

Cochise County Detention Services
RFP-02-SHF-01
Community Bridges, Inc
October 1, 2021

Cost Proposal

CBI has provided two different cost proposal types, (1) Psychiatric Services, and (2) Enhancement Services. The proposed services and rates below are flexible based on the needs of Cochise County Detention Center.

PSYCHIATRIC SERVICES COST PROPOSAL

Psychiatric Services	Unit Type	Unit Amount	Rate	Total
Consults (In Person, Telehealth & Email/Telephonic med requests)	Hours	425	\$161	\$68,425
Mortality Review & Annual Trainings	Hours	50	\$161	\$8,050
In-Person Travel Related Costs	In-Person Visits	10	\$1,180	\$11,180
Clinical Oversight (Clinical Lead)	Monthly Rate	12	\$250	\$3,000
6am-10pm Stand-By Psychiatric Capacity	Days	365	\$50	\$18,250
Total Proposed Budget-Psychiatric Related Activities*				\$108,905

The psychiatric services explained:

- 1) The total psychiatric services are based on 475 annual hours for a total of \$76,475 (\$68,425 + \$8050). The hours are separated into the two different service types under psychiatric services:
 - Consultations completed by CBI medical staff were calculated at 425 hours (\$68,425). Mortality reviews and annual trainings were calculated at 50 hours (\$8,050). The total of 425 + 50 hours calculated the 475 hours total that was used to generate the \$161 total hourly rate for the medical staff. The combined hourly rate of the MD or NP is \$161 per hour includes salary, ERE, mileage, cell phone and indirect cost rate. The scope of services from the medical staff includes all provider-level services including weekly telehealth staffings with provider clinics, and detention, email medicine requests, mortality reviews, annual trainings and on-site services. If additional or less hours are needed, cost is adjusted at rate of \$161/hour.
- 2) CBI is requesting support for the in-person services to be provided every 4-6 weeks. The overall cost for one in-person visit is \$1,800 and includes travel time, mileage, per diem rates and hotel expenses. CBI calculated a total amount of \$11,180 (10 visits x \$1,180 per visit).
- 3) Weekly clinical oversight of Cochise County Behavioral Health Staff is calculated at a monthly rate of \$250. The requested amount of \$3,000 reflects the monthly costs of \$250 x 12 months.
- 4) CBI is requesting a day rate of \$50 per day to cover the 6am- 10pm on-call psychiatric access. CBI would be on-call 365 days per year x \$50 per day equals a total of \$18,250.

The total of the above services is \$108,905. CBI is able to work with Cochise County Detention Center to increase or decrease the units or amounts of services offered.

Cochise County Detention Services
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CBI has provided two enhancement service options for consideration that include (1) A CBI Jail Coordinator Staff, and/or (2) CBI Re-Entry Peer Navigator. If Cochise County Detention Center were interested in either service or both services, CBI could work with Detention staff to build out the programming to best fit needs.

ENHANCEMENT SERVICES COST PROPOSAL

Coordination of care services	Annual Salary and EREs	FTE	In-Kind	County Cost
Option 1: CBI Jail Coordinator Staff	\$80,900	1.0	\$0	\$80,900
Option 2: CBI Re-entry Peer Navigator	\$78,002	1.0	\$39,001	\$39,001

- 1) CBI Jail Coordinator co-located In jail with a county cost of \$80,900. The total cost includes one staff member at 1.0 FTE (100% level of effort) with salary, ERE, mileage, cell phone and indirect cost rate. The Jail Coordinator would provide the seamless continuity of care between the members in jail and services in the community.

- 2) CBI Re-Entry Navigator-Community with a county cost of \$39,001. The total cost includes one staff member at 1.0 FTE (100% level of effort) with salary, ERE, mileage, cell phone and indirect cost rate. Whenever possible, this position will leverage main-stream funding resources (i.e. AHCCCS) to minimize the cost to the County. Anticipated 50%/50% funding ratio. While many activities will be Medicaid billable, there are gaps in services that are covered, outreach activities are not billable, and not all clients will be eligible for AHCCCS, and many will exit jail without coverage, and may take several days to weeks to reinstate benefits. County funding serves as "mortar" funding to cover the gaps of mainstream benefits, while providing services to all clients.

E. Financial Capability and Litigation

E.1. Offeror understands the City is seeking information pertaining to pending or resolved lawsuits filed in a court of law pertaining to the provision of services (and served upon Offeror if Offeror was a defendant) within the last three years.

- Jeri Christine Villa v. Collins Court Apartments, et al.; US District Court – AZ; CV-18-3332-PHX-DLR; housing dispute; case dismissed by court.
- Van Loan v. Nation of Islam, et al.; US District Court – AZ; CV-18-00226-TUC-DTF; negligence and tort claims; dismissed sua sponte by court because claims frivolous.
- Matthew Foley v. State of Arizona, et al.; Maricopa County Superior Court CV2018-097365; alleged slip and fall; litigation ongoing.
- Nicole Fowler v. Community Bridges, Inc.; Maricopa County Superior Court CV2019-055908; tort matter; resolved.
- Alan and Yvonne Frailich v. Jeremy Reed and Community Bridges, Inc.; Maricopa County Superior Court CV2019-055938; tort matter; litigation ongoing.
- Jesus Gomez v. Brandi Saba and Community Bridges, Inc.; Maricopa County Superior Court CV2020-008764; tort matter; resolved.

E.2. Vendor must provide its Annual Report for the last two (2) years. Vendor must also include independently audited financial statements for the most recent completed fiscal year

Please find attached our Single Audits from 2019 and 2020. CBI does not produce an annual report. When an annual report is requested CBI submits the Single Audits.

E.3. Alternatively, provide income tax returns from the most recent completed fiscal year.

CBI attached the Single Audits instead of income tax returns.

2019

COMMUNITY BRIDGES, INC. (Arizona Nonprofit Corporation)

CBI
COMMUNITY BRIDGES, INC.
CELEBRATE BELIEVE INSPIRE

Financial statements and independent auditor's report
For the years ended September 30, 2019 and 2018

COMMUNITY BRIDGES, INC.
YEAR ENDED SEPTEMBER 30, 2019 AND 2018
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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Community Bridges, Inc.

Report on Financial Statements

We have audited the accompanying consolidated financial statements of Community Bridges, Inc. which comprise the consolidated statements of financial position as of September 30, 2019 and 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audits 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Community Bridges, Inc. as of September 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1, Community Bridges, Inc. implemented the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Update 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* (Topic 958), for the years ended September 30, 2019 and 2018, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 7, 2020, on our consideration of Community Bridges, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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* in considering Community Bridges, Inc.'s internal control over financial reporting and compliance.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Phoenix, Arizona
January 7, 2020

Community Bridges, Inc.
Consolidated Statements of Financial Position
September 30, 2019 and 2018

Assets	<u>2019</u>	<u>2018</u>
Current Assets		
Cash & Cash Equivalents	\$ 11,833,485	\$ 18,323,015
Accounts Receivable	8,476,298	1,613,122
Inventories	220,731	360,585
Prepaid Expenses	1,104,177	663,750
Deposits	296,262	289,471
Total Current Assets	<u>21,930,953</u>	<u>21,249,943</u>
Long-term Assets		
Property & Equipment	30,423,392	30,367,726
Accumulated Depreciation	(10,698,359)	(8,389,388)
Other Long-term Assets	315,009	266,364
Total Long-term Assets	<u>20,040,042</u>	<u>22,244,702</u>
Total Assets	<u><u>\$ 41,970,995</u></u>	<u><u>\$ 43,494,645</u></u>
Liabilities		
Current Liabilities		
Accounts Payable	\$ 2,868,870	\$ 5,237,126
Accounts Payable - RBHA's	13,500	558,587
Salaries Payable	4,350,763	3,556,597
Security Deposits Payable	30,206	33,276
Vacations Payable	670,411	616,243
Deferred Revenue	2,251,799	2,184,497
Deferred Rent	228,882	246,988
Lease Payable Short Term	898,040	1,231,003
Notes and Bonds Payable Short Term	684,803	541,564
Total Current Liabilities	<u>11,997,274</u>	<u>14,205,881</u>
Long-term Liabilities	<u>6,116,997</u>	<u>7,835,399</u>
Total Liabilities	<u><u>18,114,271</u></u>	<u><u>22,041,280</u></u>
Net Assets		
Without donor restrictions	23,856,724	21,453,365
With donor restrictions	-	-
Total Net Assets	<u>23,856,724</u>	<u>21,453,365</u>
Total Liabilities and Net Assets	<u><u>\$ 41,970,995</u></u>	<u><u>\$ 43,494,645</u></u>

Community Bridges, Inc.
Consolidated Statement of Activities
For the Year Ended September 30, 2019

	CRISIS	INPATIENT	OUTPATIENT	RESIDENTIAL	Stabilization and Recovery Units (SRU)	Grants/Other	Disregarded Entities	Properties	General & Administrative	Subtotal
RBHA Revenue	\$ 27,760,653	\$ 8,443,001	\$ 17,750,069	\$ 3,451,550	\$ 1,060,407	\$ -	\$ -	\$ -	\$ 1,391	\$ 58,467,071
RBHA Revenue SAPT	950,524	-	2,094,858	536,845	36,025	-	-	-	-	3,618,252
Grants - Federal	28	-	106	157	58	9,750,395	-	-	-	9,750,744
Grants - Other	35,680	-	35,680	-	-	1,943,508	-	-	-	2,014,868
Rental Income	-	-	-	-	-	-	-	2,537,751	-	2,537,751
Contributions	-	-	-	-	-	66,452	12,105	-	-	78,557
Donations In-Kind	59,876	47,691	35,074	32,427	30,560	-	-	-	-	205,628
Fee for Service	5,654,698	15,856,981	8,709,437	9,582,766	1,984,683	280,265	-	-	-	42,068,830
Other Income	59,412	1,203,711	398,628	823	-	-	56,495	132,803	1,260,533	3,112,405
Interest	-	-	-	-	-	-	-	2,135	61,969	64,104
Prior Year Revenue	1,055,131	-	131,888	171,932	138,598	-	-	-	-	1,497,549
Subtotal	35,576,002	25,551,384	29,155,740	13,776,500	3,250,331	12,040,620	68,600	2,672,689	1,323,893	123,415,759
Net Assets Released from Restriction										
Total Operating Revenue	35,576,002	25,551,384	29,155,740	13,776,500	3,250,331	12,040,620	68,600	2,672,689	1,323,893	123,415,759
Expenditures										
Direct	29,621,939	21,009,866	29,924,646	10,716,130	1,015,884	11,873,007	81,855	1,828,561	(306)	106,071,582
Indirect									14,940,818	14,940,818
Total Expenditures	29,621,939	21,009,866	29,924,646	10,716,130	1,015,884	11,873,007	81,855	1,828,561	14,940,512	121,012,400
Net Revenue over Expenditures	5,954,063	4,541,518	(768,906)	3,060,370	2,234,447	167,613	(13,255)	844,128	(13,616,619)	2,403,359
General & Administrative Allocations	4,766,819	2,993,535	3,997,110	1,466,039	131,335	1,585,980			(14,940,818)	-
Excess (Deficiency) of revenue over expenses	\$ 1,187,244	\$ 1,547,983	\$ (4,766,016)	\$ 1,594,331	\$ 2,103,112	\$ (1,418,367)	\$ (13,255)	\$ 844,128	\$ 1,324,199	\$ 2,403,359

	Without Donor Restrictions	With Donor Restrictions	Total Assets
Net Assets at Beginning of Year	21,453,365		21,453,365
Excess Revenue Over Expenses	2,403,359		2,403,359
Net Assets at End of Year	\$ 23,856,724	\$ -	\$ 23,856,724

The accompanying notes are an integral part of these consolidated financial statements.

Community Bridges, Inc.
Consolidated Statement of Activities
For the Year Ended September 30, 2018

	CRISIS	INPATIENT	OUTPATIENT	RESIDENTIAL	SRU	Grants/Other	Disregarded Entities	Properties	General & Administrative	Subtotal
RBHA Revenue	\$ 32,384,711	\$ 1,890,902	\$ 26,397,180	\$ 10,060,662	\$ 2,628,594	\$ 1,505	\$ -	\$ -	\$ -	\$ 73,363,554
RBHA Revenue SAPT	3,735,902	166,553	2,134,697	958,639	84,911	-	-	-	-	7,080,702
Grants - Federal	-	-	67,179	30,327	-	5,117,786	-	-	-	5,215,292
Grants - Other	-	-	1,343	-	-	2,978,762	-	-	-	2,980,105
Rental Income	-	-	-	8,528	-	560	-	2,571,955	-	2,581,043
Contributions	-	-	-	6,731	-	57,596	-	-	-	64,327
Donations In-Kind	206,818	16,878	4,228	32,256	35,844	-	-	-	-	296,024
Fee for Service	2,994,664	6,960,397	1,456,073	4,432,900	1,272,901	479,293	-	-	-	17,596,228
Other Income	39,814	8,183	18,672	63,454	2	75,716	380,415	93,892	14,531	694,679
Interest	-	-	-	-	-	-	177	1,722	54,208	56,107
Prior Year Revenue	1,387,128	455,775	564,890	470,945	-	33,895	45,147	-	-	2,957,780
Subtotal	40,749,037	9,498,688	30,644,262	16,064,442	4,022,252	8,745,113	425,739	2,667,569	68,739	112,885,841
Net Assets Released from Restriction										
Total Operating Revenue	40,749,037	9,498,688	30,644,262	16,064,442	4,022,252	8,745,113	425,739	2,667,569	68,739	112,885,841
Expenditures										
Direct	35,274,767	15,008,473	23,281,157	12,484,608	2,510,733	9,666,816	219,313	1,517,369		99,963,236
Indirect									11,438,630	11,438,630
Total Expenditures	35,274,767	15,008,473	23,281,157	12,484,608	2,510,733	9,666,816	219,313	1,517,369	11,438,630	111,401,866
Net Revenue over Expenditures	5,474,270	(5,509,785)	7,363,105	3,579,834	1,511,519	(921,703)	206,426	1,150,200	(11,369,891)	1,483,975
General & Administrative Allocations	4,556,190	1,938,537	3,007,061	1,612,548	324,293				(11,438,630)	(0)
Excess (Deficiency) of revenue over expenses	\$ 918,080	\$ (7,448,322)	\$ 4,356,044	\$ 1,967,286	\$ 1,187,226	\$ (921,703)	\$ 206,426	\$ 1,150,200	\$ 68,739	\$ 1,483,975

	Without Donor Restrictions	With Donor Restrictions	Total Assets
Net Assets at Beginning of Year	16,652,470	3,316,920	19,969,390
Reclassification of net assets	3,316,920	(3,316,920)	-
Excess Revenue Over Expenses	1,483,975		1,483,975
Net Assets at End of Year	\$ 21,453,365	\$ -	\$ 21,453,365

Community Bridges, Inc.
Consolidated Statement of Functional Expenses
For the Year Ended September 30, 2019

Expenditures	Stabilization and Recovery Units										Grand Total
	CRISIS	INPATIENT	OUTPATIENT	RESIDENTIAL	(SRU)	Grants/Other	Disregarded Entities	Properties	General & Administrative		
Salaries	\$ 20,425,672	\$ 13,084,002	\$ 18,743,258	\$ 6,764,324	\$ 690,451	\$ 5,639,406	\$ -	\$ 5,685	\$ 9,184,098	\$ 74,536,896	
ERE	2,688,116	1,694,092	2,605,193	984,888	95,260	855,811	(8)	1,284	1,126,199	10,050,835	
Professional Fees	3,580,141	2,796,004	3,933,596	298,511	13,135	454,374	48,281	48,463	2,533,179	13,705,684	
Insurance Prof Liability	45,680	49,978	142,064	42,844	2,397	4,303	-	45,267	95,031	427,564	
Interest	1,569	71,036	48,105	60,566	-	-	-	433,617	-	614,893	
Supplies Direct	1,010,547	1,226,705	754,918	735,159	72,306	372,510	27,452	425	470,235	4,670,257	
Supplies Office	34,486	17,085	27,242	17,223	1,217	26,289	-	-	23,767	147,309	
Equipment	103,967	86,155	122,216	65,908	8,414	29,325	-	1,647	247,830	665,461	
Occupancy	680,758	1,072,758	2,183,670	1,107,907	59,202	3,857,034	3,858	583,612	471,533	10,020,332	
Telephone	81,030	113,791	325,912	133,728	30,750	96,522	-	5,024	362,300	1,149,057	
Travel/Mileage	297,854	59,218	783,022	156,909	40,315	516,447	1,635	1,269	118,166	1,974,834	
Training & Conferences	34,078	15,740	36,923	8,984	1,837	18,281	-	-	172,965	288,808	
Depreciation	544,177	591,690	213,491	318,168	-	1,821	-	627,010	25,524	2,321,881	
Miscellaneous / Other	93,863	131,613	5,036	21,013	600	884	637	75,258	109,685	438,589	
Total Operating Expenditures	29,621,939	21,009,866	29,924,646	10,716,130	1,015,884	11,873,007	81,855	1,828,561	14,940,512	121,012,400	
Transfers to Foundation	-	-	-	-	-	-	-	-	-	-	
Total Expenditures	\$ 29,621,939	\$ 21,009,866	\$ 29,924,646	\$ 10,716,130	\$ 1,015,884	\$ 11,873,007	\$ 81,855	\$ 1,828,561	\$ 14,940,512	\$ 121,012,400	

Community Bridges, Inc.
Consolidated Statement of Functional Expenses
For the Year Ended September 30, 2018

Expenditures	CRISIS	INPATIENT	OUTPATIENT	RESIDENTIAL	Stabilization and Recovery Units (SRU)	Grants/Other	Disregarded Entities	Properties	General & Administrative	Grand Total
Salaries	\$ 21,425,110	\$ 8,340,938	\$ 12,801,116	\$ 7,004,410	\$ 1,521,875	\$ 4,356,012	\$ 56,882	\$ 909	\$ 7,188,366	\$ 62,695,618
ERE	4,016,979	1,603,375	2,711,270	1,421,449	315,002	934,336	38,384	130	1,264,090	12,305,015
Professional Fees	5,617,216	2,173,406	3,197,534	1,027,262	135,310	269,984	(602)	42,718	902,556	13,365,384
Insurance Prof Liability	107,400	60,127	77,351	23,528	4,340	1,589	(1,471)	72,829	28,717	374,410
Interest	3	40	57	118	135	-	-	308,964	5,430	314,747
Supplies Direct	1,404,221	876,516	732,838	904,954	154,417	390,022	118,692	822	737,591	5,320,073
Supplies Office	42,175	15,198	34,275	23,876	3,442	25,369	60	-	40,513	184,908
Equipment	178,916	233,125	239,336	168,783	16,179	22,562	(68)	3,085	388,086	1,250,004
Occupancy	1,053,788	862,003	2,266,521	1,115,162	149,063	3,107,149	(3,006)	546,646	530,989	9,628,315
Telephone	244,629	131,199	326,506	158,379	62,336	59,668	(378)	5,179	165,266	1,152,784
Travel/Mileage	355,118	110,959	693,941	286,286	107,620	411,898	83	-	163,846	2,129,751
Training & Conferences	97,672	34,413	64,238	29,683	8,500	22,514	(86)	-	116,449	373,383
Depreciation	488,383	308,222	10,465	80,441	8,566	3,495	(5,063)	535,979	61,607	1,492,095
Miscellaneous / Other	243,157	258,952	125,709	240,277	23,948	62,218	15,886	108	(154,876)	815,379
Total Operating Expenditures	35,274,767	15,008,473	23,281,157	12,484,608	2,510,733	9,666,816	219,313	1,517,369	11,438,630	111,401,866
Transfers to Foundation	-	-	-	-	-	-	-	-	-	-
Total Expenditures	\$ 35,274,767	\$ 15,008,473	\$ 23,281,157	\$ 12,484,608	\$ 2,510,733	\$ 9,666,816	\$ 219,313	\$ 1,517,369	\$ 11,438,630	\$ 111,401,866

Community Bridges, Inc.
Consolidated Statements of Cash Flows
For the Fiscal Years Ended September 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities		
Net Income	\$ 2,403,359	\$ 1,483,975
Depreciation & Amortization	2,308,971	1,822,161
Accounts Receivable	(6,863,176)	1,329,623
Inventory	139,854	160,486
Prepaid Expenses	(440,427)	93,047
Deferred Revenue	67,302	(792,684)
Accounts Payable	(2,913,344)	294,191
Deposits Payable	(3,070)	(3,909)
Accrued Liabilities	848,334	1,651,000
Deferred Rent	(18,106)	91,079
Deposits	(6,791)	(44,144)
Total Cash Flows from Operating Activities	<u>(4,477,094)</u>	<u>6,084,825</u>
Cash Flows from Investing Activities		
Cash Payments Purchase of Assets	(55,666)	(4,888,740)
Cash Payments for Other Long-Term Assets	(48,645)	(120,242)
Total Cash Flows from Investing Activities	<u>(104,311)</u>	<u>(5,008,982)</u>
Cash Flows from Financing Activities		
Principal Payments on Long Term Debt	(3,494,827)	(305,515)
Principal Payments on Capital Leases	(1,283,298)	(31,877)
Proceeds from Capital Leases	-	2,788,431
Proceeds from Loan	2,870,000	-
Total Cash Flows from Financing Activities	<u>(1,908,125)</u>	<u>2,451,039</u>
Net Increase (Decrease) in Cash and Equivalents	<u>(6,489,530)</u>	<u>3,526,882</u>
Beginning Cash & Cash Equivalents	18,323,015	14,796,133
Ending Cash & Cash Equivalents	<u>\$ 11,833,485</u>	<u>\$ 18,323,015</u>
 Supplemental disclosures of cash flow statements		
Cash paid during the year for interest expense	\$ 614,893	\$ 314,747
Cash paid during the year for income tax expense	\$ 91,912	\$ 914

COMMUNITY BRIDGES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Community Bridges, Inc. (CBI) was incorporated as a private non-profit, 501(c)(3) organization in 1982 and has a 37 year history of providing comprehensive, medically integrated behavioral health programs which include prevention, education, therapy, housing, medications, peer support, inspiration, hope and other supportive services using cutting edge, nationally recognized treatment models throughout Arizona. CBI is one of the largest statewide providers offering fully integrated medical and behavioral health care in 14 communities in Maricopa, Pinal, Gila, Yuma, Navajo, Apache and Cochise Counties by providing a continuum of care that begins with prevention and continues for individuals and families through treatment and recovery. During the past five years, CBI has transformed recovery of those we serve holistically and more effectively, by delivering direct physician and nurse practitioner services, both on site in Maricopa County, and through telemed to each of our service locations throughout Arizona. CBI operates 31 programs throughout Arizona that are all licensed by the Arizona Department of Health Services Division of Behavioral Health. Our prevention and clinical programs are accredited by the Commission on Accreditation of Rehabilitation Facilities (CARF).

Principles of Consolidation

These consolidated financial statements include the activities of CBI and the following entities (collectively referred to as CBI):

- Community Bridges Development Foundation – a private, nonprofit, 501(c)(3) organization established in 2004 for the purpose of providing support to CBI.
- A total of thirteen sole-member LLCs have been established to house the assets and/or operations at each site owned by CBI.
- CBI Benefits LLC – a sole-member LLC established to account for the assets related to benefit management of CBI.
- Inspired Ink LLC – a sole-member LLC established to account for assets related to goods sold to CBI.

All significant inter-organization balances and transactions have been eliminated in consolidation.

Basis of Accounting

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

COMMUNITY BRIDGES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements of CBI have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to not-for-profit entities. The Financial Accounting Standards Board (FASB) is the accepted standard-setting body for establishing not-for-profit accounting and financial reporting principles. CBI has a September 30 fiscal year end to coordinate with the Arizona Department of Health Services (ADHS). CBI is required to report information regarding its financial position and activities according to two classes based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of CBI and changes therein are classified as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations. Some donor restrictions are temporary in nature; those restrictions will be met either by actions of CBI and/or the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds must be maintained in perpetuity. CBI has no net assets with donor restrictions.

Donor-restricted contributions are reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, CBI considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents consist primarily of cash on hand, cash on deposit, and Certificates of Deposit with original maturities of two years or less. Certificates of Deposit with maturities of one year or less are priced using a yield-based matrix model and Certificates of Deposit with maturities beyond one year are priced using a market value pricing model. Both pricing models approximate fair value. At fiscal year end, cash and cash equivalents includes \$650,642 of Certificates of Deposit with remaining maturities of less than one year.

COMMUNITY BRIDGES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Concentrations of Credit and Market Risk

Financial instruments that potentially expose CBI to concentrations of credit and market risk consist primarily of cash equivalents. CBI maintains its cash and cash equivalents in bank deposit accounts, which, for short periods of time, may exceed federally insured limits. At year end, the carrying amount of CBI's deposits was \$11,182,843 and the bank balance was \$12,342,242. At year end, \$11,592,242 of CBI's deposits were uninsured and uncollateralized. To minimize risk, cash accounts are maintained at high-quality financial institutions and credit exposure is limited to any one institution.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The allowance is based off of an estimated collection rate of 66%.

Inventories

CBI maintains an inventory for uniforms, computer equipment and regular recurring procurement purchases. Inventory of uniforms is valued at average cost and inventory of computer equipment and recurring procurements are valued at actual cost.

Property and Equipment

All acquisitions of property and equipment with a cost in excess of \$5,000 and all expenses for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, ranging from 3 to 40 years. Depreciation expense for the year ended September 30, 2019, and the year ended September 30, 2018 was \$2,321,881 and \$1,492,095, respectively.

CBI reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. Management does not believe impairment indicators are present.

COMMUNITY BRIDGES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Compensated Absences

Employee paid time off (PTO) (i.e. vacation time) is accrued every pay period for all full time employees. PTO is vested during the first six years of employment. Upon termination, any unused accrued vacation time will be paid according to the vesting schedule. Accrued PTO is paid out based on years of service, no accrued PTO will be paid out in the first two years of employment, 10% will be paid out in the third year of employment, 20% in the fourth year, 30% in the fifth year and 40% in the sixth and consecutive years.

Grant Revenue

Grant revenue is comprised of contract revenue and fee for services revenue provided by local governmental and other granting agencies that have passed through awards to CBI. CBI recognizes grant revenue as earned when services are rendered or contractual obligations are met under the grant contract. Funding sources may, at their discretion, request reimbursement for expenses or return of funds, or both, as a result of noncompliance by CBI with the terms of the contract.

Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively.

Donated Services and In-Kind Contributions

Donations of property and equipment are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as increases in net assets with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, CBI reports expirations of donor restrictions when the donated or acquired assets are placed in service. CBI reclassifies net assets with donor restrictions to net assets without restrictions at that time.

COMMUNITY BRIDGES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

Expense	Method of Allocation
Salaries and benefits	Time and effort
Professional fees	Full time equivalent
Supplies direct	Full time equivalent
Occupancy	Square footage
Travel/Mileage	Time and effort
Depreciation	Square footage

Income Tax Status

CBI and the Community Bridges Development Foundation are exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and similar State of Arizona tax provisions. However, income from certain activities not directly related to CBI’s tax-exempt purpose is subject to taxation as unrelated business income. In addition, both CBI and the Community Bridges Development Foundation qualify for the charitable contribution deduction under Section 170 and have been classified as an organization other than a private foundation. Both organization’s Form 990, *Return of Organization Exempt from Income Taxes* and *Form 990T, Exempt Organization Business Income Tax Return*, are generally subject to examination by the Internal Revenue Service for three years after the date filed.

For tax purposes, all of the LLCs are disregarded entities and are treated as a program of CBI.

CBI rents suites in their Pennington and Avondale buildings that incur unrelated business income tax. The income tax expense for unrelated business income for the year ended September 30, 2018 was \$34,823 and \$7,492 for Federal and State tax, respectively. The estimate of income tax expense for the year ended September 30, 2019 is \$31,243 for Federal tax and \$7,290 for Arizona tax.

COMMUNITY BRIDGES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management has evaluated the tax positions taken or expected to be taken, if any, on its exempt organization filings, and the likelihood that upon examination those positions would be sustained. Based on the results of this evaluation, management believes there are no uncertain tax positions.

New Accounting Pronouncement

During the fiscal year, CBI adopted Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. CBI has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented. As a result of the implementation, beginning net assets were reclassified.

Date of Management’s Review

In preparing these consolidated financial statements, CBI has evaluated events and transactions for potential recognition or disclosure through January 7, 2020, which is the date the consolidated financial statements were available to be issued.

NOTE 2 – LIQUIDITY AND AVAILABILITY

The following represents CBI’s financial assets at fiscal year end:

Financial assets at year end:	
Cash and cash equivalents	\$ 11,833,485
Accounts receivable	<u>8,476,298</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 20,309,783</u>

CBI regularly monitors liquidity required to meet its operating needs and other contractual commitments. CBI has two credit lines available to meet cash flow needs. The lines of credit are for \$3,000,000 and \$2,000,000, respectively, and are secured by buildings owned by CBI. The interest rate for both lines of credit is prime (5.00 percent at September 30, 2019) and the lines mature on April 1, 2020. No funds were borrowed under this agreement during the fiscal year.

COMMUNITY BRIDGES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment include the following major classes of assets at September 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Land	\$ 3,934,686	\$ 3,934,686
Buildings	12,026,652	12,008,882
Building and leasehold improvements	11,741,900	11,724,560
Construction in progress	6,875	6,875
Vehicles	233,303	246,213
Furniture and equipment	2,479,977	2,446,510
	<u>30,423,393</u>	<u>30,367,726</u>
Less: Accumulated Depreciation	<u>(10,698,359)</u>	<u>(8,389,388)</u>
Total	<u>\$ 19,725,034</u>	<u>\$ 21,978,338</u>

NOTE 4 – OPERATING LEASE COMMITMENTS

CBI leases buildings, vehicles and office equipment under noncancelable operating leases with terms of three to four years. The following is a schedule by years of future minimum rental payments under the leases at year end:

	<u>Operating Leases – Vehicles and Equipment</u>	<u>Operating Leases – Buildings</u>
2020	\$ 712,088	\$ 1,954,140
2021	352,252	1,686,178
2022	35,846	1,277,072
2023	12,103	606,986
2024		299,980
Thereafter		707,373
Total lease payments	<u>\$ 1,112,289</u>	<u>\$ 6,531,729</u>

The total lease expense incurred for vehicles and equipment during the years ended September 30, 2019 and September 30, 2018 was \$1,487,782 and \$1,519,830, respectively. The total lease expense incurred for rent of buildings under operating leases was \$1,991,046 and \$1,574,661 respectively. CBI also leases certain buildings at no cost. The estimated value of the rent was \$205,420 and \$278,865 for fiscal years ending September 30, 2019 and 2018, respectively.

COMMUNITY BRIDGES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

NOTE 5 – DEBT

Debt outstanding consisted of the following:

<u>Description</u>	<u>2019</u>	<u>2018</u>
<u>Debt Obligation #1</u>	\$ 0	\$2,390,399
Industrial Development Authority of the County of Pinal, Series 2011, dated May 20, 2011. Monthly installments at 3.99% interest for 20 years. Payments began July 1, 2011.		
<u>Debt Obligation #2</u>	0	220,981
Wells Fargo 60 month 4.25% balloon loan dated February 5, 2014; 59 monthly payments of \$1,638.99 began April 1, 2014 and one final payment of \$218,570.77 due March 1, 2019.		
<u>Debt Obligation #3</u>	3,533,528	3,675,775
Wells Fargo 10 year 4.35% balloon loan dated March 30, 2016; 119 monthly payments of \$25,125.48 began May 1, 2016 and one final payment of \$2,448,860 due April 1, 2026.		
<u>Debt Obligation #4</u>	0	532,379
Wells Fargo 15 year note dated June 13, 2017. Monthly payments of \$4,352.60 at 4.60% interest beginning August 1, 2017.		
<u>Debt Obligation #5</u>	2,661,179	0
Wells Fargo 5 year loan dated March 8, 2019. Monthly payments of \$53,415.15 at 4.25% interest beginning May 1, 2019.		
Total long-term debt	6,194,707	6,819,534
Less: Current portion	(684,803)	(541,564)
Net long-term debt	<u>\$5,509,904</u>	<u>\$6,277,970</u>

The future scheduled maturities of long-term debt are as follows:

Year End:		
	2020	\$ 684,803
	2021	715,769
	2022	747,392
	2023	780,412
	2024	545,504
	Thereafter	2,720,827
Total		<u>\$ 6,194,707</u>

COMMUNITY BRIDGES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

NOTE 5 – DEBT

Debt Obligation #1:

CBI entered into a financing agreement with Wells Fargo Bank, National Association where Wells Fargo Bank held a tax-exempt Bank Qualified Direct Placement Bond in the amount of \$4,000,000. The purpose of the loan was to refinance two existing taxable loans as well as provide the financing for the acquisition of a new facility. As part of the financing, CBI has executed a *Continuing Covenant Agreement* dated May 1, 2011 with Wells Fargo Bank, National Association relating to the \$4,000,000 Industrial Development Authority of the County of Pinal Health Facility Bonds (Community Bridges Projects) Series 2011 that describes CBI's obligations, representations and warranties, covenants, events of default and indemnifications. The Pennington building along with two other buildings (Casa Grande and East Valley/AZ Bridge to Recovery/Center for Hope) were originally on this note but the two other buildings were removed from the Bond in 2017. This agreement was refinanced as part of a \$2,870,000 promissory note dated March 8, 2019.

Debt Obligation #2:

A \$262,500 Promissory Note dated February 5, 2014 with Wells Fargo Bank was used to purchase an office building that serves as the headquarters for the Aspire program. The loan is collateralized by the building purchased.

Debt Obligation #3:

In March of 2016, a \$4,000,000 Wells Fargo Bank loan was signed to purchase a building used to service the West Valley programs. The loan is collateralized by the building purchased.

Debt Obligation #4:

In October of 2017, a balloon loan became due and was refinanced with a \$561,347 Wells Fargo note dated June 13, 2017. The note is collateralized by the Pennington building. This loan was refinanced as part of a \$2,870,000 promissory note dated March 8, 2019.

Debt Obligation #5:

A \$2,870,000 Promissory Note dated March 8, 2019 with Wells Fargo Bank was used to refinance the financing agreements as noted above. The note is collateralized by the Pennington building.

COMMUNITY BRIDGES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

NOTE 6 – OBLIGATIONS UNDER CAPITAL LEASES

CBI has acquired building and leasehold improvements under the provisions of long-term lease agreements classified as capital leases. The economic substance of the lease is that CBI is financing the acquisition of the assets through the lease, and, accordingly, it is recorded in the CBI's assets and liabilities.

The following is an analysis of the leased assets:

	2019	2018
Building and leasehold improvements	\$ 3,684,322	\$ 3,684,322
Less: Accumulated depreciation	(2,179,189)	(895,891)
Total	\$ 1,505,133	\$ 2,788,431

The following is a schedule by years of future minimum payments:

Year End:			
	2020	\$	898,040
	2021		607,093
	Total	\$	1,505,133

Amortization of assets held under capital leases is included with depreciation expense.

NOTE 7 – COMMITMENTS AND CONTINGENCIES

CBI is subject to certain loss contingencies, such as litigation, arising in the normal conduct of its activities. In the opinion of management, the liability, if any, for such contingencies will not have a material effect on CBI's financial position.

NOTE 8 – EMPLOYEE BENEFIT PLANS

Tax-deferred Annuity Plan

CBI has a tax-deferred annuity plan that qualifies under Section 401(k) of the Internal Revenue Code. CBI contributes 100% of the first 4% contributed by the employee to the Plan. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code if they wish. CBI has contributed \$1,109,458 and \$849,639 during the fiscal years 2019 and 2018, respectively.

COMMUNITY BRIDGES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

NOTE 9 – RISK MANAGEMENT

CBI maintains a self-insurance program for its employees' health care costs. CBI is liable for losses on claims up to \$150,000 per claim and \$5,743,560 in total for the year. CBI has third-party insurance coverage for any losses in excess of such amounts. Self-insurance costs are accrued based on claims reported as of the statement of financial position date as well as an estimated liability for claims incurred but not reported. The total accrued liability for self-insurance costs was \$1,394,508 and \$3,186,810 as of September 30, 2019 and 2018, respectively and is included in accounts payable on the statement of financial position.

NOTE 10 – PROGRAM EXPANSION

Grant / Description	Amount
<p><i>U.S. Department of Veterans Affairs (VAGPD)</i> <i>Effective October 1, 2018</i> The U.S. Department of Veterans Affairs' VA Homeless Providers Grant and Per Diem program awarded a grant to CBI to provide 40 beds utilizing a Bridge transitional housing model.</p>	\$506,574
<p><i>Phoenix Union High School District (PHXHS)</i> <i>Effective August 5, 2019</i> The Phoenix Union High School District (PUHSD) entered into a memorandum of understanding with CBI to provide support of multiple strategies as part of the High School Health and Wellness Programs. This support includes a variety of substance abuse education and prevention programs and activities for the students of PUHSD.</p>	\$231,795
<p><i>Pima County Attorney's Office (CMPST)</i> <i>Effective March 1, 2019</i> The Pima County Attorney's Office (PCAO) contracted with CBI to provide staff, goods, and services for the specialty court programs in Pima County.</p>	\$150,000
<p><i>Maricopa County (SAM065)</i> <i>Effective January 1, 2019</i> The Maricopa County Adult Probation department awarded funding to CBI to provide peer support (navigation) services as part of the Housing Outreach and Peer Engagement (HOPE) program.</p>	\$122,938

SINGLE AUDIT SECTION

**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***

Independent Auditor's Report

The Board of Directors
Community Bridges, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Community Bridges, Inc., which comprise the statement of financial position as of September 30, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements and have issued our report thereon dated January 7, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Phoenix, Arizona
January 7, 2020

**Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance; and
Report on Schedule of Expenditures of Federal Awards
Required by the Uniform Guidance**

Independent Auditor's Report

The Board of Directors
Community Bridges, Inc.

Report on Compliance for Each Major Federal Program

We have audited Community Bridges, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Community Bridges, Inc.'s major federal programs for the year ended September 30, 2019. Community Bridges, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Community Bridges, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Community Bridges, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Community Bridges, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Community Bridges, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2019.

Report on Internal Control Over Compliance

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

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the consolidated financial statements of Community Bridges, Inc. as of and for the year ended September 30, 2019, and have issued our report thereon dated January 7, 2020, which contained an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the consolidated financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Phoenix, Arizona
January 7, 2020

COMMUNITY BRIDGES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Period 10/1/2018 - 9/30/2019

<i>Federal Awarding Agency/Program Title</i>	<i>Federal CFDA Number</i>	<i>Name of Funder Pass-Through Entity</i>	<i>Identifying Number Assigned By Funder Pass-Through Entity</i>	<i>Federal Expenditures</i>	<i>Federal Program Total</i>	<i>Cluster Name</i>	<i>Cluster Total</i>
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT							
COMMUNITY DEVELOPMENT BLOCK GRANTS/ENTITLEMENT GRANTS	14.218	CITY OF MESA	19000033/19000032	\$174,472	\$964,842	CDBG - ENTITLEMENT GRANTS CLUSTER	\$964,842
COMMUNITY DEVELOPMENT BLOCK GRANTS/ENTITLEMENT GRANTS	14.218	CITY OF GLENDALE	C18-1023	\$52,271	\$964,842	CDBG - ENTITLEMENT GRANTS CLUSTER	\$964,842
COMMUNITY DEVELOPMENT BLOCK GRANTS/ENTITLEMENT GRANTS	14.218	CITY OF TEMPE	C2018-268	\$20,770	\$964,842	CDBG - ENTITLEMENT GRANTS CLUSTER	\$964,842
COMMUNITY DEVELOPMENT BLOCK GRANTS/ENTITLEMENT GRANTS	14.218	CITY OF PHOENIX	145543/145545	\$618,035	\$964,842	CDBG - ENTITLEMENT GRANTS CLUSTER	\$964,842
COMMUNITY DEVELOPMENT BLOCK GRANTS/ENTITLEMENT GRANTS	14.218	MARICOPA COUNTY ARIZONA DEPARTMENT OF ECONOMIC SECURITY	C-22-18-008-3-02/ 22-19-010-3-00	\$99,294	\$964,842	CDBG - ENTITLEMENT GRANTS CLUSTER	\$964,842
EMERGENCY SOLUTIONS GRANT PROGRAM	14.231	CITY OF MESA	E-18-DC-04-0001	\$145,337	\$297,993	N/A	\$0
EMERGENCY SOLUTIONS GRANT PROGRAM	14.231	MARICOPA COUNTY	19000033/19000032	\$15,285	\$297,993	N/A	\$0
EMERGENCY SOLUTIONS GRANT PROGRAM	14.231	PIMA COUNTY	C-22-18-008-3-02	\$58,839	\$297,993	N/A	\$0
EMERGENCY SOLUTIONS GRANT PROGRAM	14.231	CITY OF TUCSON	CT-CS-19-105	\$78,532	\$297,993	N/A	\$0
SHELTER PLUS CARE	14.238	CITY OF MESA	18610/18619	\$95,924	\$95,924	N/A	\$0
HOME INVESTMENT PARTNERSHIPS PROGRAM	14.239	MARICOPA COUNTY	16000038/18000025	\$90,580	\$90,580	N/A	\$0
CONTINUUM OF CARE PROGRAM	14.267	CITY OF MESA		\$2,370,468	\$2,509,172	N/A	\$0
CONTINUUM OF CARE PROGRAM	14.267	ARIZONA DEPARTMENT OF HOUSING	503-19	\$138,704	\$2,509,172	N/A	\$0
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				<u>\$3,958,511</u>			
DEPARTMENT OF JUSTICE							
JUVENILE JUSTICE AND DELINQUENCY PREVENTION_ALLOCATION TO STATES	16.540	STATE OF ARIZONA GOVERNOR'S OFFICE OF YOUTH, FAITH AND FAMILY	2018-JX-FX-0015	\$69,179	\$69,179	N/A	\$0
TOTAL DEPARTMENT OF JUSTICE				<u>\$69,179</u>			
DEPARTMENT OF VETERANS AFFAIRS							
VA HOMELESS PROVIDERS GRANT AND PER DIEM PROGRAM	64.024			\$427,618	\$427,618	N/A	\$0
VA SUPPORTIVE SERVICES FOR VETERAN FAMILIES PROGRAM	64.033			\$2,106,745	\$2,106,745	N/A	\$0
TOTAL DEPARTMENT OF VETERANS AFFAIRS				<u>\$2,534,363</u>			

DEPARTMENT OF HEALTH AND HUMAN SERVICES

PROJECTS FOR ASSISTANCE IN TRANSITION FROM HOMELESSNESS (PATH)	93.150	ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM	SM016003-18	\$653,608	\$653,608	N/A	\$0
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES_PROJECTS OF REGIONAL AND NATIONAL SIGNIFICANCE	93.243	MARICOPA COUNTY	1H79TI081065-01	\$91,350	\$133,127	N/A	\$0
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES_PROJECTS OF REGIONAL AND NATIONAL SIGNIFICANCE	93.243	STEWARD HEALTH CHOICE ARIZONA	H79TI026754	\$41,777	\$133,127	N/A	\$0
TEMPORARY ASSISTANCE FOR NEEDY FAMILIES	93.558	PIMA COUNTY	CT-CS-19-105	\$114,431	\$114,431	TANF CLUSTER	\$114,431
OPIOID STR	93.788	MERCY CARE	N/A	\$922,944	\$1,343,074	N/A	\$0
OPIOID STR	93.788	STEWARD HEALTH CHOICE ARIZONA	TI18015	\$9,779	\$1,343,074	N/A	\$0
		HEALTH NET OF ARIZONA, INC. DBA					
OPIOID STR	93.788	ARIZONA COMPLETE HEALTH	H79T1081709/TI080250	\$410,351	\$1,343,074	N/A	\$0
BLOCK GRANTS FOR PREVENTION AND TREATMENT OF SUBSTANCE ABUSE	93.959	MERCY CARE	N/A	\$1,607,272	\$3,704,671	N/A	\$0
BLOCK GRANTS FOR PREVENTION AND TREATMENT OF SUBSTANCE ABUSE	93.959	STEWARD HEALTH CHOICE ARIZONA	N/A	\$234,213	\$3,704,671	N/A	\$0
BLOCK GRANTS FOR PREVENTION AND TREATMENT OF SUBSTANCE ABUSE	93.959	HEALTH NET OF ARIZONA, INC. DBA					
BLOCK GRANTS FOR PREVENTION AND TREATMENT OF SUBSTANCE ABUSE	93.959	ARIZONA COMPLETE HEALTH	N/A	\$1,828,867	\$3,704,671	N/A	\$0
BLOCK GRANTS FOR PREVENTION AND TREATMENT OF SUBSTANCE ABUSE	93.959	PHOENIX UNION HIGH SCHOOL DISTRICT	T1010004-16	\$34,319	\$3,704,671	N/A	\$0
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES				<u>\$5,948,911</u>			
TOTAL EXPENDITURE OF FEDERAL AWARDS				<u>\$12,510,964</u>			

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of the schedule.

COMMUNITY BRIDGES, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Period 10/1/2018 - 9/30/2019

Significant Accounting Policies Used in Preparing the SEFA

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of Community Bridges, Inc. under programs of the federal government for the year ended September 30, 2019. The information in the Schedule is presented in accordance with the requirements of the Uniform Guidance. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net position or cash flows of the Organization. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the applicable Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Any negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

10% De Minimis Cost Rate

The auditee did not use the de minimis cost rate.

Catalogue of Federal Domestic Assistance Numbers

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the 2019 Catalog of Federal Domestic Assistance. When no CFDA number had been assigned to a program, the two-digit federal agency identifier, a period, and the federal contract number were used. When there was no federal contract number, the two-digit federal agency identifier, a period, and the word unknown were used.

COMMUNITY BRIDGES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2019

Summary of Auditor’s Results:

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Significant deficiency(ies) identified: No
- Material weakness(es) identified: No

Noncompliance material to financial statements noted: No

Federal Awards

Internal control over major programs:

- Significant deficiency(ies) identified: No
- Material weakness(es) identified: No

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with §200.516 of Uniform Guidance: No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
93.788	Opioid STR
93.959	Block Grants for Prevention and Treatment of Substance Abuse
14.218	CDBG – Entitlement Grants Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee: No

Findings Related to Financial Statements Reported in Accordance with *Government Auditing Standards*: No

Findings and Questioned Costs Related to Federal Awards: No

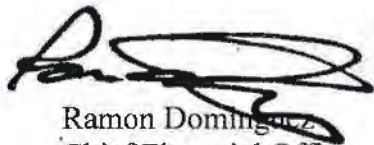
Summary Schedule of Prior Audit Findings required to be reported: Yes

January 7, 2020

To Whom It May Concern:

The accompanying Summary Schedule of Prior Audit Findings has been prepared as required by U.S. Office of Management and Budget Uniform Guidance. The status for each finding included in the prior year audit's Schedule of Findings and Questioned Costs has been provided.

Sincerely,



Ramon Dominguez
Chief Financial Officer
Community Bridges, Inc.

RD:jl

COMMUNITY BRIDGES, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED SEPTEMBER 30, 2019

**Status of Findings Related to Financial Statements Reported in Accordance with
*Government Auditing Standards***

Finding Number: FS-2018-001
Status: Fully corrected.

Finding Number: FS-2018-002
Status: Fully corrected.

Status of Findings and Questioned Costs Related to Federal Awards

Finding Number: 2018-001

<u>Program Names/CFDA Titles:</u>	<u>CFDA Numbers:</u>
VA Supportive Services for Veteran Families Program	64.033
Continuum of Care Program	14.267
Block Grants for Prevention and Treatment of Substance Abuse	93.959

Status: Fully corrected.

2020

COMMUNITY BRIDGES, INC. (Arizona Nonprofit Corporation)

COMMUNITY BRIDGES, INC.
YEARS ENDED SEPTEMBER 30, 2020 AND 2019
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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Community Bridges, Inc.

Report on Financial Statements

We have audited the accompanying consolidated financial statements of Community Bridges, Inc. which comprise the consolidated statements of financial position as of September 30, 2020 and 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audits 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Community Bridges, Inc. as of September 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2021, on our consideration of Community Bridges, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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* in considering Community Bridges, Inc.'s internal control over financial reporting and compliance.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Phoenix, Arizona
March 12, 2021

Community Bridges, Inc.
Consolidated Statements of Financial Position
September 30, 2020 and 2019

Assets	<u>2020</u>	<u>2019</u>
Current Assets		
Cash & Cash Equivalents	\$ 9,143,036	\$ 11,833,485
Grants Receivable	3,356,366	2,761,733
RBHA Receivable	1,333,333	-
Fee for Service Receivable	5,520,098	5,714,565
Inventories	804,508	220,731
Prepaid Expenses	1,593,654	1,104,177
Deposits	292,237	296,262
Total Current Assets	<u>22,043,232</u>	<u>21,930,953</u>
Long-term Assets		
Property & Equipment	30,649,625	30,423,392
Accumulated Depreciation	(11,735,225)	(10,698,359)
Other Long-term Assets	323,420	315,009
Total Long-term Assets	<u>19,237,820</u>	<u>20,040,042</u>
Total Assets	<u>\$ 41,281,052</u>	<u>\$ 41,970,995</u>
Liabilities		
Current Liabilities		
Accounts Payable	\$ 4,126,120	\$ 2,868,870
Accounts Payable - RBHA's	225,280	13,500
Salaries Payable	4,651,917	4,350,763
Security Deposits Payable	30,206	30,206
Vacations Payable	720,809	670,411
Refundable Advance	410,839	2,251,799
Deferred Rent	189,996	228,882
Lease Payable Short Term	607,091	898,040
Notes and Bonds Payable Short Term	715,782	684,803
Credit Line Payable	1,200,000	-
Total Current Liabilities	<u>12,878,040</u>	<u>11,997,274</u>
Long-term Liabilities	<u>4,794,184</u>	<u>6,116,997</u>
Total Liabilities	<u>17,672,224</u>	<u>18,114,271</u>
Net Assets		
Without donor restrictions	23,608,828	23,856,724
With donor restrictions	-	-
Total Net Assets	<u>23,608,828</u>	<u>23,856,724</u>
Total Liabilities and Net Assets	<u>\$ 41,281,052</u>	<u>\$ 41,970,995</u>

Community Bridges, Inc.
Consolidated Statement of Activities
For the Year Ended September 30, 2020

	CRISIS	INPATIENT	OUTPATIENT	RESIDENTIAL	Stabilization and Recovery Units (SRU)	Grants/Other	Disregarded Entities	Properties	General & Administrative	Subtotal
RBHA Revenue	\$ 31,842,764	\$ 8,697,290	\$ 21,842,728	\$ 2,103,385	\$ 1,087,530	\$ -	\$ -	\$ -	\$ -	\$ 65,573,697
RBHA Revenue SAPT	563,033	-	2,202,464	87,418	77,986	-	-	-	-	2,930,901
Grants - Federal	-	-	-	-	-	12,501,254	-	-	-	12,501,254
Grants - Other	56,615	-	-	56,615	-	1,967,896	-	-	-	2,081,126
Rental Income	-	-	-	-	-	-	-	2,663,814	-	2,663,814
Contributions	-	-	-	-	-	59,785	-	-	-	59,785
Donations In-Kind	59,811	47,548	35,074	32,427	30,560	-	-	-	-	205,420
Fee for Service	6,516,094	15,488,305	10,533,186	10,867,548	1,276,627	3,675	-	-	119,212	44,804,647
Other Income	298,222	670,818	806,534	201,210	31,133	1,000,917	120,005	137,274	1,074,008	4,340,121
Interest Income	-	-	-	-	-	-	-	1,579	18,094	19,673
Prior Year Revenue	54,377	-	122,533	148,566	142,796	-	-	-	-	468,272
Subtotal	39,390,916	24,903,961	35,542,519	13,497,169	2,646,632	15,533,527	120,005	2,802,667	1,211,314	135,648,710
Net Assets Released from Restriction										-
Total Operating Revenue	39,390,916	24,903,961	35,542,519	13,497,169	2,646,632	15,533,527	120,005	2,802,667	1,211,314	135,648,710
Expenditures										
Direct	35,057,863	24,127,872	32,915,655	12,666,430	1,190,639	15,540,072	308,486	895,413	8,018	122,710,448
Indirect									13,186,158	13,186,158
Total Expenditures	35,057,863	24,127,872	32,915,655	12,666,430	1,190,639	15,540,072	308,486	895,413	13,194,176	135,896,606
Net Revenue over Expenditures	4,333,053	776,089	2,626,864	830,739	1,455,993	(6,545)	(188,481)	1,907,254	(11,982,862)	(247,896)
General & Administrative Allocations	3,994,064	2,733,828	3,511,905	1,407,788	110,164	1,428,409			(13,186,158)	-
Excess (Deficiency) of revenue over expenses	\$ 338,989	\$ (1,957,739)	\$ (885,041)	\$ (577,049)	\$ 1,345,829	\$ (1,434,954)	\$ (188,481)	\$ 1,907,254	\$ 1,203,296	\$ (247,896)

	Without Donor Restrictions	With Donor Restrictions	Total Assets
Net Assets at Beginning of Year	23,856,724		23,856,724
Excess Revenue Over Expenses	(247,896)		(247,896)
Net Assets at End of Year	\$ 23,608,828	\$ -	\$ 23,608,828

Community Bridges, Inc.
Consolidated Statement of Activities
For the Year Ended September 30, 2019

	CRISIS	INPATIENT	OUTPATIENT	RESIDENTIAL	Stabilization and Recovery Units (SRU)	Grants/Other	Disregarded Entities	Properties	General & Administrative	Subtotal
RBHA Revenue	\$ 27,760,653	\$ 8,443,001	\$ 17,750,069	\$ 3,451,550	\$ 1,060,407	\$ -	\$ -	\$ -	\$ 1,391	\$ 58,467,071
RBHA Revenue SAPT	950,524	-	2,094,858	536,845	36,025	-	-	-	-	3,618,252
Grants - Federal	28	-	106	157	58	9,750,395	-	-	-	9,750,744
Grants - Other	35,680	-	35,680	-	-	1,943,508	-	-	-	2,014,868
Rental Income	-	-	-	-	-	-	-	2,537,751	-	2,537,751
Contributions	-	-	-	-	-	66,452	12,105	-	-	78,557
Donations In-Kind	59,876	47,691	35,074	32,427	30,560	-	-	-	-	205,628
Fee for Service	5,654,698	15,856,981	8,709,437	9,582,766	1,984,683	280,265	-	-	-	42,068,830
Other Income	59,412	1,203,711	398,628	823	-	-	56,495	132,803	1,260,533	3,112,405
Interest	-	-	-	-	-	-	-	2,135	61,969	64,104
Prior Year Revenue	1,055,131	-	131,888	171,932	138,598	-	-	-	-	1,497,549
Subtotal	35,576,002	25,551,384	29,155,740	13,776,500	3,250,331	12,040,620	68,600	2,672,689	1,323,893	123,415,759
Net Assets Released from Restriction										-
Total Operating Revenue	35,576,002	25,551,384	29,155,740	13,776,500	3,250,331	12,040,620	68,600	2,672,689	1,323,893	123,415,759
Expenditures										
Direct	29,621,939	21,009,866	29,924,646	10,716,130	1,015,884	11,873,007	81,855	1,828,561	(306)	106,071,582
Indirect									14,940,818	14,940,818
Total Expenditures	29,621,939	21,009,866	29,924,646	10,716,130	1,015,884	11,873,007	81,855	1,828,561	14,940,512	121,012,400
Net Revenue over Expenditures	5,954,063	4,541,518	(768,906)	3,060,370	2,234,447	167,613	(13,255)	844,128	(13,616,619)	2,403,359
General & Administrative Allocations	4,766,819	2,993,535	3,997,110	1,466,039	131,335	1,585,980			(14,940,818)	-
Excess (Deficiency) of revenue over expenses	\$ 1,187,244	\$ 1,547,983	\$ (4,766,016)	\$ 1,594,331	\$ 2,103,112	\$ (1,418,367)	\$ (13,255)	\$ 844,128	\$ 1,324,199	\$ 2,403,359

	Without Donor Restrictions	With Donor Restrictions	Total Assets
Net Assets at Beginning of Year	21,453,365		21,453,365
Excess Revenue Over Expenses	2,403,359		2,403,359
Net Assets at End of Year	\$ 23,856,724	\$ -	\$ 23,856,724

Community Bridges, Inc.
Consolidated Statement of Functional Expenses
For the Year Ended September 30, 2020

Expenditures	Stabilization and Recovery Units										Grand Total
	CRISIS	INPATIENT	OUTPATIENT	RESIDENTIAL	(SRU)	Grants/Other	Disregarded Entities	Properties	General & Administrative		
Salaries	\$ 23,699,775	\$ 14,818,469	\$ 20,323,001	\$ 7,609,622	\$ 768,876	\$ 7,460,753	\$ 43,796	\$ 4,877	\$ 7,667,610	\$ 82,396,779	
ERE	3,864,886	2,425,686	3,577,756	1,409,580	123,480	1,523,007	10,211	802	1,131,648	14,067,056	
Professional Fees	4,436,290	3,453,725	3,955,782	799,537	24,996	566,489	56,735	50,821	2,684,821	16,029,196	
Insurance Prof Liability	50,175	69,936	204,204	67,247	3,695	10,664	5,834	60,713	133,404	605,872	
Interest	94,694	158,781	44,368	55,870	-	-	-	257,747	-	611,460	
Supplies Direct	999,576	1,181,666	615,381	828,139	73,368	493,922	91,516	2,552	299,615	4,585,735	
Supplies Office	42,197	24,662	36,425	20,499	887	9,046	26,691	-	15,671	176,078	
Equipment	153,359	122,697	101,628	60,405	8,006	15,203	2,389	3,598	99,207	566,492	
Occupancy	732,582	1,152,260	2,630,961	1,160,051	74,351	4,768,948	33,543	480,053	449,254	11,482,003	
Telephone	107,479	140,991	399,928	146,518	33,722	120,706	3,425	5,154	346,343	1,304,266	
Travel/Mileage	314,215	53,781	724,774	115,103	29,266	550,452	(448)	96	109,363	1,896,602	
Training & Conferences	70,826	35,240	54,857	16,720	858	13,633	5,199	-	61,687	259,020	
Depreciation	363,246	404,839	207,492	293,177	-	1,805	29,328	14,304	116,599	1,430,790	
Miscellaneous / Other	128,563	85,139	39,098	83,962	49,134	5,444	267	14,696	78,954	485,257	
Total Operating Expenditures	35,057,863	24,127,872	32,915,655	12,666,430	1,190,639	15,540,072	308,486	895,413	13,194,176	135,896,606	
Transfers to Foundation	-	-	-	-	-	-	-	-	-	-	
Total Expenditures	\$ 35,057,863	\$ 24,127,872	\$ 32,915,655	\$ 12,666,430	\$ 1,190,639	\$ 15,540,072	\$ 308,486	\$ 895,413	\$ 13,194,176	\$ 135,896,606	

Community Bridges, Inc.
Consolidated Statement of Functional Expenses
For the Year Ended September 30, 2019

Expenditures	CRISIS	INPATIENT	OUTPATIENT	RESIDENTIAL	Stabilization and Recovery Units (SRU)	Grants/Other	Disregarded Entities	Properties	General & Administrative	Grand Total
Salaries	\$ 20,425,672	\$ 13,084,002	\$ 18,743,258	\$ 6,764,324	\$ 690,451	\$ 5,639,406	\$ -	\$ 5,685	\$ 9,184,098	\$ 74,536,896
ERE	2,688,116	1,694,092	2,605,193	984,888	95,260	855,811	(8)	1,284	1,126,199	10,050,835
Professional Fees	3,580,141	2,796,004	3,933,596	298,511	13,135	454,374	48,281	48,463	2,533,179	13,705,684
Insurance Prof Liability	45,680	49,978	142,064	42,844	2,397	4,303	-	45,267	95,031	427,564
Interest	1,569	71,036	48,105	60,566	-	-	-	433,617	-	614,893
Supplies Direct	1,010,547	1,226,705	754,918	735,159	72,306	372,510	27,452	425	470,235	4,670,257
Supplies Office	34,486	17,085	27,242	17,223	1,217	26,289	-	-	23,767	147,309
Equipment	103,967	86,155	122,216	65,908	8,414	29,325	-	1,647	247,830	665,461
Occupancy	680,758	1,072,758	2,183,670	1,107,907	59,202	3,857,034	3,858	583,612	471,533	10,020,332
Telephone	81,030	113,791	325,912	133,728	30,750	96,522	-	5,024	362,300	1,149,057
Travel/Mileage	297,854	59,218	783,022	156,909	40,315	516,447	1,635	1,269	118,166	1,974,834
Training & Conferences	34,078	15,740	36,923	8,984	1,837	18,281	-	-	172,965	288,808
Depreciation	544,177	591,690	213,491	318,168	-	1,821	-	627,010	25,524	2,321,881
Miscellaneous / Other	93,863	131,613	5,036	21,013	600	884	637	75,258	109,685	438,589
Total Operating Expenditures	29,621,939	21,009,866	29,924,646	10,716,130	1,015,884	11,873,007	81,855	1,828,561	14,940,512	121,012,400
Transfers to Foundation	-	-	-	-	-	-	-	-	-	-
Total Expenditures	\$ 29,621,939	\$ 21,009,866	\$ 29,924,646	\$ 10,716,130	\$ 1,015,884	\$ 11,873,007	\$ 81,855	\$ 1,828,561	\$ 14,940,512	\$ 121,012,400

Community Bridges, Inc.
Consolidated Statements of Cash Flows
For the Fiscal Years Ended September 30, 2019 and 2020

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities		
Net Income	\$ (247,896)	\$ 2,403,359
Depreciation & Amortization	1,036,866	2,308,971
Grants Receivable	(594,633)	(1,148,611)
RBHA Receivable	(1,333,333)	-
Fee for Service Receivable	194,467	(5,714,565)
Inventory	(583,777)	139,854
Prepaid Expenses	(489,477)	(440,427)
Refundable Advance	(1,840,960)	67,302
Accounts Payable	1,469,029	(2,913,344)
Deposits Payable	-	(3,070)
Accrued Liabilities	351,552	848,334
Deferred Rent	(38,886)	(18,106)
Deposits	4,025	(6,791)
Total Cash Flows from Operating Activities	<u>(2,073,023)</u>	<u>(4,477,094)</u>
Cash Flows from Investing Activities		
Cash Payments Purchase of Assets	(226,233)	(55,666)
Cash Payments for Other Long-Term Assets	(8,411)	(48,645)
Total Cash Flows from Investing Activities	<u>(234,644)</u>	<u>(104,311)</u>
Cash Flows from Financing Activities		
Principal Payments on Long Term Debt	(684,742)	(3,494,827)
Principal Payments on Capital Leases	(898,040)	(1,283,298)
Proceeds from Line of Credit	1,200,000	
Proceeds from Loan		2,870,000
Total Cash Flows from Financing Activities	<u>(382,782)</u>	<u>(1,908,125)</u>
Net Increase (Decrease) in Cash and Equivalents	<u>(2,690,449)</u>	<u>(6,489,530)</u>
Beginning Cash & Cash Equivalents	11,833,485	18,323,015
Ending Cash & Cash Equivalents	<u>\$ 9,143,036</u>	<u>\$ 11,833,485</u>
 Supplemental disclosures of cash flow statements		
Cash paid during the year for interest expense	\$ 611,460	\$ 614,893
Cash paid during the year for income tax expense	\$ 40,192	\$ 91,912

COMMUNITY BRIDGES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Community Bridges, Inc. (CBI) was incorporated as a private non-profit, 501(c)(3) organization in 1982 and has a 38 year history of providing comprehensive, medically integrated behavioral health programs which include prevention, education, therapy, housing, medications, peer support, inspiration, hope and other supportive services using cutting edge, nationally recognized treatment models throughout Arizona. CBI is one of the largest statewide providers offering fully integrated medical and behavioral health care in 14 communities in Maricopa, Pinal, Gila, Yuma, Navajo, Apache and Cochise Counties by providing a continuum of care that begins with prevention and continues for individuals and families through treatment and recovery. During the past five years, CBI has transformed recovery of those we serve holistically and more effectively, by delivering direct physician and nurse practitioner services, both on site in Maricopa County, and through telemed to each of our service locations throughout Arizona. CBI operates 31 programs throughout Arizona that are all licensed by the Arizona Department of Health Services Division of Behavioral Health. Our prevention and clinical programs are accredited by the Commission on Accreditation of Rehabilitation Facilities (CARF).

Principles of Consolidation

These consolidated financial statements include the activities of CBI and the following entities (collectively referred to as CBI):

- Community Bridges Development Foundation – a private, nonprofit, 501(c)(3) organization established in 2004 for the purpose of providing support to CBI.
- A total of thirteen sole-member LLCs have been established to house the assets and/or operations at each site owned by CBI.
- CBI Benefits LLC – a sole-member LLC established to account for the assets related to benefit management of CBI.
- Inspired Ink LLC – a sole-member LLC established to account for assets related to goods sold to CBI.

All significant inter-organization balances and transactions have been eliminated in consolidation.

Basis of Accounting

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

COMMUNITY BRIDGES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements of CBI have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to not-for-profit entities. The Financial Accounting Standards Board (FASB) is the accepted standard-setting body for establishing not-for-profit accounting and financial reporting principles. CBI has a September 30 fiscal year end to coordinate with the Arizona Department of Health Services (ADHS). CBI is required to report information regarding its financial position and activities according to two classes based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of CBI and changes therein are classified as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations. Some donor restrictions are temporary in nature; those restrictions will be met either by actions of CBI and/or the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds must be maintained in perpetuity. CBI has no net assets with donor restrictions.

Donor-restricted contributions are reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, CBI considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents consist primarily of cash on hand, cash on deposit, and Certificates of Deposit with original maturities of two years or less. Certificates of Deposit with maturities of one year or less are priced using a yield-based matrix model and Certificates of Deposit with maturities beyond one year are priced using a market value pricing model. Both pricing models approximate fair value. Cash and cash equivalents includes \$0 and \$650,642 of Certificates of Deposit at September 30, 2020 and 2019, respectively. All Certificates of Deposit outstanding at September 30, 2019 matured during the year ended September 30, 2020.

COMMUNITY BRIDGES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Concentrations of Credit and Market Risk

Financial instruments that potentially expose CBI to concentrations of credit and market risk consist primarily of cash equivalents. CBI maintains its cash and cash equivalents in bank deposit accounts, which, for short periods of time, may exceed federally insured limits. At year end, the carrying amount of CBI's deposits was \$9,143,038 and the bank balance was \$10,050,309. At year end, \$9,318,735 of CBI's deposits were uninsured and uncollateralized. To minimize risk, cash accounts are maintained at high-quality financial institutions and credit exposure is limited to any one institution.

Accounts Receivables

All receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The fee for service allowance is based off of an estimated collection rate of 76%. Grant and RHBA receivables are considered by management to be collectible in full and accordingly, an allowance for doubtful accounts is not considered necessary.

Inventories

CBI maintains an inventory for uniforms, computer equipment and regular recurring procurement purchases. Inventory of uniforms is valued at average cost and inventory of computer equipment and recurring procurements are valued at actual cost.

Property and Equipment

All acquisitions of property and equipment with a cost in excess of \$5,000 and all expenses for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, ranging from 3 to 40 years. Depreciation expense for the year ended September 30, 2020, and the year ended September 30, 2019 was \$1,430,790 and \$2,321,881, respectively.

CBI reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. Management does not believe impairment indicators are present.

COMMUNITY BRIDGES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Compensated Absences

Employee paid time off (PTO) (i.e. vacation time) is accrued every pay period for all full time employees. PTO is vested during the first six years of employment. Upon termination, any unused accrued vacation time will be paid according to the vesting schedule. Accrued PTO is paid out based on years of service, no accrued PTO will be paid out in the first two years of employment, 10% will be paid out in the third year of employment, 20% in the fourth year, 30% in the fifth year and 40% in the sixth and consecutive years.

Revenue Recognition

Grants. Grant revenue is comprised of contract block grant revenue through the RBHAs (Regional Behavioral Health Authorities) as well as other grants funded by federal, state and local governmental and other granting agencies that have passed through awards to CBI. CBI recognizes grant revenue as earned when services are rendered or contractual obligations are met under the grant contract. Funding sources may, at their discretion, request reimbursement for expenses or return of funds, or both, as a result of noncompliance by CBI with the terms of the contract. Amounts received prior to incurring qualifying expenses are reported as refundable advance in the Statement of Financial Position. CBI was awarded cost reimbursable grants of \$6,086,105 that have not been recognized at September 30, 2020 because qualifying expenses have not yet been incurred.

Fee for Services Revenues. CBI recognizes fee for service revenues at the time health services are provided. After the performance obligation of providing health services has been met, CBI bills the appropriate health care plan. Because of the nature in which these revenues are billed, revenues are not typically received in advance.

Donated Services and In-Kind Contributions

Donations of property and equipment are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as increases in net assets with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, CBI reports expirations of donor restrictions when the donated or acquired assets are placed in service. CBI reclassifies net assets with donor restrictions to net assets without restrictions at that time.

COMMUNITY BRIDGES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

Expense	Method of Allocation
Salaries and benefits	Time and effort
Professional fees	Full time equivalent
Supplies direct	Full time equivalent
Occupancy	Square footage
Travel/Mileage	Time and effort
Depreciation	Square footage

Income Tax Status

CBI and the Community Bridges Development Foundation are exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and similar State of Arizona tax provisions. However, income from certain activities not directly related to CBI’s tax-exempt purpose is subject to taxation as unrelated business income. In addition, both CBI and the Community Bridges Development Foundation qualify for the charitable contribution deduction under Section 170 and have been classified as an organization other than a private foundation. Both organization’s Form 990, *Return of Organization Exempt from Income Taxes* and *Form 990T, Exempt Organization Business Income Tax Return*, are generally subject to examination by the Internal Revenue Service for three years after the date filed.

For tax purposes, all of the LLCs are disregarded entities and are treated as a program of CBI.

CBI rents suites in their Pennington and Avondale buildings that incur unrelated business income tax. The income tax expense for unrelated business income for the year ended September 30, 2019 was \$31,243 and \$7,290 for federal and state tax, respectively. The estimate of income tax expense for the year ended September 30, 2020 is \$32,549 for federal tax and \$7,595 for Arizona tax.

COMMUNITY BRIDGES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management has evaluated the tax positions taken or expected to be taken, if any, on its exempt organization filings, and the likelihood that upon examination those positions would be sustained. Based on the results of this evaluation, management believes there are no uncertain tax positions.

New Accounting Pronouncements

During the fiscal year, CBI adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606). The update clarifies the principles for recognizing contract revenue and enhances disclosures sufficient to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

CBI also adopted Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). The update clarifies and improves the scope and accounting guidance for contributions received and contributions made. The amendments in this update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional.

Analysis of the provisions of these standards resulted in no significant changes in the way CBI recognizes revenue, and therefore no changes to the previously issued audited statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

NOTE 2 – LIQUIDITY AND AVAILABILITY

The following represents CBI's financial assets at fiscal year end:

Financial assets at year end:	
Cash and cash equivalents	\$ 9,143,036
Accounts receivable	<u>10,209,797</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 19,352,833</u>

CBI regularly monitors liquidity required to meet its operating needs and other contractual commitments. CBI has two credit lines available to meet cash flow needs. The lines of credit are for \$3,000,000 and \$2,000,000, respectively, and are secured by buildings owned by CBI. The interest rate for both lines of credit is prime (3.25 percent at September 30, 2020) and the lines mature on December 1, 2022. The amount outstanding as of September 30, 2020 was \$1,200,000.

COMMUNITY BRIDGES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment include the following major classes of assets at September 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Land	\$ 3,934,686	\$ 3,934,686
Buildings	12,045,392	12,026,652
Building and leasehold improvements	11,565,358	11,741,900
Construction in progress	6,875	6,875
Vehicles	232,723	233,303
Furniture and equipment	2,864,591	2,479,977
Total property and equipment	<u>30,649,625</u>	<u>30,423,393</u>
Less: Accumulated depreciation and amortization	<u>(11,735,225)</u>	<u>(10,698,359)</u>
Net property and equipment	<u>\$ 18,914,400</u>	<u>\$ 19,725,034</u>

NOTE 4 – OPERATING LEASE COMMITMENTS

CBI leases buildings, vehicles and office equipment under noncancelable operating leases with terms of three to four years. The following is a schedule by years of future minimum rental payments under the leases at year end:

	Operating Leases – Vehicles and Equipment	Operating Leases – Buildings
2021	\$ 516,649	\$ 1,654,479
2022	135,858	1,242,579
2023	84,199	601,209
2024	24,169	299,980
2025		308,979
Thereafter		398,394
Total lease payments	<u>\$ 760,875</u>	<u>\$ 4,505,620</u>

The total lease expense incurred for vehicles and equipment during the years ended September 30, 2020 and September 30, 2019 was \$1,178,816 and \$1,487,782, respectively. The total lease expense incurred for rent of buildings under operating leases was \$1,959,418 and \$1,991,046 respectively. CBI also leases certain buildings at no cost. The estimated value of the rent was \$205,420 for fiscal years ending September 30, 2020 and 2019, respectively.

COMMUNITY BRIDGES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 5 – DEBT

Debt outstanding consisted of the following:

Description	2020	2019
<u>Debt Obligation #1</u>	\$3,385,310	\$ 3,533,528
Wells Fargo 10 year 4.35% balloon loan dated March 30, 2016; 119 monthly payments of \$25,125.48 began May 1, 2016 and one final payment of \$2,448,860 due April 1, 2026.		
<u>Debt Obligation #2</u>	2,124,656	2,661,179
Wells Fargo 5 year loan dated March 8, 2019. Monthly payments of \$53,415.15 at 4.25% interest beginning May 1, 2019.		
Total long-term debt	5,509,966	6,194,707
Less: Current portion	(715,782)	(684,803)
Net long-term debt	<u>\$ 4,794,184</u>	<u>\$ 5,509,904</u>

The future scheduled maturities of long-term debt are as follows:

Year End:		
	2021	\$ 715,782
	2022	747,392
	2023	780,412
	2024	545,504
	2025	185,225
	Thereafter	2,535,651
Total		<u>\$ 5,509,966</u>

Debt Obligation #1:

In March of 2016, a \$4,000,000 Wells Fargo Bank loan was signed to purchase a building used to service the West Valley programs. The loan is collateralized by the building purchased.

Debt Obligation #2:

A \$2,870,000 Promissory Note dated March 8, 2019 with Wells Fargo Bank was used to refinance previous financing agreements. The note is collateralized by the Pennington building.

COMMUNITY BRIDGES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 6 – OBLIGATIONS UNDER CAPITAL LEASES

CBI has acquired building and leasehold improvements under the provisions of long-term lease agreements classified as capital leases. The economic substance of the lease is that CBI is financing the acquisition of the assets through the lease, and, accordingly, it is recorded in the CBI's assets and liabilities.

The following is an analysis of the leased assets:

	<u>2020</u>	<u>2019</u>
Building and leasehold improvements	\$ 1,986,844	\$ 3,684,322
Less: Accumulated depreciation	<u>(1,379,750)</u>	<u>(2,179,189)</u>
Total	<u>\$ 607,094</u>	<u>\$ 1,505,133</u>

The following is a schedule by years of future minimum payments:

Year End:		
	2021	<u>\$ 607,091</u>
	Total	<u>\$ 607,091</u>

Amortization of assets held under capital leases is included with depreciation expense.

NOTE 7 – COMMITMENTS AND CONTINGENCIES

CBI is subject to certain loss contingencies, such as litigation, arising in the normal conduct of its activities. In the opinion of management, the liability, if any, for such contingencies will not have a material effect on CBI's financial position.

NOTE 8 – EMPLOYEE BENEFIT PLANS

Tax-deferred Annuity Plan

CBI has a tax-deferred annuity plan that qualifies under Section 401(k) of the Internal Revenue Code. CBI contributes 100% of the first 4% contributed by the employee to the Plan. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code if they wish. CBI has contributed \$1,256,959 and \$1,109,458 during the fiscal years 2020 and 2019, respectively.

COMMUNITY BRIDGES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 9 – RISK MANAGEMENT

CBI maintains a self-insurance program for its employees' health care costs. CBI is liable for losses on claims up to \$200,000 per claim and \$5,932,440 in total for the year. CBI has third-party insurance coverage for any losses in excess of such amounts. Self-insurance costs are accrued based on claims reported as of the statement of financial position date as well as an estimated liability for claims incurred but not reported. The total accrued liability for self-insurance costs was \$1,913,842 and \$1,394,508 as of September 30, 2020 and 2019, respectively and is included in accounts payable on the statement of financial position.

NOTE 10 – PROGRAM EXPANSION

CBI operates a variety of programs as part of providing comprehensive, medically integrated behavioral health programs. During the fiscal year, CBI added the following programs to services provided.

Grant / Description	Amount
<p><i>U.S. Department of Veterans Affairs (SSVFCO)</i> \$ 1,250,365 <i>Effective May 1, 2020</i> U.S. Department of Veterans Affairs awarded CARES funding to CBI to assist Veterans facing homelessness and protecting vulnerable Veterans from COVID-19.</p>	1,250,365
<p><i>Maricopa County (MARCOV)</i> 1,127,780 <i>Effective April 8, 2020</i> The Maricopa County Human Services department awarded funding to CBI for the operation of temporary emergency shelter services for homeless individuals experiencing homelessness in Maricopa County to protect them from exposure to COVID-19.</p>	1,127,780
<p><i>City of Tucson (COTCAR)</i> 615,397 <i>Effective April 1, 2020</i> The City of Tucson awarded funding to CBI for the purpose of serving 115 members experiencing homeless that are PUI or COVID-Positive.</p>	615,397
<p><i>Maricopa County (MARRRH)</i> 400,000 <i>Effective July 1, 2020</i> The Maricopa County Justice department awarded funding to CBI to expand current MARNV contract to provide rapid rehousing COVID-19 response to quickly rehouse individuals and families experiencing homelessness and disproportionately at risk of COVID-19.</p>	400,000

COMMUNITY BRIDGES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 10 – PROGRAM EXPANSION

Grant / Description	Amount
<p><i>City of Mesa (MESCA2)</i> \$ 257,191 <i>Effective July 18, 2020</i> The City of Mesa awarded funding to CBI for Mesa COVID hotel project Operation off the Streets Phase II in relation to Mesa CARES funding.</p>	257,191
<p><i>Maricopa County (MARESG)</i> 150,000 <i>Effective July 1, 2020</i> The Maricopa County Justice department awarded funding to CBI to expand current navigation contract to assist participants to remain housed and provide a Housing First approach to help residents maximize their ability to live independently.</p>	150,000
<p><i>State of Az Department of Economic Security (DCARES)</i> 150,000 <i>Effective July 1, 2020</i> The State of AZ Department of Economic Security department awarded funding to CBI to prevent, prepare for, and respond to the coronavirus pandemic (COVID-19) among individuals and families who are homeless or receiving homeless assistance and to support additional homeless assistance and homelessness prevention activities to mitigate the impacts of COVID-19.</p>	150,000
<p><i>Maricopa County (MARCAR)</i> 123,072 <i>Effective April 22, 2020</i> The Maricopa County Human Services department awarded funding to CBI to provide a 24/7 triage hotline and transportation dispatch for COVID-19 positive, COVID-19 suspected, COVID-19 symptomatic individuals experiencing homelessness.</p>	123,072
<p><i>City of Mesa (MESCAR)</i> 82,617 <i>Effective May 15, 2020</i> The City of Mesa awarded funding to CBI for Mesa COVID hotel project Operation off the Streets Phase I in relation to Mesa CARES funding.</p>	82,617
<p><i>Maricopa County (MARNCV)</i> 25,000 <i>Effective April 1, 2020</i> Maricopa County awarded funding to CBI to provide for COVID related expenses for outreach.</p>	25,000

COMMUNITY BRIDGES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 10 – PROGRAM EXPANSION

Grant / Description	Amount
<i>Queen Creek Unified School District</i>	\$ 8,600

Effective September 19, 2019

The Queen Creek Unified School District (QCUSD) entered a memorandum of understanding with CBI to provide support of multiple strategies as part of the High School Health and Wellness Programs. This support includes a variety of substance abuse education and prevention programs and activities for the students of QCUSD.

NOTE 11 – SUBSEQUENT EVENT

Subsequent events have been evaluated through March 12, 2021, which is the date the financial statements were available to be issued.

In November 2020, CBI became the sole member of Little Colorado Behavioral Health Centers, Inc. (LCBH), an Arizona nonprofit corporation. All directors of LCBH will now be appointed by CBI, and the composition of the LCBH Board will include the CBI Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, two members of CBI's Board, and at least three directors that are residents of the County where LCBH's principal office is located.

SINGLE AUDIT SECTION

**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***

Independent Auditor's Report

The Board of Directors
Community Bridges, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Community Bridges, Inc., which comprise the statement of financial position as of September 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated March 12, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.
Phoenix, Arizona
March 12, 2021

**Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance; and
Report on Schedule of Expenditures of Federal Awards
Required by the Uniform Guidance**

Independent Auditor's Report

The Board of Directors
Community Bridges, Inc.

Report on Compliance for Each Major Federal Program

We have audited Community Bridges, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Community Bridges, Inc.'s major federal programs for the year ended September 30, 2020. Community Bridges, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Community Bridges, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Community Bridges, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Community Bridges, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Community Bridges, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2020.

Report on Internal Control Over Compliance

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

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the consolidated financial statements of Community Bridges, Inc. as of and for the year ended September 30, 2020, and have issued our report thereon dated March 12, 2021, which contained an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the consolidated financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.

Phoenix, Arizona

March 12, 2021

COMMUNITY BRIDGES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Period 10/1/2019 - 9/30/2020

<i>Federal Awarding Agency/Program Title</i>	<i>Federal CFDA Number</i>	<i>Additional Award Identification (Optional)</i>	<i>Name of Funder Pass-Through Entity</i>	<i>Identifying Number Assigned By Funder Pass-Through Entity</i>	<i>Federal Expenditures</i>	<i>Federal Program Total</i>	<i>Cluster Name</i>	<i>Cluster Total</i>
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT								
COMMUNITY DEVELOPMENT BLOCK GRANTS/ENTITLEMENT GRANTS	14.218		CITY OF MESA	20000004	\$153,396	\$857,327	CDBG - ENTITLEMENT GRANTS CLUSTER	\$857,327
COMMUNITY DEVELOPMENT BLOCK GRANTS/ENTITLEMENT GRANTS	14.218		CITY OF MESA	20000003	\$58,669	\$857,327	CDBG - ENTITLEMENT GRANTS CLUSTER	\$857,327
COMMUNITY DEVELOPMENT BLOCK GRANTS/ENTITLEMENT GRANTS	14.218		CITY OF GLENDALE	C20-0086	\$48,120	\$857,327	CDBG - ENTITLEMENT GRANTS CLUSTER	\$857,327
COMMUNITY DEVELOPMENT BLOCK GRANTS/ENTITLEMENT GRANTS	14.218		CITY OF TEMPE	C2019-305	\$6,177	\$857,327	CDBG - ENTITLEMENT GRANTS CLUSTER	\$857,327
COMMUNITY DEVELOPMENT BLOCK GRANTS/ENTITLEMENT GRANTS	14.218		CITY OF PHOENIX	145543	\$130,052	\$857,327	CDBG - ENTITLEMENT GRANTS CLUSTER	\$857,327
COMMUNITY DEVELOPMENT BLOCK GRANTS/ENTITLEMENT GRANTS	14.218		CITY OF PHOENIX	145545	\$247,955	\$857,327	CDBG - ENTITLEMENT GRANTS CLUSTER	\$857,327
COMMUNITY DEVELOPMENT BLOCK GRANTS/ENTITLEMENT GRANTS	14.218		MARICOPA COUNTY	C-22-18-008-3-03	\$63,539	\$857,327	CDBG - ENTITLEMENT GRANTS CLUSTER	\$857,327
COMMUNITY DEVELOPMENT BLOCK GRANTS/ENTITLEMENT GRANTS	14.218		MARICOPA COUNTY	C-22-19-039-3-02	\$124,419	\$857,327	CDBG - ENTITLEMENT GRANTS CLUSTER	\$857,327
COVID-19 - COMMUNITY DEVELOPMENT BLOCK GRANTS/ENTITLEMENT GRANTS	14.218	COVID-19	MARICOPA COUNTY	N/A	\$25,000	\$857,327	CDBG - ENTITLEMENT GRANTS CLUSTER	\$857,327
EMERGENCY SOLUTIONS GRANT PROGRAM	14.231		ARIZONA DEPARTMENT OF ECONOMIC SECURITY	E-18-DC-04-0001	\$192,762	\$530,404	N/A	\$0
COVID-19 - EMERGENCY SOLUTIONS GRANT PROGRAM	14.231	COVID-19	ARIZONA DEPARTMENT OF ECONOMIC SECURITY	DES-HMLS-28	\$63,073	\$530,404	N/A	\$0
EMERGENCY SOLUTIONS GRANT PROGRAM	14.231		MARICOPA COUNTY	C-22-18-008-3-03	\$89,766	\$530,404	N/A	\$0
COVID-19 - EMERGENCY SOLUTIONS GRANT PROGRAM	14.231	COVID-19	MARICOPA COUNTY	200822-EMG	\$83,814	\$530,404	N/A	\$0
COVID-19 - EMERGENCY SOLUTIONS GRANT PROGRAM	14.231	COVID-19	MARICOPA COUNTY	C-22-20-061-3-00	\$11,222	\$530,404	N/A	\$0
EMERGENCY SOLUTIONS GRANT PROGRAM	14.231		PIMA COUNTY	CT-CS-19-105	\$75,439	\$530,404	N/A	\$0
COVID-19 - EMERGENCY SOLUTIONS GRANT PROGRAM	14.231	COVID-19	PIMA COUNTY	CT-CR-20-455	\$14,328	\$530,404	N/A	\$0
HOME INVESTMENT PARTNERSHIPS PROGRAM	14.239		CITY OF MESA	18000025	\$154,984	\$154,984	N/A	\$0
CONTINUUM OF CARE PROGRAM	14.267	AZ0171L9T021802			\$1,139,371	\$2,467,367	N/A	\$0
CONTINUUM OF CARE PROGRAM	14.267	AZ0182L9T021802			\$713,543	\$2,467,367	N/A	\$0
CONTINUUM OF CARE PROGRAM	14.267	AZ0181L9T021802			\$518,875	\$2,467,367	N/A	\$0
CONTINUUM OF CARE PROGRAM	14.267		ARIZONA DEPARTMENT OF HOUSING	500-20	\$95,578	\$2,467,367	N/A	\$0
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					<u>\$4,010,082</u>			
DEPARTMENT OF JUSTICE								
JUVENILE JUSTICE AND DELINQUENCY PREVENTION_ALLOCATION TO STATES	16.540		STATE OF ARIZONA GOVERNOR'S OFFICE OF YOUTH, FAITH AND FAMILY	J2-CSG-18-100118-04	\$85,000	\$85,000	N/A	\$0
TOTAL DEPARTMENT OF JUSTICE					<u>\$85,000</u>			
DEPARTMENT OF TREASURY								
COVID-19 - CORONAVIRUS RELIEF FUND	21.019	COVID-19	CITY OF TUCSON	N/A	\$169,895	\$772,217	N/A	\$0
COVID-19 - CORONAVIRUS RELIEF FUND	21.019	COVID-19	MARICOPA COUNTY	C-22-20-029-3-03	\$497,205	\$772,217	N/A	\$0
COVID-19 - CORONAVIRUS RELIEF FUND	21.019	COVID-19	CITY OF MESA	N/A	\$105,117	\$772,217	N/A	\$0
TOTAL DEPARTMENT OF TREASURY					<u>\$772,217</u>			

DEPARTMENT OF VETERANS AFFAIRS

VA HOMELESS PROVIDERS GRANT AND PER DIEM PROGRAM	64.024	CBRI847-0790-644-BH-19		\$499,153	\$499,153	N/A	\$0
VA SUPPORTIVE SERVICES FOR VETERAN FAMILIES PROGRAM	64.033	19-AZ-436		\$1,539,988	\$2,745,353	N/A	\$0
COVID-19: VA SUPPORTIVE SERVICES FOR VETERANS FAMILIES PROGRAM	64.033	COVID-19		\$1,205,365	\$2,745,353	N/A	\$0
TOTAL DEPARTMENT OF VETERANS AFFAIRS				<u>\$3,244,506</u>			

DEPARTMENT OF HEALTH AND HUMAN SERVICES

<i>PROJECTS FOR ASSISTANCE IN TRANSITION FROM HOMELESSNESS (PATH)</i>	93.150		ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM	X06SM016003	\$623,453	\$623,453	N/A	\$0
<i>SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES_PROJECTS OF REGIONAL AND NATIONAL SIGNIFICANCE</i>	93.243		MARICOPA COUNTY	1H79T1081065-01	\$190,305	\$221,114	N/A	\$0
<i>SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES_PROJECTS OF REGIONAL AND NATIONAL SIGNIFICANCE</i>	93.243		STEWARD HEALTH CHOICE ARIZONA	H79T1026754	\$30,809	\$221,114	N/A	\$0
<i>TEMPORARY ASSISTANCE FOR NEEDY FAMILIES</i>	93.558		PIMA COUNTY	CT-CS-19-105	\$84,869	\$84,869	N/A	\$0
<i>OPIOID STR</i>	93.788		MERCY CARE	N/A	\$1,589,781	\$2,309,011	N/A	\$0
<i>OPIOID STR</i>	93.788		STEWARD HEALTH CHOICE ARIZONA	H79T1081709	\$54,152	\$2,309,011	N/A	\$0
<i>OPIOID STR</i>	93.788		HEALTH NET OF ARIZONA, INC. DBA ARIZONA COMPLETE HEALTH	H79T1081709	\$665,078	\$2,309,011	N/A	\$0
<i>BLOCK GRANTS FOR PREVENTION AND TREATMENT OF SUBSTANCE ABUSE</i>	93.959		MERCY CARE	N/A	\$1,689,219	\$3,403,980	N/A	\$0
<i>BLOCK GRANTS FOR PREVENTION AND TREATMENT OF SUBSTANCE ABUSE</i>	93.959		STEWARD HEALTH CHOICE ARIZONA	N/A	\$474,471	\$3,403,980	N/A	\$0
<i>BLOCK GRANTS FOR PREVENTION AND TREATMENT OF SUBSTANCE ABUSE</i>	93.959		PHOENIX UNION HIGH SCHOOL DISTRICT	T1010004-16	\$218,795	\$3,403,980	N/A	\$0
<i>BLOCK GRANTS FOR PREVENTION AND TREATMENT OF SUBSTANCE ABUSE</i>	93.959		HEALTH NET OF ARIZONA, INC. DBA ARIZONA COMPLETE HEALTH	N/A	\$1,014,670	\$3,403,980	N/A	\$0
<i>BLOCK GRANTS FOR PREVENTION AND TREATMENT OF SUBSTANCE ABUSE</i>	93.959		QUEEN CREEK UNIFIED SCHOOL DISTRICT	T1010004-16	\$6,825	\$3,403,980	N/A	\$0
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES					<u>\$6,642,427</u>			
TOTAL EXPENDITURE OF FEDERAL AWARDS					<u>\$14,754,232</u>			

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of the schedule.

COMMUNITY BRIDGES, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Period 10/1/2019 - 9/30/2020

Significant Accounting Policies Used in Preparing the SEFA

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of Community Bridges, Inc. under programs of the federal government for the year ended September 30, 2020. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net position or cash flows of the Organization. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Any negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

10% De Minimis Cost Rate

The auditee did not use the de minimis cost rate.

Catalog of Federal Domestic Assistance Numbers

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or through beta.sam.gov. If the three-digit CFDA extension is unknown, there is a U followed by a two-digit number in the CFDA extension to identify one or more Federal award lines from that program. The first Federal program with an unknown three-digit extension is indicated with U01 for all award lines associated with that program, the second is U02, etc.

COMMUNITY BRIDGES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2020

Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Significant deficiency(ies) identified: No
- Material weakness(es) identified: No

Noncompliance material to financial statements noted: No

Federal Awards

Internal control over major programs:

- Significant deficiency(ies) identified: No
- Material weakness(es) identified: No

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with §200.516 of Uniform Guidance: No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
21.019	Coronavirus Relief Fund
64.033	VA Supportive Services for Veteran Families Program
93.959	Block Grants for Prevention and Treatment of Substance Abuse

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee: No

Findings Related to Financial Statements Reported in Accordance with *Government Auditing Standards*: No

Findings and Questioned Costs Related to Federal Awards: No

Summary Schedule of Prior Audit Findings required to be reported: No