

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

Annual Financial Report

Fiscal Year Ended June 30, 2010

**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	7-12
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>	13-14
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	15-16
Schedule of Expenditures of Federal and State Awards	17-18
Notes to Supplementary Information	19
Schedule of Findings and Questioned Costs	20
<u>CDE Supplementary Information</u>	
Combining Statement of Activities	21
Schedule of Expenditures by State Categories	22
Reconciliation of CDE and GAAP Expense Reporting	23
Schedule of Reimbursable Equipment Expenditures	24
Schedule of Reimbursable Renovation & Repair Expenditures	25
Schedule of Reimbursable Administrative Costs	26
<u>Audited Attendance and Fiscal Reports/Audited Fiscal Reports</u>	
AUD 8501      Audited Attendance and Fiscal Report for California State Preschool Programs	27-31
AUD 9529      Audited Fiscal Report for Child Development Support Contracts	32-33
Management Letter	34

**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, 2010, 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, 2010, 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 8, 2010, 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 basic financial statements of Community Bridges taken as a whole. The accompanying Schedule of Expenditures of Federal and State Awards and supplementary information are 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 are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and in conformity with the *CDE Audit Guide* issued by the California Department of Education and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

  
KAKU & MERSINO, LLP  
Clovis, CA

December 8, 2010

**COMMUNITY BRIDGES**  
(A Private, Non-Profit Organization)  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2010

**ASSETS**

Cash and Cash Equivalents	\$ 846,578
Grant Receivables	1,658,204
Other Receivables	222,397
Inventories	17,032
Prepaid Expenses and Deposits	85,530
Property and Equipment, net	<u>404,481</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 3,234,222</u></b>

**LIABILITIES**

Accounts Payable and Accrued Expenses	\$ 1,472,431
Salaries and Benefits Payable	405,696
Deferred Revenue	131,206
Advances Payable	60,443
Obligations Under Capital Lease	5,292
Notes Payable	<u>41,082</u>
<b>TOTAL LIABILITIES</b>	<b><u>2,116,150</u></b>

**NET ASSETS**

Unrestricted	774,725
Temporarily Restricted	<u>343,347</u>
<b>TOTAL NET ASSETS</b>	<b><u>1,118,072</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 3,234,222</u></b>

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

**COMMUNITY BRIDGES**  
(A Private, Non-Profit Organization)  
**STATEMENT OF ACTIVITIES**  
FOR THE YEAR ENDED JUNE 30, 2010

	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT and REVENUE</b>			
Support			
Grant Revenues	\$ 11,474,766		\$ 11,474,766
Foundations and other institutions	408,245	\$ 76,110	484,355
Donations/contributions	437,418	161,746	599,164
Total support	12,320,429	237,856	12,558,285
Revenue			
Service fees	1,849,841		1,849,841
Interest	3,403		3,403
Other income	169,710		169,710
Total revenue	2,022,954	-	2,022,954
Net assets released from restrictions	36,548	(36,548)	-
<b>TOTAL SUPPORT and REVENUE</b>	14,379,931	201,308	14,581,239
<b>EXPENSES</b>			
<b>Program Services</b>			
Women, Infants, and Children (WIC)	2,381,100		2,381,100
Child & Adult Care Food Program	4,522,437		4,522,437
Transportation Services - Lift Line	1,363,575		1,363,575
Senior Nutrition Meals on Wheels	1,555,487		1,555,487
Child Development Division	1,743,169		1,743,169
La Manzana Community Resource Center	842,136		842,136
Live Oak Family Resource Center	417,243		417,243
Beach Flats Community Center	105,388		105,388
<b>Total Program Services</b>	12,930,535	-	12,930,535
<b>Supporting Services</b>			
Management and General	1,071,128		1,071,128
Fundraising	101,032		101,032
<b>Total Supporting Services</b>	1,172,160	-	1,172,160
<b>TOTAL EXPENSES</b>	14,102,695	-	14,102,695
<b>EXCESS/(DEFICIENCY) OF SUPPORT AND REVENUE OVER EXPENSES</b>	277,236	201,308	478,544
Increase in Grant Funded Assets	39,089		39,089
Depreciation Grant Funded Assets	(173,886)		(173,886)
<b>INCREASE/(DECREASE) IN NET ASSETS</b>	142,439	201,308	343,747
<b>NET ASSETS, BEGINNING OF YEAR</b>	632,286	142,039	774,325
<b>NET ASSETS, END OF YEAR</b>	\$ 774,725	\$ 343,347	\$ 1,118,072

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, 2010**

	<b>PROGRAM SERVICES</b>				
	Women, Infants & Children (WIC)	Child & Adult Care Food Program	Transportation Services - Lift Line	Senior Nutrition Meals on Wheels	Child Development Division
<b>EXPENSES</b>					
Salaries and benefits	\$ 1,474,863	\$ 303,778	\$ 728,425	\$ 685,469	\$ 1,246,688
Day care home food payments	-	4,100,513	-	-	-
Building occupancy	243,631	25,465	55,420	94,860	121,183
Meals expense	-	-	-	404,686	52,913
Travel and transportation	29,025	9,049	135,238	38,836	5,029
Supplies and other misc expenses	103,997	29,228	5,089	21,990	17,847
Professional and contracted services	160,391	6,905	15,713	8,144	6,893
Vehicle expense	-	-	109,794	22,690	-
Insurance	5,549	1,324	78,805	19,258	9,311
Printing, advertising and dues	4,026	14,087	5,314	3,020	1,692
Telephone and communication	10,590	5,252	17,976	7,398	13,785
Minor equipment	125,916	18,384	490	1,253	6,849
Equipment rental & repair	10,240	1,481	18,499	7,577	4,565
Interest expense	-	-	-	-	-
Staff training	22,052	3,271	1,114	298	-
Contract services to other agencies	-	-	-	-	-
Taxes, licenses and bank fees	1,642	248	9,714	4,765	4,173
Capital outlays	-	-	11,214	11,036	-
Depreciation	628	157	157	262	183
Administrative services	188,550	3,295	170,613	223,945	252,058
<b>TOTAL EXPENSES</b>	<b>\$ 2,381,100</b>	<b>\$ 4,522,437</b>	<b>\$ 1,363,575</b>	<b>\$ 1,555,487</b>	<b>\$ 1,743,169</b>

(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, 2010

	PROGRAM SERVICES			SUPPORTING SERVICES		Total
	La Manzana Community Resource Center	Live Oak Family Resource Center	Beach Flats Community Center	Management and General	Fundraising	
<b>EXPENSES</b>						
Salaries and benefits	\$ 505,000	\$ 296,838	\$ 69,709	\$ 830,818	\$ 36,608	\$ 6,178,196
Day care home food payments	-	-	-	-	-	4,100,513
Building occupancy	105,637	29,030	3,467	89,830	240	768,763
Meals expense	-	-	-	-	78	457,677
Travel and transportation	3,797	3,096	947	1,023	486	226,526
Supplies and other misc expenses	8,830	8,812	7,279	11,742	7,582	222,396
Professional and contracted services	13,765	7,780	2,678	61,834	34,070	318,173
Vehicle expense	1,269	-	-	-	-	133,753
Insurance	5,879	2,189	1,569	3,816	-	127,700
Printing, advertising and dues	3,125	3,264	106	14,652	8,104	57,390
Telephone and communication	6,297	4,162	3,301	13,319	1,237	83,317
Minor equipment	2,955	-	217	4,703	-	160,767
Equipment rental & repair	9,319	1,503	490	3,939	-	57,613
Interest expense	-	-	-	5,057	-	5,057
Staff training	1,290	1,134	15	1,894	1,235	32,303
Contract services to other agencies	45,487	-	-	300	-	45,787
Taxes, licenses and bank fees	6,805	622	369	5,947	1,239	35,524
Capital outlays	8,303	-	-	8,536	-	39,089
Depreciation	445	262	-	11,956	-	14,050
Administrative services	113,933	58,551	15,241	1,762	10,153	1,038,101
<b>TOTAL EXPENSES</b>	<b>\$ 842,136</b>	<b>\$ 417,243</b>	<b>\$ 105,388</b>	<b>\$ 1,071,128</b>	<b>\$ 101,032</b>	<b>\$14,102,695</b>

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

**COMMUNITY BRIDGES**  
(A Private, Non-Profit Organization)  
**STATEMENT OF CASH FLOWS**  
FOR THE YEAR ENDED JUNE 30, 2010

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Increase in Net Assets	\$ 343,747
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	187,936
(Gain)/ Loss Sale of Assets	(800)
(Increase) Decrease in Assets:	
Grant Receivables	(357,989)
Other Receivables	75,929
Inventories	6,371
Prepaid Expenses and Deposits	88,627
Increase (Decrease) in Liabilities:	
Accounts Payable and Accrued Expenses	236,255
Salaries and Benefits Payable	37,601
Deferred Revenue	42,748
Advances Payable	443
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>660,868</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Advances on Line of Credit	128,000
Paydown on Line of Credit	(128,000)
Acquisition of Property and Equipment	(24,515)
Proceeds Sale of Assets	800
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<u>(23,715)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Payments on Capital Leases	(3,528)
Payments on Debt	(22,685)
<b>NET CASH USED BY FINANCING ACTIVITIES</b>	<u>(26,213)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	610,940
<b>BEGINNING CASH AND CASH EQUIVALENTS</b>	<u>235,638</u>
<b>ENDING CASH AND CASH EQUIVALENTS</b>	<u>\$ 846,578</u>

Supplemental Disclosures of Cash Flow Information:  
Cash paid during year for interest \$5,057.

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

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

NOTES TO FINANCIAL STATEMENTS  
June 30, 2010

**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.

**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.

**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.

**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.

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

NOTES TO FINANCIAL STATEMENTS  
June 30, 2010

**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, 2010

**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 \$8,301 were expensed in the year ended June 30, 2010. There were no advertising costs capitalized during the year ended June 30, 2010.

**Subsequent Events**

Management has evaluated subsequent events through December 8, 2010, the date the financial statements were available to be issued.

**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.

The Agency maintains cash balances at four financial institution 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, 2010, total \$377,747. Money market funds are neither insured or guaranteed by FDIC.

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

NOTES TO FINANCIAL STATEMENTS  
June 30, 2010

**Note 4. – CASH & CASH EQUIVALENTS**

Cash and Cash Equivalents consist of the following at June 30, 2010:

	<u>Amount</u>
Cash	\$ 575,671
Money Market Funds	5,992
Certificates of Deposit	<u>264,915</u>
Total	<u>\$ 846,578</u>

**Note 5. PROPERTY & EQUIPMENT**

Property & equipment are summarized by major classifications as follows:

Furniture & Equipment	\$ 815,229
Vehicles	1,307,513
Leasehold Improvements	<u>400,204</u>
Total Property & Equipment	2,522,946
Less: Accumulated Depreciation	<u>(2,118,465)</u>
Property & Equipment, net	<u>\$ 404,481</u>

Depreciation amounted to \$173,886 for grant funded property and equipment, and \$14,050 for Agency property and equipment for the year ended June 30, 2010. Equipment is pledged as collateral as disclosed in the Notes Payable.

**Note 5. 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, 2010 total \$60,443.

**Note 6. DEFINED CONTRIBUTION PLAN**

The Agency has a defined contribution plan covering all employees who have one hour of service. The Agency contributed \$23,968 to the plan for the year ending June 30, 2010.

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

NOTES TO FINANCIAL STATEMENTS  
June 30, 2010

**Note 7. LEASE COMMITMENTS**

Operating Leases:

The total rental expense incurred by the Agency for facilities during the year was \$469,604. The Agency also had miscellaneous equipment rental of \$10,309 for the year, which was expensed. Minimum future rental payments under noncancellable operating leases for each of the next 5 years in aggregate are:

For the Year Ending June 30,

2011		\$ 265,498
2012		103,715
2013		0
2014		0
2015		0
		<u>\$ 369,213</u>

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:

For the Year Ending June 30,

		\$ 4,223
2011		4,223
2012		2,111
2013		0
2014		0
2015		0
Total minimum lease payment		6,334
Less representing interest		(1,042)
Present value minimum lease payment		<u>\$ 5,292</u>

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

NOTES TO FINANCIAL STATEMENTS  
June 30, 2010

**Note 8. NOTES PAYABLE**

Notes payable consist of the following at June 30, 2010:

	<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, 2010. 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 \$1,117. Interest rate is prime plus 2%, (8% at June 30, 2010). The note is due July 25, 2011. Equipment, inventory, and receivables are secured as collateral.	12,425
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>28,657</u>
Total	<u>\$ 41,082</u>
Current Portion	<u>\$ 24,473</u>
Long Term Portion	<u>\$ 16,609</u>

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

2011	\$ 24,473
2012	13,142
2013	3,467
2014	0
2015	<u>0</u>
	<u>\$ 41,082</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, 2010, and have issued our report thereon dated December 8, 2010. 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 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.

**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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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*

KAKU & MERSINO, LLP  
Clovis, CA

December 8, 2010

**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, 2010. 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, 2010.

**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.

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 8, 2010

**Community Bridges**  
**Schedule of State and Federal Financial Assistance**  
**For the Year Ended June 30, 2010**

Program Title	Federal Catalog Number	Program/ Contract Number	Program Expenses	Award Amount*
<b>U.S. Department of Agriculture:</b>				
Passed through Calif Dept of Education:				
Summer Food Service Program for Children	10.559	44-9440-4T	\$ 65,193	
Passed through Calif State Dept of Health Services:				
Special Supplemental Food Program for				
Women, Infants and Children (WIC) 7-9/09	10.557	08-85422	599,858	
Women, Infants and Children (WIC) 10/09-6/10	10.557	08-85422	1,679,836	
Passed through Calif Dept of Education:				
Child and Adult Care Food Program:				
Homes and Homes Administration 7-9/09	10.558	44-1733-4F	1,255,024	1,255,024
Homes and Homes Administration 10/09-6/10	10.558	44-1733-4F	3,102,258	3,102,258
Centers and Centers Admin-Children 7-9/09	10.558	44-1733-4A	32,863	32,863
Centers and Centers Admin-Children 10/09-6/10	10.558	44-1733-4A	104,169	104,169
<b>U.S. Department of Housing and Urban Development:</b>				
Passed through the City of Santa Cruz:				
Community Development and Block Grant	93.569	83-10001	10,000	
<b>U.S. Department of Health and Human Services:</b>				
Passed through Area Agency on Aging for				
Santa Cruz and San Benito Counties:				
Special Programs for the Aging-Title IIIB-Transportation	93.044	0910-04	40,344	
Special Programs for the Aging-Title IIIC1-Cong Meals	93.045	0910-04	123,447	
Special Programs for the Aging-Title IIIC2-Home Delivery	93.045	0910-04	122,742	
ARRA Funding-Cong Meals	93.705	NS-01	38,306	
ARRA Funding-Home Delivery	93.707	NS-01	12,768	
Food Donation Program:				
Nutrition Services Incentives Program - Congregate	93.053	0809-04	35,328	
Nutrition Services Incentives Program - Home Deliv	93.053	0809-04	86,424	
Passed through County of Santa Cruz:				
CARE Program (Ryan White CARE Act)	93.153	#20152-01	8,687	
Passed through Calif Dept of Education:				
Child Care and Development Block Grant:				
Instructional Materials	93.575	CIMS-9666	1,781	1,781
<b>U.S. Federal Emergency Management Agency</b>				
Federal Emergency Management Agency:				
Emergency Food & Shelter National Board Program:	83.523	26-0892-014	20,263	
ARRA Funding	83.523	26-0892-014	4,127	
Home Delivered Meals				
<b>U.S. Department of Transportation:</b>				
Passed through Calif Dept of Transportation:				
Federal Transit Authority Section 5317	20.500		90,387	
<b>Total Federal Financial Assistance</b>			<b>\$ 7,433,805</b>	

See accompanying notes to supplementary information.

**Community Bridges**  
**Schedule of State and Federal Financial Assistance**  
**For the Year Ended June 30, 2010**

Program Title	Federal Catalog Number	Program/ Contract Number	Program Expenses	Award Amount*
<b>State Programs</b>				
California Department of Aging:				
Title III(1) - Congregate Meals		0910-04	221,768	
Title III(2) - Home Delivered Meals		0910-04	164,096	
Passed through First Five of Santa Cruz County				
State Proposition 10/First Five - LMCR		#08-09-005	53,500	
State Proposition 10/First Five - LMCR		#08-09-004	97,000	
Passed through Santa Cruz Regional Transportation Commission				
Mobility Out-Reach and Education Study		#74A0361	24,023	
Transportation Development Act -Paratransit CTSA			531,399	
California Department of Education:				
Child and Adult Care Food Program:				
Homes and Homes Administration 7-9/09		44-1733-4F	39,907	39,907
Homes and Homes Administration 10/09-6/10		44-1733-4F	98,334	98,334
Centers and Centers Admin-Children 7-9/09		44-1733-4A	2,138	2,138
Centers and Centers Admin-Children 10/09-6/10		44-1733-4A	6,852	6,852
Child Development Division:				
State Preschool		CSPP-9609	1,390,650	1,413,891
State Preschool		CSPP-9722	68,465	68,465
Centers-Repair & Maintenance		CRPM-7152	13,969	19,465
<b>Total State Financial Assistance</b>			<u>2,712,101</u>	
<b>Total Federal and State Financial Assistance</b>			<u>\$10,145,906</u>	

\*Award amounts are listed for programs related to California Department of Education programs.

See accompanying notes to supplementary information.

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

NOTES TO SUPPLEMENTARY INFORMATION  
June 30, 2010

**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, 2010

**A. SUMMARY OF AUDIT RESULTS**

- The auditors' report expresses an unqualified opinion on the financial statements of Community Bridges.
- No significant deficiencies were disclosed 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 instances of noncompliance or other matters 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.
- The audit does not disclose any audit findings which the auditor is required to report under OMB Circular A-133 §.510(a).
- The programs tested as major programs included: CFDA No. 10.558 – Child and Adult Care Food Program (CACFP); CFDA No. 93.044 Special Programs for the Aging – Title III, Part B – Grants For Supportive Services and Senior Centers; CFDA No. 93.045 – Special Programs for the Aging – Title III, Part C – Nutrition Services; CFDA No. 93.053 Nutrition Services Incentive Program; CFDA No. 93.705 ARRA – Aging Home-Delivered Nutrition Services for States; CFDA No. 93.707 ARRA – Aging Congregate Nutrition Services for States.
- The threshold for distinguishing Types A and B programs was \$300,000.
- Community Bridges was determined to be a low-risk auditee.

-

**B. FINDINGS – FINANCIAL STATEMENTS AUDITS**

None

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

None

**D. STATUS OF PRIOR YEAR FINDINGS**

None

# COMMUNITY BRIDGES

(A Private, Non-Profit Organization)  
 COMBINING STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2010

<b>SUPPORT and REVENUE</b>	Child & Adult Care Food	Child Care Centers	Total Other Programs	Total
Support				
Child Development Funding	\$ -	\$ 1,459,115	\$ -	\$ 1,459,115
One Time Only Funding	-	15,750	-	15,750
Food Program	4,498,523	145,996	-	4,644,519
Other Grant Revenues	997	165,183	5,189,202	5,355,382
Foundations and other institutions	3,635	-	480,720	484,355
Donations/contributions	4,322	796	594,046	599,164
Interprogram Transfers	21,008	(21,008)	-	-
Total support	<u>4,528,485</u>	<u>1,765,832</u>	<u>6,263,968</u>	<u>12,558,285</u>
Revenue				
Service fees	-	31,179	1,818,662	1,849,841
Interest	214	-	3,189	3,403
Other income	29	1,893	167,788	169,710
Total revenue	<u>243</u>	<u>33,072</u>	<u>1,989,639</u>	<u>2,022,954</u>
Net assets released from restrictions	-	-	-	-
<b>TOTAL SUPPORT and REVENUE</b>	<u>4,528,728</u>	<u>1,798,904</u>	<u>8,253,607</u>	<u>14,581,239</u>
<b>EXPENSES</b>				
Salaries and benefits	303,778	1,246,688	4,627,730	6,178,196
Day care home food payments	4,100,513	-	-	4,100,513
Building occupancy	25,465	121,183	622,115	768,763
Meals expense	-	52,913	404,764	457,677
Travel and transportation	9,049	5,029	212,448	226,526
Supplies and other misc expenses	29,228	17,847	175,321	222,396
Professional and contracted services	6,905	6,893	304,375	318,173
Vehicle expense	-	-	133,753	133,753
Insurance	1,324	9,311	117,065	127,700
Printing, advertising and dues	14,087	1,692	41,611	57,390
Telephone and communication	5,252	13,785	64,280	83,317
Minor equipment	18,384	6,849	135,534	160,767
Equipment rental & repair	1,481	4,565	51,567	57,613
Interest expense	-	-	5,057	5,057
Staff training	3,271	-	29,032	32,303
Contract services to other agencies	-	-	45,787	45,787
Taxes, licenses and bank fees	248	4,173	31,103	35,524
Capital outlays	-	-	39,089	39,089
Depreciation	157	183	13,710	14,050
Administrative services	3,295	252,058	782,748	1,038,101
<b>TOTAL EXPENSES</b>	<u>4,522,437</u>	<u>1,743,169</u>	<u>7,837,089</u>	<u>14,102,695</u>
<b>EXCESS/(DEFICIENCY) OF SUPPORT AND REVENUE OVER EXPENSES</b>	<u>6,291</u>	<u>55,735</u>	<u>416,518</u>	<u>478,544</u>
Increase in Grant Funded Assets	-	-	39,089	39,089
Depreciation Grant Funded Assets	-	-	(173,886)	(173,886)
<b>INCREASE/(DECREASE) IN NET ASSETS</b>	<u>6,291</u>	<u>55,735</u>	<u>281,721</u>	<u>343,747</u>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>(20,874)</u>	<u>88,809</u>	<u>706,390</u>	<u>774,325</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ (14,583)</u>	<u>\$ 144,544</u>	<u>\$ 988,111</u>	<u>\$ 1,118,072</u>

See accompanying notes to supplementary information.

**COMMUNITY BRIDGES**  
**Combining Schedule of Expenditures by State Category**  
**Fiscal Year Ended June 30, 2010**

	<b>CSPP-9609</b>	<b>CSPP-9722</b>	<b>CRPM-7152</b>	<b>CIMS-9666</b>	Total	Non-	Total
	Child Care Centers	Child Care Centers	Repair & Maint.	Instr Mat & Supplies	Reimbursable	Reimb.	Program
<b>Expenditures:</b>							
1000 Certified Salaries	\$ 753,686	\$ 37,242	\$ -	\$ -	\$ 790,928	\$ -	\$ 790,928
1100 Teachers Salaries	753,686	37,242			790,928		790,928
2000 Classified Salaries	288,789	5,244	-	-	294,033	-	294,033
2100 Instructional Aides Salaries	102,410	-			102,410		102,410
2300 Clerical & Other Personnel Salaries	127,912	5,244			133,156		133,156
2500 Food Service Personnel Salaries	58,467	-			58,467		58,467
3000 Employee benefits	281,408	13,474	-	-	294,883	-	294,883
3300 Old Age, Survivors, Disability & Health Ins	205,755	11,199			216,954		216,954
3500 State Unemployment Insurance	14,544	589			15,133		15,133
3600 Workers Compensation Insurance	61,110	1,687			62,796		62,796
4000 Books, Supplies, Food, and Transportation	57,466	4,272	-	1,649	63,387	-	63,387
4300 Instructional Supplies	8,160	665		1,649	10,474	-	10,474
4700 Food Services	49,306	3,607			52,913		52,913
5000 Contracted Services & Other Operating Expenses	152,836	3,549	-	-	156,385	5,287	161,672
5100 Contracts for Personal Services	2,222	15			2,237	4,656	6,893
5200 Travel, Conferences & Other Expenses	36,232	1,900			38,132	631	38,763
5400 Insurance	8,640	671			9,311		9,311
5500 Utilities & Housekeeping Services	57,919	958			58,877	-	58,877
5600 Contracts, Rents and Leases	47,824	4			47,828		47,828
6000 Sites, Buildings, New Equip & Equip Replacement	5,394	-	13,970	-	19,365	-	19,365
6200 Buildings and Improvements	489	-	13,144		13,633		13,633
6400 New Equipment	-	-	826		826		826
6500 Equipment replacement	4,905	-	-		4,905		4,905
Capital Outlay Revolving Fund Repayment	-	-			-		-
Startup/Close-down Expense	-	-			-		-
Indirect Cost at 8%	113,980	4,683	-	132	118,795	107	118,902
<b>Subtotals</b>	<b>113,980</b>	<b>4,683</b>	<b>-</b>	<b>132</b>	<b>118,795</b>	<b>107</b>	<b>118,902</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 1,653,559</b>	<b>\$ 68,465</b>	<b>\$ 13,970</b>	<b>\$ 1,781</b>	<b>\$ 1,737,775</b>	<b>\$ 5,394</b>	<b>\$ 1,743,169</b>

**COMMUNITY BRIDGES**  
**Reconciliation of CDE and GAAP Expenditures**  
**Fiscal Year Ended June 30, 2010**

	<b>CSPP-9609</b>	<b>CSPP-9722</b>	<b>CRPM-7152</b>	<b>CIMS-9666</b>			
	Child Care	Child Care	Repair &	Instr Mat	Total	Non-	Total
	Centers	Centers	Maint.	& Supplies	Reimbursable	Reimb.	Program
Schedule of Expenditures by State Categories	\$ 1,653,559	\$ 68,465	\$ 13,970	\$ 1,781	\$ 1,737,775	\$ 5,394	\$ 1,743,169
Combining Statement of Activities	\$ 1,653,559	\$ 68,465	\$ 13,970	\$ 1,781	\$ 1,737,775	\$ 5,394	\$ 1,743,169

**COMMUNITY BRIDGES**  
**Combining Schedule of Equipment Expenditures**  
**Year Ended June 30, 2010**

	Child and Adult Care Food	Child Care Pre-School CSPP-9609	Child Care Pre-School CSPP-9722	Repair & Maintenance CRPM-7152	Instructional Materials & Supplies CIMS-9666	Total Costs
Unit Cost under \$7,500 item:						
Item: Canon Copier	\$ -	\$ 1,577	\$ -	\$ -	\$ -	\$ 1,577
Item: Canon Copier	-	2,625	-	-	-	2,625
Item: Networked E-Mail System-Deprec	-	183	-	-	-	183
Item: Rug	-	520	-	-	-	520
Item: Dishwasher	-	-	-	826	-	826
Unit cost over \$7,500 with CDD approval:						
Item: None	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unit cost over \$7,500 without CDD approval:						
Item: None	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total equipment expenditures	\$ -	\$ 4,905	\$ -	\$ 826	\$ -	\$ 5,731

**COMMUNITY BRIDGES**  
**Combining Schedule of Renovation and Repair Expenditures**  
**Year Ended June 30, 2010**

	Child and Adult Care Food	Child Care Pre-School CSPP-9609	Child Care Pre-School CSPP-9722	Repair & Maintenance CRPM-7152	Instructional Materials & Supplies CIMS-9666	Total Costs
Unit Cost under \$10,000 item:						
Item: Paint Rooms/Replace Baseboards	\$ -	\$ -	\$ -	\$ 6,881	\$ -	\$ 6,881
Item: Windows/Blinds	-	489	-	2,000	-	2,489
Item: Entry Lock/Keypad	-	-	-	2,784	-	2,784
Item: Vinyl Flooring in Kid's Bathroom	-	-	-	1,479	-	1,479
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	<u>\$ -</u>	<u>\$ 489</u>	<u>\$ -</u>	<u>\$ 13,144</u>	<u>\$ -</u>	<u>\$ 13,633</u>

**COMMUNITY BRIDGES**  
**Schedule of Reimbursable Administrative Costs**  
**For the Year Ended June 30, 2010**

	Child & Adult Care Food Program	CSP-9609 Child Care Centers	CSP-9722 Child Care Centers	CIM-9666 Instructional Materials & Supplies	CRPM-7152 Repair & Maint.	Total Costs
Grants Management Salaries	\$ -	\$ 42,151	\$ 2,246	\$ -	\$ -	\$ 44,396
Accounting Manager Salary	0	4,989	243	0	0	5,232
Accounting Clerk Salaries	0	13,239	645	0	0	13,885
Administrative Salaries	0	4,214	719	0	0	4,933
Employee Benefits-Hlth/UI/401K	0	8,237	131	0	0	8,368
Payroll Taxes-FICA/WC	0	5,802	346	0	0	6,149
Books and Supplies	0	1,304	64	0	0	1,367
Contractual Services	0	2,072	101	0	0	2,173
Audit and Legal	0	3,895	190	0	0	4,084
Travel and Conference	0	98	5	0	0	103
Space Rent and Maint, Utils	0	7,793	380	0	0	8,172
Janitorial Services and Supplies	0	800	39	0	0	839
Insurance	0	366	18	0	0	383
Telephone and Internet	0	1,305	64	0	0	1,368
Printing and Copying	0	1,116	54	0	0	1,170
Indirect Costs	3,295	113,980	4,683	132	0	122,090
<b>TOTAL</b>	<b>\$ 3,295</b>	<b>\$ 211,359</b>	<b>\$ 9,927</b>	<b>\$ 132</b>	<b>\$ -</b>	<b>\$ 224,713</b>

## AUDITED ATTENDANCE AND FISCAL REPORT

### for California State Preschool Programs

Agency Name: COMMUNITY BRIDGES Vendor No. B671

Fiscal Year Ended: June 30, 2010 Contract No. CSPP-9609

Independent Auditor's Name: Kaku & Mersino, LLP

<b>SECTION I - CERTIFIED CHILDREN DAYS OF ENROLLMENT</b>	<b>COLUMN A</b>	<b>COLUMN B</b>	<b>COLUMN C</b>	<b>COLUMN D</b>	<b>COLUMN E</b>
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<i>Three and Four Year Olds</i>					
Full-time-plus	-		-	1.1800	-
Full-time	409		409	1.0000	409.000
Three-quarters-time	-		-	0.7500	-
One-half-time	3,930	(1)	3,929	0.6172	2,424.979
<i>Exceptional Needs</i>					
Full-time-plus	71		71	1.4160	100.536
Full-time	2,762		2,762	1.2000	3,314.400
Three-quarters-time	-		-	0.9000	-
One-half-time	595	42	637	0.6172	393.156
<i>Limited and Non-English Proficient</i>					
Full-time-plus	349		349	1.2980	453.002
Full-time	30,415		30,415	1.1000	33,456.500
Three-quarters-time	415		415	0.8250	342.375
One-half-time	649	63	712	0.6172	439.446
<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	-
<b>TOTAL DAYS OF ENROLLMENT</b>	<b>39,595</b>	<b>104</b>	<b>39,699</b>		<b>41,333.395</b>
<b>DAYS OF OPERATION</b>	<b>251</b>	<b>-</b>	<b>251</b>		
<b>DAYS OF ATTENDANCE</b>	<b>39,595</b>	<b>104</b>	<b>39,699</b>		

**NO NONCERTIFIED CHILDREN** - Check this box 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 Ended: June 30, 2010 Contract No. CSPP-9609

<b>SECTION II - NONCERTIFIED CHILDREN</b> Report all children who were not certified, but who were served at the same sites as certified children.	<b>COLUMN A</b>	<b>COLUMN B</b>	<b>COLUMN C</b>	<b>COLUMN D</b>	<b>COLUMN E</b>
<b>DAYS OF ENROLLMENT</b>	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<i>Three and Four Year Olds</i>					
Full-time-plus	-		-	1.1800	-
Full-time	62		62	1.0000	62.000
Three-quarters-time	-		-	0.7500	-
One-half-time	-		-	0.6172	-
<i>Exceptional Needs</i>					
Full-time-plus	-		-	1.4160	-
Full-time	-		-	1.2000	-
Three-quarters-time	-		-	0.9000	-
One-half-time	-		-	0.6172	-
<i>Limited and Non-English Proficient</i>					
Full-time-plus	-		-	1.2980	-
Full-time	-		-	1.1000	-
Three-quarters-time	-		-	0.8250	-
One-half-time	-		-	0.6172	-
<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	-
<b>TOTAL DAYS OF ENROLLMENT</b>	<b>62</b>	<b>-</b>	<b>62</b>		<b>62.000</b>

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

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

Agency Name: COMMUNITY BRIDGES Vendor No. B671

Fiscal Year End: June 30, 2010 Contract No. CSPP-9609

	<b>COLUMN A</b>	<b>COLUMN B</b>	<b>COLUMN C</b>
	<b>CUMULATIVE FISCAL YEAR PER FORM CDFS 8501</b>	<b>AUDIT ADJUSTMENT INCREASE OR (DECREASE)</b>	<b>CUMULATIVE FISCAL YEAR PER AUDIT</b>
<b>SECTION III - REVENUE</b>			
<b>RESTRICTED INCOME</b>			
Child Nutrition Programs	\$123,853	\$1,135	\$124,988
County Maintenance of Effort (EC § 8279)			0
Other (Specify):			0
			0
<b>Subtotal</b>	\$123,853	\$1,135	\$124,988
Transfer from Reserve Contract #			0
Transfer from Reserve Contract #			0
Family Fees for Certified Children Contract # CSPP-9609	29,652	740	30,392
Family Fees for Certified Children Contract #			0
Interest on Apportionments Contract #			0
Interest on Apportionments Contract #			0
<b>UNRESTRICTED INCOME</b>			
Family Fees for Noncertified Children	787		787
Head Start Program (EC § 8235(b))			0
Other (Specify): Local government grants	165,183	2,689	167,872
<b>TOTAL REVENUE</b>	\$319,475	\$4,564	\$324,039

**SECTION IV - REIMBURSABLE EXPENSES**

1000 Certificated Salaries	\$739,476	\$14,210	\$753,686
2000 Classified Salaries	275,518	13,271	288,789
3000 Employee Benefits	276,811	4,597	281,408
4000 Books and Supplies	64,889	(7,423)	57,466
5000 Services and Other Operating Expenses	166,050	(13,214)	152,836
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment (program-related)		5,394	5,394
6500 Replacement Equipment (program-related)			0
Depreciation or Use Allowance			0
Start-Up Expenses (service level exemption)			0
Indirect Cost Rate Percentage: 8.00%	112,182	1,798	113,980
<b>FOR CDE-A&amp;I USE ONLY:</b>			
<b>TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT</b>	\$1,634,926	\$18,633	\$1,653,559
<b>TOTAL ADMINISTRATIVE COSTS</b> (included in section IV above)	\$226,823	(\$15,464)	\$211,359

**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 \$21,008 is reported in the Child & Adult Care Food program on the Combining Statement of Activities. Child Nutrition Program income \$124,988 reported above and the \$21,008 reported equals the amount received \$145,996.

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

## AUDITED ATTENDANCE AND FISCAL REPORT

### for California State Preschool Programs

Agency Name: COMMUNITY BRIDGES Vendor No. B671

Fiscal Year Ended: June 30, 2010 Contract No. CSPP-9722

Independent Auditor's Name: Kaku & Mersino, LLP

<b>SECTION I - CERTIFIED CHILDREN DAYS OF ENROLLMENT</b>	<b>COLUMN A</b>	<b>COLUMN B</b>	<b>COLUMN C</b>	<b>COLUMN D</b>	<b>COLUMN E</b>
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<i>Three and Four Year Olds</i>					
Full-time-plus	-		-	1.1800	-
Full-time	-		-	1.0000	-
Three-quarters-time	-		-	0.7500	-
One-half-time	2,852		2,852	0.6172	1,760.254
<i>Exceptional Needs</i>					
Full-time-plus	-		-	1.4160	-
Full-time	-		-	1.2000	-
Three-quarters-time	-		-	0.9000	-
One-half-time	77		77	0.6172	47.524
<i>Limited and Non-English Proficient</i>					
Full-time-plus	-		-	1.2980	-
Full-time	-		-	1.1000	-
Three-quarters-time	-		-	0.8250	-
One-half-time	336		336	0.6172	207.379
<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	-
<b>TOTAL DAYS OF ENROLLMENT</b>	<b>3,265</b>	<b>-</b>	<b>3,265</b>		<b>2,015.158</b>
<b>DAYS OF OPERATION</b>	<b>176</b>	<b>-</b>	<b>176</b>		
<b>DAYS OF ATTENDANCE</b>	<b>3,265</b>	<b>-</b>	<b>3,265</b>		

**NO NONCERTIFIED CHILDREN** - Check this box 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, 2010 Contract No. CSPP-9722

	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
<b>SECTION III - REVENUE</b>			
<b>RESTRICTED INCOME</b>			
Child Nutrition Programs	\$0	\$0	\$0
County Maintenance of Effort (EC § 8279)			0
Other (Specify):			0
			0
<b>Subtotal</b>	\$0	\$0	\$0
Transfer from Reserve Contract #			0
Transfer from Reserve Contract #			0
Family Fees for Certified Children Contract #			0
Family Fees for Certified Children Contract #			0
Interest on Apportionments Contract #			0
Interest on Apportionments Contract #			0
<b>UNRESTRICTED INCOME</b>			
Family Fees for Noncertified Children			0
Head Start Program (EC § 8235(b))			0
Other (Specify):			0
<b>TOTAL REVENUE</b>	\$0	\$0	\$0

**SECTION IV - REIMBURSABLE EXPENSES**

1000 Certificated Salaries	\$45,666	(\$8,424)	\$37,242
2000 Classified Salaries	2,680	2,564	5,244
3000 Employee Benefits	15,235	(1,761)	13,474
4000 Books and Supplies	3,018	1,254	4,272
5000 Services and Other Operating Expenses	11,677	(8,128)	3,549
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment (program-related)			0
6500 Replacement Equipment (program-related)			0
Depreciation or Use Allowance			0
Start-Up Expenses (service level exemption)			0
Indirect Cost Rate Percentage: 8.00%	6,048	(1,364)	4,684
<b>FOR CDE-A&amp;I USE ONLY:</b>			
<b>TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT</b>	\$84,324	(\$15,859)	\$68,465
<b>TOTAL ADMINISTRATIVE COSTS</b> (included in section IV above)	\$8,728	\$1,199	\$9,927

**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:

**NO SUPPLEMENTAL REVENUES OR EXPENSES** - Check this box and omit next page 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, 2010 Contract No. CIMS-9666

Multi-Year Contract? (Check No Box or Enter Contract Period): No:  or Period: \_\_\_\_\_

Independent Auditor's Name: Kaku & Mersino, LLP

	COLUMN A1	COLUMN A2	COLUMN B	COLUMN C
	LAST YEAR'S AUD 9529	CURRENT FISCAL YEAR PER FORM CDFS 9529	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE THROUGH CURRENT FISCAL YEAR PER AUDIT
<b>SECTION I - REVENUE</b>				
RESTRICTED INCOME				
Match Requirement	\$0	\$0	\$0	\$0
County Maintenance of Effort (EC § 8279)				0
Other (Specify):				0
				0
<b>Subtotal</b>	\$0	\$0	\$0	\$0
INTEREST ON APPORTIONMENT PAYMENTS				0
UNRESTRICTED INCOME				
Other (Specify):				0
				0
<b>TOTAL REVENUE</b>	\$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		1,781	(132)	1,649
5000 Services and Other Operating Expenses				0
6100/6200 Other Approved Capital Outlay				0
6400 New Equipment ( <i>program-related</i> )				0
6500 Replacement Equipment ( <i>program-related</i> )				0
Depreciation or Use Allowance				0
Indirect Cost Rate Percentage: 8.00%			132	132
FOR CDE-A&I USE ONLY:				
<b>TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT</b>	\$0	\$1,781	\$0	\$1,781
TOTAL ADMINISTRATIVE COSTS ( <i>included in section II above</i> )	\$0	\$258	(\$126)	\$132

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

**NO SUPPLEMENTAL REVENUES OR EXPENSES** - Check this box and omit next page 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, 2010 Contract No. CRPM-7152

Multi-Year Contract? (Check No Box or Enter Contract Period): No:  or Period: 12/15/2007 - 6/30/2010

Independent Auditor's Name: Kaku & Mersino, LLP

	COLUMN A1	COLUMN A2	COLUMN B	COLUMN C
	LAST YEAR'S AUD 9529	CURRENT FISCAL YEAR PER FORM CDFS 9529	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE THROUGH CURRENT FISCAL YEAR PER AUDIT
<b>SECTION I - REVENUE</b>				
RESTRICTED INCOME				
Match Requirement	\$0	\$0	\$0	\$0
County Maintenance of Effort (EC § 8279)				0
Other (Specify):				0
				0
<b>Subtotal</b>	\$0	\$0	\$0	\$0
INTEREST ON APPORTIONMENT PAYMENTS				0
UNRESTRICTED INCOME				
Other (Specify):				0
				0
<b>TOTAL REVENUE</b>	\$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				0
6100/6200 Other Approved Capital Outlay	227			227
6400 New Equipment ( <i>program-related</i> )	907			907
6500 Replacement Equipment ( <i>program-related</i> )	4,361	13,970		18,331
Depreciation or Use Allowance				0
Indirect Cost Rate Percentage: 8.00%				0
FOR CDE-A&I USE ONLY:				
<b>TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT</b>	\$5,495	\$13,970	\$0	\$19,465
TOTAL ADMINISTRATIVE COSTS ( <i>included in section II above</i> )	\$0			\$0

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

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

**KAKU & MERSINO, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

**MANAGEMENT LETTER**

To the Board of Directors of  
Community Bridges

In planning and performing our audit of the financial statements of Community Bridges for the year ended June 30, 2010, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control.

However, during our audit, we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. This letter does not affect our report dated December 8, 2010, on the financial statements of Community Bridges. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal controls and result in operating efficiencies.

**Child Development Division**

*Condition:*

Although documentation was properly supported in the participant's file, we noticed a few application for services had minor data omitted from the application.

*Recommendation:*

We recommend procedures be implemented to review participant files on a timely basis to ensure all applicable lines and boxes are completed on the application for services.

This report is intended solely for the information and use of the board of directors, management and others within the Organization.

*Kaku + Mersino, LLP*

KAKU & MERSINO, LLP

December 8, 2010