

COMMUNITY BRIDGES
(A Private, Non-Profit Organization)

Annual Financial Report

Fiscal Year Ended June 30, 2011

COMMUNITY BRIDGES
(A Private, Non-Profit Organization)

TABLE OF CONTENTS

	<u>Page</u>
<u>Independent Auditors' Report</u>	1
<u>Financial Statements</u>	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4-5
Statement of Cash Flows	6
Notes to Financial Statements	7-13
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>with Government Auditing Standards</i>	14-15
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	16-17
Schedule of Expenditures of Federal and State Awards	18-19
Notes to Supplementary Information	20
Schedule of Findings and Questioned Costs	21-22
<u>CDE Supplementary Information</u>	
Combining Statement of Activities	23
Schedule of Expenditures by State Categories	24
Reconciliation of CDE and GAAP Expense Reporting	25
Schedule of Reimbursable Equipment Expenditures	26
Schedule of Reimbursable Renovation & Repair Expenditures	27
Schedule of Reimbursable Administrative Costs	28
<u>Audited Attendance and Fiscal Reports/Audited Fiscal Report</u>	
AUD 8501 Audited Attendance and Fiscal Report for California State Preschool Programs	29-30
AUD 9529 Audited Fiscal Report for Child Development Support Contracts	31

KAKU & MERSINO, LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Community Bridges


We have audited the accompanying statement of financial position of Community Bridges (a nonprofit organization) as of June 30, 2011, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2011, on our consideration of Community Bridges' internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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 13-31) is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* 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.


KAKU & MERSINO, LLP
Clovis, CA
December 14, 2011

COMMUNITY BRIDGES
(A Private, Non-Profit Organization)
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2011

ASSETS

Cash and Cash Equivalents	\$ 603,389
Investments	10,121
Grant Receivables	902,337
Other Receivables	248,975
Inventories	15,560
Prepaid Expenses	77,364
Deposits	26,933
Deposit in Escrow	93,000
Property and Equipment, net	<u>372,794</u>
TOTAL ASSETS	<u><u>\$ 2,350,473</u></u>

LIABILITIES

Accounts Payable and Accrued Expenses	\$ 357,885
Salaries and Benefits Payable	440,266
Deferred Revenue	164,447
Advances Payable	21,800
Obligations Under Capital Lease	1,764
Notes Payable	<u>16,609</u>
TOTAL LIABILITIES	<u>1,002,771</u>

NET ASSETS

Unrestricted	1,091,295
Temporarily Restricted	<u>256,407</u>
TOTAL NET ASSETS	<u>1,347,702</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 2,350,473</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, 2011

	Unrestricted	Temporarily Restricted	Total
SUPPORT and REVENUE			
Support			
Grant Revenues	\$ 11,085,790		\$ 11,085,790
Foundations and other institutions	257,900	\$ -	257,900
Donations/contributions	559,170	29,170	588,340
Total support	11,902,860	29,170	11,932,030
Revenue			
Service fees	2,002,854		2,002,854
Interest	5,421		5,421
Other income	130,009		130,009
Total revenue	2,138,284	-	2,138,284
Net assets released from restrictions	116,110	(116,110)	-
TOTAL SUPPORT and REVENUE	14,157,254	(86,940)	14,070,314
EXPENSES			
Program Services			
Women, Infants, and Children (WIC)	2,642,536		2,642,536
Child & Adult Care Food Program	3,546,417		3,546,417
Transportation Services - Lift Line	1,405,424		1,405,424
Senior Nutrition Meals on Wheels	1,483,025		1,483,025
Child Development Division	1,782,652		1,782,652
La Manzana Community Resource Center	778,455		778,455
Live Oak Family Resource Center	522,055		522,055
Beach Flats Community Center	126,378		126,378
Mountain Community Resources	256,826		256,826
Total Program Services	12,543,768	-	12,543,768
Supporting Services			
Management and General	1,196,381		1,196,381
Fundraising	102,078		102,078
Total Supporting Services	1,298,459	-	1,298,459
TOTAL EXPENSES	13,842,227	-	13,842,227
EXCESS/(DEFICIENCY) OF SUPPORT AND REVENUE OVER EXPENSES	315,027	(86,940)	228,087
Acquisition of net assets of Mountain Community Resources	159,016		159,016
Depreciation Grant Funded Assets	(157,473)		(157,473)
INCREASE/(DECREASE) IN NET ASSETS	316,570	(86,940)	229,630
NET ASSETS, BEGINNING OF YEAR	774,725	343,347	1,118,072
NET ASSETS, END OF YEAR	\$ 1,091,295	\$ 256,407	\$ 1,347,702

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, 2011

	PROGRAM SERVICES					
	Women, Infants & Children (WIC)	Child & Adult Care Food Program	Transportation Services - Lift Line	Senior Nutrition Meals on Wheels	Child Development Division	La Manana Community Resource Center
EXPENSES						
Salaries and benefits	\$ 1,717,977	\$ 316,625	\$ 729,931	\$ 651,397	\$ 1,412,374	\$ 499,167
Day care home food payments	-	3,092,833	-	-	-	-
Building occupancy	246,944	26,012	56,371	91,932	120,579	79,025
Meals expense	-	-	-	408,661	53,329	-
Travel and transportation	32,100	9,491	140,644	34,835	5,200	3,796
Supplies and other misc expenses	125,609	36,756	7,198	17,860	18,908	9,008
Professional and contracted services	166,774	14,650	16,140	11,099	5,364	3,741
Vehicle expense	-	-	141,520	14,488	-	1,522
Insurance	5,993	1,157	75,450	18,279	12,145	5,565
Printing, advertising and dues	9,583	22,585	3,389	534	911	1,152
Telephone and communication	13,302	8,008	18,064	6,748	9,957	5,401
Minor equipment	43,087	10,719	8,513	307	18,578	3,977
Equipment rental & repair	11,857	-	22,109	5,421	-	9,314
Interest expense	-	-	-	-	-	-
Staff training	27,421	3,666	73	149	312	429
Contract services to other agencies	-	-	-	-	-	41,345
Taxes, licenses and bank fees	26	335	6,771	6,016	3,195	7,982
Depreciation	628	157	157	262	183	445
Administrative services	241,235	3,423	179,094	215,037	121,617	106,586
TOTAL EXPENSES	\$ 2,642,536	\$ 3,546,417	\$ 1,405,424	\$ 1,483,025	\$ 1,782,652	\$ 778,455

(Continued)

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, 2011

	PROGRAM SERVICES			SUPPORTING SERVICES		
	Live Oak Family Resource Center	Beach Flats Community Center	Mountain Community Resources	Management and General	Fundraising	Total
EXPENSES						
Salaries and benefits	\$ 310,104	\$ 85,094	\$ 165,960	\$ 962,324	\$ 57,042	\$ 6,907,995
Day care home food payments	-	-	-	-	-	3,092,833
Building occupancy	82,877	5,372	19,403	101,741	240	830,496
Meals expense	-	-	-	-	-	461,990
Travel and transportation	3,338	118	786	1,215	107	231,630
Supplies and other misc expenses	12,487	3,791	6,304	13,690	7,846	259,457
Professional and contracted services	19,563	7,115	13,561	54,538	14,480	327,025
Vehicle expense	-	-	-	-	-	157,530
Insurance	4,872	2,103	3,284	3,369	-	132,217
Printing, advertising and dues	4,252	448	2,558	15,144	7,360	67,916
Telephone and communication	5,595	2,743	4,380	15,755	540	90,493
Minor equipment	98	-	483	1,025	-	86,787
Equipment rental & repair	2,121	623	2,131	4,002	-	57,578
Interest expense	-	-	-	3,528	-	3,528
Staff training	1,769	-	45	75	75	34,014
Contract services to other agencies	-	-	-	100	-	41,445
Taxes, licenses and bank fees	2,862	692	1,067	7,274	1,584	37,804
Depreciation	262	-	-	9,806	-	11,900
Administrative services	71,855	18,279	36,864	2,795	12,804	1,009,589
TOTAL EXPENSES	\$ 522,055	\$ 126,378	\$ 256,826	\$ 1,196,381	\$ 102,078	\$13,842,227

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, 2011

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in Net Assets	\$ 229,630
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	169,373
(Gain)/ Loss Sale of Assets	(14,083)
(Increase) Decrease in Assets:	
Trading Securities	(10,121)
Grant Receivables	755,867
Other Receivables	(26,578)
Inventories	1,472
Prepaid Expenses	(13,499)
Deposits	(5,268)
Deposit in Escrow	(93,000)
Increase (Decrease) in Liabilities:	
Accounts Payable and Accrued Expenses	(1,110,676)
Salaries and Benefits Payable	34,570
Deferred Revenue	33,241
Advances Payable	(38,643)
NET CASH USED BY OPERATING ACTIVITIES	<u>(87,715)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Acquisition of Property and Equipment	(141,556)
Proceeds Sale of Assets	14,083
NET CASH USED BY INVESTING ACTIVITIES	<u>(127,473)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Borrowings on Line of Credit	2,375,000
Payments on Line of Credit	(2,375,000)
Payments on Capital Leases	(3,528)
Payments on Debt	(24,473)
NET CASH USED BY FINANCING ACTIVITIES	<u>(28,001)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(243,189)
BEGINNING CASH AND CASH EQUIVALENTS	<u>846,578</u>
ENDING CASH AND CASH EQUIVALENTS	<u><u>\$ 603,389</u></u>

Supplemental Disclosures of Cash Flow Information:
Cash paid during year for interest \$3,528.

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

COMMUNITY BRIDGES
(A Private, Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

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 Federal and State Awards and also receives funds from private donations and service contracts. In October 2010, Community Bridges acquired Mountain Community Resources. Community Bridges acquired the assets, assumed the liabilities and continued the program operations.

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, 2011

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.

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 agency 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

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).

COMMUNITY BRIDGES
(A Private, Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

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

Advertising

Advertising costs are expensed as incurred. Advertising costs totaling \$3,810 were expensed in the year ended June 30, 2011. There were no advertising costs capitalized during the year ended June 30, 2011.

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 14, 2011, the date the financial statements were available to be issued.

COMMUNITY BRIDGES
(A Private, Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

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. The amount in excess of insured limits as of June 30, 2011, total \$365,423. 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, 2011:

	<u>Amount</u>
Cash	\$ 294,356
Money Market Funds	<u>309,033</u>
Total	<u>\$ 603,389</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, 2011 are as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
Stocks	<u>\$ 10,121</u>	<u>\$ 10,121</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 Agency 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, 2011

Note 6. PROPERTY & EQUIPMENT

Property & equipment are summarized by major classifications as follows:

Furniture & Equipment	\$ 873,536
Vehicles	1,308,813
Leasehold Improvements	<u>319,626</u>
Total Property & Equipment	2,501,975
Less: Accumulated Depreciation	<u>(2,129,181)</u>
Property & Equipment, net	<u>\$ 372,794</u>

Depreciation amounted to \$157,473 for grant funded property and equipment, and \$11,900 for agency property and equipment for the year ended June 30, 2011. Equipment is pledged as collateral as disclosed in the Notes Payable.

Note 7. ADVANCES PAYABLE

The Child and Adult Care Food Program (CACFP), administered by the California Department of Education, advances funds to agencies for administrative operating expenses. Advances as of June 30, 2011 total \$21,800.

Note 8. DEFINED CONTRIBUTION PLAN

The Agency has a defined contribution plan covering all employees who have one hour of service. The Agency contributed \$25,922 to the plan for the year ending June 30, 2011.

COMMUNITY BRIDGES
(A Private, Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

Note 9. COMMITMENTS AND CONTINGENCIES

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

<u>For the Year Ending June 30,</u>	<u>Escrow Payments</u>
2012	\$ 18,000
2013	18,000
2014	18,000
2015	18,000
2016	18,000
Thereafter	<u>552,000</u>
	<u>\$ 642,000</u>

Operating Leases:

The total rental expense incurred by the Agency for facilities during the year was \$473,716. The Agency also had miscellaneous equipment rental of \$11,884 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>	
2012	\$ 129,715
2013	18,000
2014	18,000
2015	18,000
2016	18,000

Capital Leases:

The Agency leases a copier under a capital lease. The economic substance of the lease is that the Agency is financing the acquisition of the assets through the lease, and accordingly, it is recorded in the Agency's assets and liabilities. The leased assets are included in equipment at \$10,584.

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

<u>For the Year Ending June 30,</u>	
2012	\$ 2,108
2013	0
2014	0
2015	0
2016	<u>0</u>
Total minimum lease payment	2,108
Less representing interest	<u>(344)</u>
Present value minimum lease payment	<u>\$ 1,764</u>

COMMUNITY BRIDGES
(A Private, Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS
June 30, 2011

Note 10. NOTES PAYABLE

Notes payable consist of the following at June 30, 2011:

	<u>Amount</u>
Line of credit with a financial institution in the amount of \$500,000. Interest rate is prime plus 2%, The line renews on September 9, 2011. The line is secured by equipment, inventory, receivables, and contains certain covenants.	\$ 0
Promissory note payable to a financial institution in monthly payments of principal and interest of \$1,173. Interest rate is 8.7%. The note is secured by a bus.	<u>16,609</u>
Total	<u>\$ 16,609</u>
Current Portion	<u>\$ 13,142</u>
Long Term Portion	<u>\$ 3,467</u>

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

2012	\$ 13,142
2013	3,467
2014	0
2015	0
2016	<u>0</u>
	<u>\$ 16,609</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 the financial statements of Community Bridges (a nonprofit organization) as of and for the year ended June 30, 2011, and have issued our report thereon dated December 14, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Community Bridges' internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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.

Our consideration of the internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting as item number 2011-1. 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.

KAKU & MERSINO, LLP
CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors of
Community Bridges
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Community Bridges' financial statements are free of 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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as item number 2011-2.

Community Bridges' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Community Bridges' response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of management, the audit committee, Board of Directors and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



KAKU & MERSINO, LLP
Clovis, CA

December 14, 2011

KAKU & MERSINO, LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors of
Community Bridges

Compliance

We have audited the compliance of Community Bridges (a nonprofit organization) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2011. Community Bridges' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Community Bridges' management. Our responsibility is to express an opinion on Community Bridges' compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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. Our audit does not provide a legal determination on Community Bridges' compliance with those requirements.

In our opinion, Community Bridges complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item number 2011-2.

KAKU & MERSINO, LLP
CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors of
Community Bridges
Page 2

Internal Control Over Compliance

Management of Community Bridges is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Community Bridges' internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Community Bridges' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Community Bridges' response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of the audit committee, management, Board of Directors and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Kaku + Mersino, LLP

KAKU & MERSINO, LLP
Clovis, CA

December 14, 2011

Community Bridges
Schedule of State and Federal Financial Assistance
For the Year Ended June 30, 2011

Program Title	Federal Catalog Number	Program/ Contract Number	Program Expenses
Major Federal Programs			
U.S. Department of Agriculture:			
Passed through Area Agency on Aging for Santa Cruz and San Benito Counties:			
Summer Food Service Program for Children	10.559	44-9440-4T	55,931
Passed through Calif State Dept of Health Services:			
Special Supplemental Food Program for			
Women, Infants and Children (WIC) 7-9/10	10.557	08-85422	640,069
Women, Infants and Children (WIC) 10/09-6/11	10.557	08-85422	2,038,710
Passed through Calif Dept of Education:			
Child and Adult Care Food Program:			
Homes and Homes Administration 7-9/10	10.558	44-1733-4F	1,367,019
Homes and Homes Administration 10/10-6/11	10.558	44-1733-4F	2,026,309
Centers and Centers Admin-Children 7-9/10	10.558	44-1733-4A	30,866
Centers and Centers Admin-Children 10/10-6/11	10.558	44-1733-4A	103,761
U.S. Department of Housing and Urban Development:			
Passed through the City of Santa Cruz:			
Community Development and Block Grant	93.569	83-10001	10,000
Passed through Community Action Board:			
Homeless Prevention-Rapid Rehousing		09-HPRP-6155	8,456
U.S. Department of Health and Human Services:			
Passed through Area Agency on Aging for Santa Cruz and San Benito Counties:			
Special Programs for the Aging-Title IIIB-Transportation	93.044	1011-02	39,450
Special Programs for the Aging-Title IIIC1-Cong Meals	93.045	1011-02	173,873
Special Programs for the Aging-Title IIIC2-Home Delivery	93.045	1011-02	107,972
Food Donation Program:			
Nutrition Services Incentives Program - Congregate	93.053	1011-02	33,234
Nutrition Services Incentives Program - Home Deliv	93.053	1011-02	71,217
Passed through County of Santa Cruz:			
CARE Program (Ryan White CARE Act)	93.153		8,695
Passed through Calif Dept of Education:			
ARRA Funding			
Centers-Repair & Maintenance	93.575	CRPM-0131	16,508
U.S. Federal Emergency Management Agency			
Federal Emergency Management Agency:			
Emergency Food & Shelter National Board Program:			
Home Delivered Meals	83.523	29-0892-014	0
U.S. Department of Transportation:			
Passed through Calif Dept of Transportation:			
Federal Transit Authority Section 5310	20.500		4,928
U.S. Department of Transportation:			
Passed through Calif Dept of Transportation:			
Federal Transit Authority Section 5317	20.521	648766	121,490
Total Federal Financial Assistance			6,858,489

Community Bridges
Schedule of State and Federal Financial Assistance
For the Year Ended June 30, 2011

Program Title	Federal Catalog Number	Program/ Contract Number	Program Expenses
State Programs			
California Department of Aging:			
Title IIIIC(1) - Congregate Meals		1011-02	185,862
Title IIIIC(2) - Home Delivered Meals		1011-02	180,855
Passed through First Five of Santa Cruz County			
State Proposition 10/First Five - LMCR		10-11-004	256,619
State Proposition 10/First Five - MCR		10-11-017	16,019
Passed through Santa Cruz Regional Transportation Commission			
Transportation Development Act -Paratransit CTSA			491,399
California Department of Education:			
Child and Adult Care Food Program:			
Homes and Homes Administration 7-9/10		44-1733-4F	42,557
Homes and Homes Administration 10/10-6/11		44-1733-4F	85,805
Centers and Centers Admin-Children 7-9/10		44-1733-4A	1,940
Centers and Centers Admin-Children 10/10-6/11		44-1733-4A	6,578
Child Development Division:			
State Preschool		CSPP-0598	1,468,328
Centers-Repair & Maintenance		CRPM-0131	3,870
Total State Financial Assistance			2,739,831
Total Federal and State Financial Assistance			9,598,320

COMMUNITY BRIDGES
(A Private, Non-Profit Organization)

NOTES TO SUPPLEMENTARY INFORMATION
June 30, 2011

Note A. SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

The accompanying schedule of expenditures of federal and state awards includes the grant activity of Community Bridges and is presented on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

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 Agency 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 Agency 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, 2011

A. SUMMARY OF AUDIT RESULTS

- The auditors' report expresses an unqualified opinion on the financial statements of Community Bridges.
- One significant deficiency was disclosed during the audit of the financial statements that is 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 instances of noncompliance material to the financial statements of Community Bridges were disclosed during the audit.
- No significant deficiencies in internal control disclosed during the audit of the major federal award programs are reported.
- The auditors' report on compliance for the major federal award programs for Community Bridges expresses an unqualified opinion.
- Audit findings that are required to be reported in accordance OMB Circular A-133 §.510(a) are reported in this schedule.
- The programs tested as major programs included: CFDA No. 10.558 – Child and Adult Care Food Program (CACFP); CFDA No. 10.557 – Special Supplemental Nutrition Program for Women, Infants, and Children (WIC); CFDA No. 20.521 – New Freedom Program.
- The threshold for distinguishing Types A and B programs was \$300,000.
- Community Bridges was determined to be a low-risk auditee.

COMMUNITY BRIDGES
(A Private, Non-Profit Organization)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2011

B. FINDINGS – FINANCIAL STATEMENT AUDITS

Significant Deficiency

2011-1 Payroll Bank Account Reconciliation

Condition: During the process of converting to a new payroll processing system, the monthly payroll bank reconciliations were not completed timely.

Criteria: Internal controls should be in place that verifies timely completion of the monthly bank reconciliations.

Cause: Procedures, and possible adequate staffing are not in place to ensure that monthly bank reconciliations have been completed.

Effect: Because of failure to complete timely bank reconciliations, unauthorized transactions may occur and not be detected in a timely manner.

Recommendation: Procedures should be implemented requiring the completion of a monthly checklist.

Views of Responsible Officials and Planned Corrective Action: The Agency agrees with the finding, and the recommended procedures are being implemented.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

United States Department of Agriculture

2011-2 Child and Adult Care Food Program (CACFP)

CFDA No. 10.558, Grant No. 44-1733-4F

Condition: Provider payments made payable to providers no longer eligible for services were cashed by someone other than the provider.

Criteria: Allowable provider payment costs are for eligible participants.

Cause: Procedures in place were apparently overridden by the supervisor.

Effect: The cost of the provider payments may be disallowed.

Context: The testing found 1 provider out of 46 that was not in compliance totaling \$2,609. Follow-up documentation indicates additional provider payments for ineligible providers were cashed. The total questioned costs is \$33,871.

Recommendation: Controls and procedures should be implemented that not allow supervisor override.

Views of Responsible Officials and Planned Corrective Action: The Agency agrees with the finding, and are implementing additional procedures and controls.

D. STATUS OF PRIOR YEAR FINDINGS

None

COMMUNITY BRIDGES

(A Private, Non-Profit Organization)
 COMBINING STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2011

SUPPORT and REVENUE	Child & Adult Care Food	Child Care Centers	Total Other Programs	Total
Support				
Child Development Funding	\$ -	\$ 1,468,328	\$ -	\$ 1,468,328
One Time Only Funding	-	20,378	-	20,378
Food Program	3,521,690	143,145	-	3,664,835
Other Grant Revenues	897	164,564	5,766,788	5,932,249
Foundations and other institutions	-	-	257,900	257,900
Donations/contributions	13,504	529	574,307	588,340
Interprogram Transfers	20,620	(20,620)	-	-
Total support	<u>3,556,711</u>	<u>1,776,324</u>	<u>6,598,995</u>	<u>11,932,030</u>
Revenue				
Service fees	-	589	2,002,265	2,002,854
Interest	133	-	5,288	5,421
Other income	22,522	100	107,387	130,009
Total revenue	<u>22,655</u>	<u>689</u>	<u>2,114,940</u>	<u>2,138,284</u>
Net assets released from restrictions	-	-	-	-
TOTAL SUPPORT and REVENUE	<u>3,579,366</u>	<u>1,777,013</u>	<u>8,713,935</u>	<u>14,070,314</u>
EXPENSES				
Salaries and benefits	316,625	1,412,374	5,178,996	6,907,995
Day care home food payments	3,092,833	-	-	3,092,833
Building occupancy	26,012	120,579	683,905	830,496
Meals expense	-	53,329	408,661	461,990
Travel and transportation	9,491	5,200	216,939	231,630
Supplies and other misc expenses	36,756	18,908	203,793	259,457
Professional and contracted services	14,650	5,364	307,011	327,025
Vehicle expense	-	-	157,530	157,530
Insurance	1,157	12,145	118,915	132,217
Printing, advertising and dues	22,585	911	44,420	67,916
Telephone and communication	8,008	9,957	72,528	90,493
Minor equipment	10,719	18,578	57,490	86,787
Equipment rental & repair	-	-	57,578	57,578
Interest expense	-	-	3,528	3,528
Staff training	3,666	312	30,036	34,014
Contract services to other agencies	-	-	41,445	41,445
Taxes, licenses and bank fees	335	3,195	34,274	37,804
Depreciation	157	183	11,560	11,900
Administrative services	3,423	121,617	884,549	1,009,589
TOTAL EXPENSES	<u>3,546,417</u>	<u>1,782,652</u>	<u>8,513,158</u>	<u>13,842,227</u>
EXCESS/(DEFICIENCY) OF SUPPORT AND REVENUE OVER EXPENSES	<u>32,949</u>	<u>(5,639)</u>	<u>200,777</u>	<u>228,087</u>
Acquisition of net assets of Mountain Community Resources	-		159,016	159,016
Depreciation Grant Funded Assets	-		(157,473)	(157,473)
INCREASE/(DECREASE) IN NET ASSETS	32,949	(5,639)	202,320	229,630
NET ASSETS, BEGINNING OF YEAR	<u>(14,583)</u>	<u>144,544</u>	<u>988,111</u>	<u>1,118,072</u>
NET ASSETS, END OF YEAR	<u>\$ 18,366</u>	<u>\$ 138,905</u>	<u>\$ 1,190,431</u>	<u>\$ 1,347,702</u>

See accompanying notes to supplementary information.

COMMUNITY BRIDGES
Reconciliation of CDE and GAAP Expenditures
Fiscal Year Ended June 30, 2011

	CSPP-0598	CRPM-0131	CIMS-			
	Child Care	Repair &	Instr Mat	Total	Non-	Total
	Centers	Maint.	& Supplies	Reimbursable	Reimb.	Program
Schedule of Expenditures by State Categories	\$ 1,757,558	\$ 20,378	\$ -	\$ 1,777,936	\$ 4,717	\$ 1,782,653
Adjustment to Reconcile Difference in Reporting:						
None	0	0	0	0	0	0
Combining Statement of Activities (GAAP)	\$ 1,757,558	\$ 20,378	\$ -	\$ 1,777,936	\$ 4,717	\$ 1,782,653

COMMUNITY BRIDGES

Combining Schedule of Equipment Expenditures
Year Ended June 30, 2011

	Child and Adult Care Food	Child Care Pre-School CSPP-0598	Repair & Maintenance CRPM-0131	Total Costs
Unit Cost under \$7,500 item:				
Item: Networked E-Mail System-Deprec	\$ -	\$ 183	\$ -	\$ 183
Item: Blinds for Vista Verde Center	\$ -	\$ -	\$ 2,757	\$ 2,757
Item: Blinds for Fairgrounds Center	\$ -	\$ -	\$ 5,599	\$ 5,599
Item: Sq. Shade Structure at Fairgrounds Center	\$ -	\$ -	\$ 4,536	\$ 4,536
Item: Hex. Shade Structure at Fairgrounds Center	\$ -	\$ -	\$ 5,686	\$ 5,686
Unit cost over \$7,500 with CDD approval:				
Item: None	\$ -	\$ -	\$ -	\$ -
Unit cost over \$7,500 without CDD approval:				
Item: None	\$ -	\$ -	\$ -	\$ -
Total equipment expenditures	\$ -	\$ 183	\$ 18,578	\$ 18,761

COMMUNITY BRIDGES

Combining Schedule of Renovation and Repair Expenditures Year Ended June 30, 2011

	Child and Adult Care Food	Child Care Pre-School CSPP-0598	Repair & Maintenance CRPM-0131	Total Costs
Unit Cost under \$10,000 item:				
Item: Vista Verde Center Painting	\$ -	\$ -	\$ 1,800	\$ 1,800
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	\$ -	\$ -	\$ 1,800	\$ 1,800

COMMUNITY BRIDGES
COMBINING STATEMENT OF ADMINISTRATIVE COSTS
For the Year Ended June 30, 2011

	Child & Adult Care Food Program	CSPP-0598 Child Care Centers	CIMS-xxxx Instructional Materials & Supplies	CRPM-0131 Repair & Maint.	Total Costs
Grants Management Salaries	0	37,546	0	0	37,546
Accounting Manager Salary	0	5,227	0	0	5,227
Accounting Clerk Salaries	0	13,159	0	0	13,159
Administrative Salaries	0	2,626	0	0	2,626
Employee Benefits-Hlth/UI/401K	0	7,378	0	0	7,378
Payroll Taxes-FICA/WC	0	5,176	0	0	5,176
Books and Supplies	0	1,137	0	0	1,137
Contractual Services	0	3,166	0	0	3,166
Audit and Legal	0	2,260	0	0	2,260
Travel and Conference	0	121	0	0	121
Space Rent and Maint, Utils	0	9,279	0	0	9,279
Janitorial Services and Supplies	0	859	0	0	859
Insurance	0	336	0	0	336
Telephone and Internet	0	1,570	0	0	1,570
Printing and Copying	0	1,495	0	0	1,495
Indirect Costs	3,423	121,573	0	0	124,996
TOTAL	3,423	212,908	0	0	216,330

AUDITED ATTENDANCE AND FISCAL REPORT

for California State Preschool Programs

Agency Name: COMMUNITY BRIDGES Vendor No. B671

Fiscal Year Ended: June 30, 2011 Contract No. CSPP-0598

Independent Auditor's Name: KAKU & MERSINO, LLP

SECTION I - CERTIFIED CHILDREN DAYS OF ENROLLMENT	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<i>Three and Four Year Olds</i>					
Full-time-plus	-		-	1.1800	-
Full-time	27		27	1.0000	27.000
Three-quarters-time	-		-	0.7500	-
One-half-time	4,593		4,593	0.6172	2,834.800
<i>Exceptional Needs</i>					
Full-time-plus	-		-	1.4160	-
Full-time	2,401		2,401	1.2000	2,881.200
Three-quarters-time	-		-	0.9000	-
One-half-time	-		-	0.6172	-
<i>Limited and Non-English Proficient</i>					
Full-time-plus	-		-	1.2980	-
Full-time	32,563		32,563	1.1000	35,819.300
Three-quarters-time	-		-	0.8250	-
One-half-time	1,873		1,873	0.6172	1,156.016
<i>At Risk of Abuse or Neglect</i>					
Full-time-plus	-		-	1.2980	-
Full-time	-		-	1.1000	-
Three-quarters-time	-		-	0.8250	-
One-half-time	-		-	0.6172	-
<i>Severely Disabled</i>					
Full-time-plus	-		-	1.7700	-
Full-time	-		-	1.5000	-
Three-quarters-time	-		-	1.1250	-
One-half-time	-		-	0.6172	-
TOTAL DAYS OF ENROLLMENT	41,457	-	41,457		42,718.315
DAYS OF OPERATION	251	-	251		
DAYS OF ATTENDANCE	41,457	-	41,457		

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

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

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

Agency Name: COMMUNITY BRIDGES Vendor No. B671

Fiscal Year End: June 30, 2011 Contract No. CSP-0598

	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
SECTION III - REVENUE			
RESTRICTED INCOME			
Child Nutrition Programs	\$122,932	(\$407)	\$122,525
County Maintenance of Effort (EC § 8279)			0
Other (Specify):			0
Subtotal	\$122,932	(\$407)	\$122,525
Special Funds Transfer Contract #			0
Transfer from Reserve Contract #			0
Family Fees for Certified Children Contract # C5PP0598	50,038	4,020	54,058
Interest Earned on Apportionments Contract #			0
UNRESTRICTED INCOME			
Family Fees for Noncertified Children			0
Head Start Program (EC § 8235(b))			0
Other (Local Government Grants)	164,564	1,218	165,782
TOTAL REVENUE	\$337,534	\$4,831	\$342,365

SECTION IV - REIMBURSABLE EXPENSES			
1000 Certificated Salaries	\$819,303	\$16,878	\$836,181
2000 Classified Salaries	272,327	(671)	271,656
3000 Employee Benefits	306,032	(1,495)	304,537
4000 Books and Supplies	73,738	(5,456)	68,282
5000 Services and Other Operating Expenses	178,234	(23,088)	155,146
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment (program-related)			0
6500 Replacement Equipment (program-related)	0	183	183
Depreciation or Use Allowance			0
Start-Up Expenses (service level exemption)			0
Budget Impasse Credit			0
Indirect Costs. Rate: 7.43% (Rate is Self-Calculating)	120,496	1,077	121,573
FOR CDE-A&I USE ONLY:			
TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT	\$1,770,130	(\$12,572)	\$1,757,558
TOTAL ADMINISTRATIVE COSTS (included in section IV above)	\$177,577	\$35,331	\$212,908

Independent Auditor's Assurances on Agency's compliance with Contract Funding Terms and Conditions and Program Requirements of the California Department of Education, Child Development Division:

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

YES

NO - Explain any discrepancies.

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

YES

NO - Explain any discrepancies.

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

Administrative portion of food program income of \$20,620 is reported in the Child & Adult Care Food program on the Combining Statement of Activities. Child Nutrition Program income \$122,525 reported above and the \$20,620 reported equals the amount received \$143,145.

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

**AUDITED FISCAL REPORT
for Child Development Support Contracts**

Agency Name: COMMUNITY BRIDGES Vendor No. B671
 Fiscal Year End: June 30, 2011 Contract No. CRPM-0131
 Multi-Year Contract? (Check "No" Box or Enter Contract Period): No: or Period: 7/1/10-6/30/13
 Independent Auditor's Name: KAKU & MERSINO, LLP

	COLUMN A1	COLUMN A2	COLUMN B	COLUMN C
	LAST YEAR'S AUD 9529 ENDING BALANCE FOR THIS CONTRACT (Multi-Year Contract Only)	CURRENT FISCAL YEAR PER FORM CDFS 9529	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE THROUGH CURRENT FISCAL YEAR PER AUDIT
SECTION I - REVENUE				
RESTRICTED INCOME				
Match Requirement	\$0	\$0	\$0	\$0
County Maintenance of Effort (EC § 8279)				0
Other (Specify):				0
				0
Subtotal	\$0	\$0	\$0	\$0
INTEREST EARNED ON APPORTIONMENTS				0
UNRESTRICTED INCOME				
Other (Specify):				0
				0
TOTAL REVENUE	\$0	\$0	\$0	\$0

SECTION II - REIMBURSABLE EXPENSES				
1000 Certificated Salaries	\$0	\$0	\$0	\$0
2000 Classified Salaries				0
3000 Employee Benefits				0
4000 Books and Supplies				0
5000 Services and Other Operating Expenses		1,800		1,800
6100/6200 Other Approved Capital Outlay				0
6400 New Equipment (<i>program-related</i>)		18,578		18,578
6500 Replacement Equipment (<i>program-related</i>)				0
Depreciation or Use Allowance				0
Indirect Costs. Rate: 0.00%				0
FOR CDE-A&I USE ONLY:				
TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT	\$0	\$20,378	\$0	\$20,378
TOTAL ADMINISTRATIVE COSTS (<i>included in section II above</i>)	\$0	\$0	\$0	\$0

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

NO SUPPLEMENTAL REVENUES OR EXPENSES - Check this box and omit page 2 if there are no supplemental revenues or expenses to report.