care Centers	Total Costs
Grants Management Salaries	\$ -	\$ 47,607	\$ 47,607
Accounting Salaries	-	30,844	30,844
CACFP Centers Consultant	-	7,620	7,620
Employee Benefits-Hlth/UI/401K	-	9,482	9,482
Payroll Taxes-FICA/WC	-	6,276	6,276
Indirect Costs	63,501	166,322	229,823
TOTAL	\$ 63,501	\$ 268,151	\$ 331,652

California Department of Education Audited Attendance and Fiscal Report for California State Preschool Programs Early Childhood Mental Health Consultation Services

A U D 8501MHCS Page 1 of 12

Fiscal Year Ending June 30, 2020

Contract Number CSPP-9584

Vendor Code B671

Full Name of Contractor Community Bridges

Section 1 - Days of Enrollment Certified Children in Classrooms with Mental Health Consultation Services Recipient(s)

	Column A Cumulative CDNFS 8501MHCS	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Three Years and Older Full-time-plus				1.2300	0
Three Years and Older Full-time				1.0500	0
Three Years and Older Three-quarters-time				0.8000	0
Three Years and Older One-half-time	1,493		1,493	0.6693	999.2649
Exceptional Needs Full-time-plus				1.8672	0
Exceptional Needs Full-time	2,966	-47	2,919	1.5900	4,641.21
Exceptional Needs Three-quarters-time				1.2050	0
Exceptional Needs One-half-time	521		521	1.0037	522.9277
Limited and Non-English Proficient Full-time-plus				1.3480	0
Limited and Non-English Proficient Full-time	24,832	47	24,879	1.1500	28,610.85
Limited and Non-English Proficient Three-quarters-time				0.8750	0
Limited and Non-English Proficient One-half-time	88		88	0.6693	58.8984

Full Name of Contractor **Community Bridges**

Section 1 - Days of Enrollment Certified Children in Classrooms with Mental Health Consultation Services Recipient(s) (continued)

	Column A Cumulative CDNFS 8501MHCS	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
At Risk of Abuse or Neglect Full-time-plus				1.3480	0
At Risk of Abuse or Neglect Full-time				1.1500	0
At Risk of Abuse or Neglect Three-quarters-time				0.8750	0
At Risk of Abuse or Neglect One-half-time				0.6693	0
Severely Disabled Full-time-plus				2.3274	0
Severely Disabled Full-time				1.9800	0
Severely Disabled Three-quarters-time				1.4975	0
Severely Disabled One-half-time				1.2452	0
TOTAL CERTIFIED DAYS OF ENROLLMENT WITH MENTAL HEALTH CONSULTATION SERVICES RECIPIENT(S)	29,900	0	29,900	N/A	34,833.151
DAYS OF OPERATION	241		241	N/A	N/A
DAYS OF ATTENDANCE	29,900		29,900	N/A	N/A

NO MENTAL HEALTH CONSULTATION SERVICES RECIPIENT NON-CERTIFIED CHILDREN Check this box (omit pages 3 and 4) and continue to Certified Children Section on page 5.

Full Name of Contractor **Community Bridges**

Section 3 - Days of Enrollment Certified Children

	Column A Cumulative CDNFS 8501MHCS	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Three Years and Older Full-time-plus				1.1800	0
Three Years and Older Full-time				1.0000	0
Three Years and Older Three-quarters-time				0.7500	0
Three Years and Older One-half-time				0.6193	0
Exceptional Needs Full-time-plus				1.8172	0
Exceptional Needs Full-time				1.5400	0
Exceptional Needs Three-quarters-time				1.1550	0
Exceptional Needs One-half-time				0.9537	0
Limited and Non-English Proficient Full-time-plus				1.2980	0
Limited and Non-English Proficient Full-time				1.1000	0
Limited and Non-English Proficient Three-quarters-time				0.8250	0
Limited and Non-English Proficient One-half-time				0.6193	0

Full Name of Contractor **Community Bridges**

Section 3 - Days of Enrollment Certified Children (continued)

	Column A Cumulative CDNFS 8501MHCS	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
At Risk of Abuse or Neglect Full-time-plus				1.2980	0
At Risk of Abuse or Neglect Full-time				1.1000	0
At Risk of Abuse or Neglect Three-quarters-time				0.8250	0
At Risk of Abuse or Neglect One-half-time				0.6193	0
Severely Disabled Full-time-plus				2.2774	0
Severely Disabled Full-time				1.9300	0
Severely Disabled Three-quarters-time				1.4475	0
Severely Disabled One-half-time				1.1952	0
TOTAL DAYS OF ENROLLMENT				N/A	0
DAYS OF OPERATION	241		241	N/A	N/A
DAYS OF ATTENDANCE				N/A	N/A

NO NON-CERTIFIED CHILDREN Check this box (omit pages 7 and 8) and continue to Revenue Section on page 9.

Full Name of Contractor **Community Bridges**

Section 5 - Revenue

	Column A Cumulative CDNFS 8501MHCS	Column B Audit Adjustments	Column C Cumulative per Audit
Restricted Income - Child Nutrition Programs	78,010	3,237	81,247
Restricted Income - County Maintenance of Effort (EC Section 8279)			
Restricted Income - Other:			
Restricted Income - Subtotal	78,010	3,237	81,247
Transfer from Reserve - General			
Transfer from Reserve - Professional Development			
Transfer from Reserve Total			
Family Fees for Certified Children	85,982		85,982
Interest Earned on Child Development Apportionment Payments			
Unrestricted Income - Fees for Non-Certified Children			
Unrestricted Income - Head Start			
Unrestricted Income - Other: Local Gov't Grants, Misc	59,005	20,402	79,407
TOTAL REVENUE	222,997	23,639	246,636

Comments:

Full Name of Contractor **Community Bridges**

Section 6 - Reimbursable Expenses

	Column A Cumulative CDNFS 8501MHCS	Column B Audit Adjustments	Column C Cumulative per Audit
Direct Payments to Providers (FCCH only)			
1000 Certificated Salaries	914,436	28,563	942,999
2000 Classified Salaries	164,082	-25,705	138,377
3000 Employee Benefits	232,900	11,853	244,753
4000 Books and Supplies	113,367	21,390	134,757
5000 Services and Other Operating Expenses	334,062	-115,969	218,093
6100/6200 Other Approved Capital Outlay	24,198	13,680	37,878
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 Total Administrative Cost)	164,707	1,615	166,322
Non-Reimbursable (State use only)			
Total Reimbursable Expenses	1,947,752	-61,896	1,885,856
Total Administrative Cost (included in Section 6 above)	266,481	1,670	268,151
Total Staff Training Cost (included in Section 6 above)			

Approved Indirect Cost Rate: **10.0%**

NO SUPPLEMENTAL REVENUE / EXPENSES Check this box and omit page 11.

Full Name of Contractor **Community Bridges**

Section 7 - Supplemental Revenue

	Column A Cumulative CDNFS 8501MHCS	Column B Audit Adjustments	Column C Cumulative per Audit
Enhancement Funding			
Other: QRIS Santa Cruz County	46,400	15,000	61,400
Other:			
Total Supplemental Revenue	46,400	15,000	61,400

Section 8 - Supplemental Expenses

	Column A Cumulative CDNFS 8501MHCS	Column B Audit Adjustments	Column C Cumulative per Audit
1000 Certificated Salaries	19,930	19,207	39,137
2000 Classified Salaries			
3000 Employee Benefits		4,034	4,034
4000 Books and Supplies	26,470	-8,241	18,229
5000 Services and Other Operating Expenses			
6000 Equipment / Capital Outlay			
Depreciation or Use Allowance			
Indirect Costs			
Non-Reimbursable Supplemental Expenses		1,057	1,057
Total Supplemental Expenses	46,400	16,057	62,457

Full Name of Contractor **Community Bridges**

Section 9 - Summary

	Column A Cumulative CDNFS 8501MHCS	Column B Audit Adjustments	Column C Cumulative per Audit
Total Certified Days of Enrollment (including MHCS)	29,900	0	29,900
Days of Operation	241		241
Days of Attendance (including MHCS)	29,900		29,900
Restricted Program Income	78,010	3,237	81,247
Transfer from Reserve			
Family Fees for Certified Children	85,982		85,982
Interest Earned on Apportionment Payments			
Direct Payments to Providers			
Start-up Expenses (service level exemption)			
Total Reimbursable Expenses	1,947,752	-61,896	1,885,856
Total Administrative Cost	266,481	1,670	268,151
Total Staff Training Cost			

Total Certified Adjusted Days of Enrollment **34,833.151**

Total Non-Certified Adjusted Days of Enrollment **0**

Independent auditor's assurances on agency's compliance with the contract funding terms and conditions and program requirements of the California Department of Education, Early Learning and Care Division:

Eligibility, enrollment and attendance records are being maintained as required (select YES or NO from the drop-down box):

Reimbursable expenses claimed on page 10 are eligible for reimbursement, reasonable, necessary, and adequately supported (select YES or NO from the drop-down box):

Include any comments in the comments box on page 9. If necessary, attach additional sheets to explain adjustments.

California Department of Education Audited Reserve Account Activity Report

Fiscal Year End

June 30, 2020

Reserve Account Type

Center-Based

Vendor Code

B671

A U D 9530A Page 1 of 1

Full Name of Contractor **Community Bridges**

Section 1 - Prior Year Reserve Account Activity

1. Beginning Balance (2018–19 AUD 9530A Ending Balance)	
2. Plus Transfers to Reserve Account:	Per 2018–19 Post-Audit CDNFS 9530
Contract No.0	
Contract No.	
Contract No.	
Contract No.	
Contract No.	
Contract No.	
Total Transferred from 2018–19 Contracts to Reserve	
3. Less Excess Reserve to be Billed	
4. Ending Balance per 2018–19 Post-Audit CDNFS 9530	

Section 2 - Current Year Reserve Account Activity

	Column A CDNFS 9530A	Column B Audit Adjustments	Column C per Audit
5. Plus Interest Earned This Year on Reserve			
6. Less Transfers to Contracts from Reserve:			
CSPP General-Contract No.			
CSPP General-Contract No.			
CSPP Professional Development-Contract No.			
CSPP Professional Development-Contract No.			
Subtotal CSPP Transfers			
Other Contract No.			
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, 2020			

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

COMMUNITY BRIDGES
STATEMENT OF FINANCIAL POSITION - MEASURE D FUNDING
JUNE 30, 2020

ASSETS

Current Assets		
Cash	\$	146,264
		<u>146,264</u>
Total Current Assets		<u>146,264</u>
		<u>146,264</u>
TOTAL ASSETS	\$	<u>146,264</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
	\$	-
		<u>-</u>
Total Current Liabilities		<u>-</u>
Other Liabilities		
Reserve Fund		146,264
		<u>146,264</u>
TOTAL LIABILITIES		<u>146,264</u>
Net Assets		
Net Assets without Donor Restrictions		-
		<u>-</u>
TOTAL NET ASSETS		<u>-</u>
		<u>-</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u>146,264</u>

COMMUNITY BRIDGES
STATEMENT OF ACTIVITIES - MEASURE D FUNDING
FOR THE YEAR ENDED JUNE 30, 2020

Changes in Net Assets Without Donor Restrictions

Revenue and Support	
Measure D Funding	\$ 808,862
Interest Income	321
Transfer from Measure D Reserve Fund	120,320
TOTAL REVENUES AND SUPPORT	<u>929,502</u>
Expenses	
Driver Personnel	282,653
Driver Training	48,231
Admin Assistant/Dispatch	47,300
Outreach/Publicity	8,301
Consultants/Project Management	96,687
Operations Facility	442,506
Vehicle & Office Equipment	<u>3,824</u>
TOTAL EXPENSES	<u>929,502</u>
INCREASE/(DECREASE) IN NET ASSETS	<u>-</u>
NET ASSETS AT BEGINNING OF YEAR	<u>-</u>
NET ASSETS AT END OF YEAR	<u><u>\$ -</u></u>