

CAMBRIDGE COMMUNITY CENTER
dba CAMBRIDGE CHILD DEVELOPMENT CENTER

REPORT ON AUDIT OF FINANCIAL STATEMENTS AND
ADDITIONAL INFORMATION

YEAR ENDED JUNE 30, 2015
(WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2014)

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CAMBRIDGE COMMUNITY CENTER
dba CAMBRIDGE CHILD DEVELOPMENT CENTER
GENERAL INFORMATION
YEAR ENDED JUNE 30, 2015

Agency Name: CAMBRIDGE COMMUNITY CENTER
dba CAMBRIDGE CHILD DEVELOPMENT CENTER

Type of Agency: A CALIFORNIA NONPROFIT CORPORATION

**Child Development
Program Numbers:** CCTR-4021 General Child Care
CSPP-4042 California State Preschool

Address of Agency: 1146 LACEY LANE
CONCORD, CALIFORNIA 94520

Executive Director: KATHY LAFFERTY

Period Covered: JULY 1, 2014 - JUNE 30, 2015

Hours of Operation: 7:00 a.m. to 6:00 p.m.

Number of Days Operating: 250

INDEPENDENT AUDITORS' REPORT

October 5, 2015

Board of Directors
Cambridge Community Center
dba Cambridge Child Development Center
Concord, California

Report on the Financial Statements

We have audited the accompanying financial statements of Cambridge Community Center dba Cambridge Child Development Center (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Board of Directors
Cambridge Community Center
dba Cambridge Child Development Center
Concord, California
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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cambridge Community Center as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state financial awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Supplemental Information

The Supplemental Schedules of on pages 20 through 29 are not a required part of the basic financial statements but are supplementary information required by the California Department of Education. The information contained in those schedules have been subjected to the audit procedures applied to the basic financial statements, which are in conformity with the Audit Guide for Audits of Child Development and Nutrition Programs issued by the California Department of Education and all other laws, regulations and sub-grant requirements. In our opinion, this additional information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Board of Directors
Cambridge Community Center
dba Cambridge Child Development Center
Concord, California
Continued Three

Other Matters (Continued)

Report on Summarized Comparative Information

We have previously audited the Cambridge Community Center's 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 6, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2015, on our consideration of Cambridge Community Center'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 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 Cambridge Community Center's internal control over financial reporting and compliance.


Certified Public Accountants

CAMBRIDGE COMMUNITY CENTER dba CAMBRIDGE CHILD DEVELOPMENT CENTER
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2015
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2014)

	June 30	
	2015	2014
ASSETS		
CURRENT ASSETS:		
Cash and equivalents (Note A)	\$ 86,461	\$ 78,636
Receivables:		
Fees and other	1,654	783
Grants and contracts (Note C)	162,477	54,265
Prepaid expenses	9,291	9,563
TOTAL CURRENT ASSETS	<u>259,883</u>	<u>143,247</u>
 PROPERTY AND EQUIPMENT (Note D)	 <u>1,484,180</u>	 <u>1,552,346</u>
 TOTAL ASSETS	 <u><u>\$ 1,744,063</u></u>	 <u><u>\$ 1,695,593</u></u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 132,354	\$ 73,988
Current portion loan payable (Note E)	55,706	50,908
TOTAL CURRENT LIABILITIES	<u>188,060</u>	<u>124,896</u>
 LONG-TERM LIABILITIES:		
Non current portion loan payable (Note E)	<u>737,842</u>	<u>787,327</u>
TOTAL LIABILITIES	<u>925,902</u>	<u>912,223</u>
 Commitments and contingencies (Notes F & H)		
 NET ASSETS:		
Unrestricted	<u>818,161</u>	<u>783,370</u>
TOTAL NET ASSETS	<u>818,161</u>	<u>783,370</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 1,744,063</u></u>	 <u><u>\$ 1,695,593</u></u>

CAMBRIDGE COMMUNITY CENTER dba CAMBRIDGE CHILD DEVELOPMENT CENTER
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)

	Unrestricted	Temporarily Restricted	Total All Funds	
			2015	2014
REVENUE AND SUPPORT				
Government grant/contracts	\$ 1,481,444	\$ -	\$ 1,481,444	\$ 1,425,830
Parent fees	42,179		42,179	38,214
Donations	6,242		6,242	9,056
Interest	1		1	31
Other income	5,793		5,793	5,512
Net assets released from restrictions:				
Satisfaction of program restrictions	-	-	-	-
TOTAL REVENUE AND SUPPORT	1,535,659	-	1,535,659	1,478,643
EXPENSES				
Program Services	1,339,242		1,339,242	1,306,729
Support Services	161,626		161,626	160,181
TOTAL EXPENSES	1,500,868	-	1,500,868	1,466,910
CHANGE IN NET ASSETS	34,791	-	34,791	11,733
NET ASSETS, beginning of year	783,370	-	783,370	771,637
NET ASSETS, end of year	\$ 818,161	\$ -	\$ 818,161	\$ 783,370

See Notes to Financial Statements

CAMBRIDGE COMMUNITY CENTER dba CAMBRIDGE CHILD DEVELOPMENT CENTER
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2015
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)

	Program Services	Support Services	Total All Funds	
			2015	2014
Salaries	\$ 828,467	\$ 119,163	\$ 947,630	\$ 911,325
Payroll taxes and employee benefits	158,888	21,666	180,554	207,599
	<u>987,355</u>	<u>140,829</u>	<u>1,128,184</u>	<u>1,118,924</u>
Program supplies and expenses	97,168	-	97,168	96,158
Other supplies	8,330	3,928	12,258	17,073
Travel, conference, training	2,165	171	2,336	3,780
Dues and memberships	2,495	2,152	4,647	5,214
Insurance	12,170	777	12,947	12,803
Utilities	28,189	872	29,061	33,042
Occupancy, rentals, leases and repairs	54,053	3,450	57,503	41,124
Other services and operating	28,662	1,949	30,611	14,192
Equipment	5,188	-	5,188	-
Depreciation	60,667	7,498	68,165	68,333
Interest and loan fees	52,234	-	52,234	55,178
Fees and charges	566	-	566	1,089
	<u>351,887</u>	<u>20,797</u>	<u>372,684</u>	<u>347,986</u>
Total Expense	<u>\$ 1,339,242</u>	<u>\$ 161,626</u>	<u>\$ 1,500,868</u>	<u>\$ 1,466,910</u>

See Notes to Financial Statements

CAMBRIDGE COMMUNITY CENTER dba CAMBRIDGE CHILD DEVELOPMENT CENTER
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2015
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)

	Total All Funds	
	2015	2014
Cash flows from operating activities		
Changes in net assets	\$ 34,791	\$ 11,733
Adjustments to reconcile change in net assets to net cash provided <used> by operating activities:		
Depreciation	68,165	68,333
Changes in assets and liabilities		
Fees receivable	(871)	5,609
Grants and contracts receivable	(108,212)	(24,422)
Prepaid expenses	272	9,358
Accounts payable and accrued expenses	58,366	(23,324)
Net cash provided by operating activities	<u>52,511</u>	<u>47,287</u>
Cash flows from investing activities		
Property and equipment purchases	1	-
Net cash <used> provided by investing activities	<u>1</u>	<u>-</u>
Cash flows from financing activities		
<Payments> on loans	(44,687)	(49,081)
Net cash used by financing activities	<u>(44,687)</u>	<u>(49,081)</u>
Net <decrease> increase in cash and equivalents	7,825	(1,794)
Cash and equivalents:		
Beginning of year	78,636	80,430
End of year	<u>\$ 86,461</u>	<u>\$ 78,636</u>
Supplemental information:		
Interest paid	<u>\$ 52,234</u>	<u>\$ 55,178</u>

CAMBRIDGE COMMUNITY CENTER
dba CAMBRIDGE CHILD DEVELOPMENT CENTER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)

NOTE A – GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Cambridge Community Center dba Cambridge Child Development Center (the Agency) is a nonprofit organization serving low-income families in Central Contra Costa County. The primary services programs are as follows:

Cambridge Child Development Center provides full and part time child care development services for children, 2 years to entering first grade.

Cambridge Community Center dba Cambridge Child Development Center provides a range of services to families including, nutrition, socialization, and economic development programs.

Accrual Basis

The accounting records of the Agency are maintained on the accrual basis.

Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management must make estimates based on future events that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from these estimates.

Financial Statement Presentation

In conforming with ASC 958 the Agency is required to report information regarding their financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted net assets. The Agency has no permanently restricted net assets at this time.

Cash and cash equivalents

Cash and cash equivalents include checking, money market accounts and certificates of deposits with maturities of three months or less at time of purchase.

Property and Equipment

Property and equipment are stated at cost or at an estimated fair market value at the time of donation. Depreciation is computed using a straight-line method over the estimated useful life of five to twenty years. Equipment purchased through a grant is expensed in the year allowed by the granting agency.

CAMBRIDGE COMMUNITY CENTER
dba CAMBRIDGE CHILD DEVELOPMENT CENTER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)

NOTE A – GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

Disclosure about Fair Value of Financial Instruments

The Agency's financial instruments include cash, cash equivalents and investments. The carrying amount of these financial instruments has been estimated by management to approximate fair value. Fair value is defined as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date." When determining the inputs used to measure fair value, the highest priority is given to observable inputs and lowest priority is given to unobservable inputs. Accounting Standards Codification (ASC) 820-10, Fair Value Measurement, establishes a fair value hierarchy to prioritize the inputs used in measuring fair value

The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1— Quoted prices for identical assets and liabilities in active markets.

Level 2—Observable inputs other than Level 1, which include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument.

Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair values of the assets and liabilities.

The Agency measured the fair value of cash and cash equivalents using Level 1 inputs.

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. Directly identifiable expenses are charged to programs and supporting services as incurred. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide the overall support and direction of the Organization.

CAMBRIDGE COMMUNITY CENTER
dba CAMBRIDGE CHILD DEVELOPMENT CENTER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)

NOTE A – GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

Support and Revenue

The Agency receives contributions and grants from corporations, governmental entities, charitable organizations and individuals.

The provisions of ASC 958 require the Agency to recognize contributions and grants as either temporarily or permanently restricted support, if they are received with donor stipulations that limit the use of the contribution or grant. When a temporary restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

All other contributions are recognized upon receipt. Support arising from services and donated assets contributed by certain businesses and individuals has been recognized in the accompanying financial statements at the fair value of the services performed or assets contributed. Performance revenue is recognized as earned. Amounts received (advances) but not yet earned are reported as deferred revenue.

Temporarily Restricted Revenues

Operating Funds restricted by the donor, grantor or other outside party for particular operating purposes are deemed to be earned and reported revenues of operating funds when the Agency has incurred expenditures in compliance with specific restrictions.

Donated Equipment, Supplies and Services (In-kind)

Donated items and services are included in revenue and expenditures at their estimated values at date of receipt.

Reclassifications

Certain reclassifications have been made in the 2014 comparative totals to conform to the classifications used in 2015.

Summarized Financial Information

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended June 30, 2014, from which the summarized information was derived.

CAMBRIDGE COMMUNITY CENTER
dba CAMBRIDGE CHILD DEVELOPMENT CENTER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)

NOTE B – INCOME TAXES

The Agency is exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code, and Section 23701(d) of the California Revenue and Taxation Code.

The Agency has adopted the accounting guidance related to uncertain tax positions, and has evaluated its tax positions and believes that all of the positions taken by the Agency in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. The Agency returns for years ended June 30, 2014, 2013, and 2012 are subject to examination by federal and state taxing authorities generally for three years after they are filed.

NOTE C – GRANTS AND CONTRACTS RECEIVABLE

Grants and contracts receivable as of June 30, 2015 and 2014 include the following:

	<u>2015</u>	<u>2014</u>
California Department of Education	\$135,851	\$30,846
Other Grants/Contracts	26,626	23,419
	<u>\$162,477</u>	<u>\$54,265</u>

NOTE D – PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2015 and 2014 consisted of:

	<u>2015</u>	<u>2014</u>
Equipment, Child Care	\$49,625	\$49,625
Equipment, Center	41,450	41,450
Land	276,000	276,000
Building	2,015,468	2,015,468
Total property and equipment	<u>2,382,543</u>	<u>2,382,543</u>
Less: Accumulated Depreciation	<u>898,363</u>	<u>830,197</u>
Property and equipment, net	<u>\$1,484,180</u>	<u>\$1,552,346</u>

Depreciation expense for the year ended June 30, 2015 and 2014 was \$68,165 and \$68,333, respectively.

CAMBRIDGE COMMUNITY CENTER
dba CAMBRIDGE CHILD DEVELOPMENT CENTER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)

NOTE E – LONG-TERM DEBT

At June 30, long-term debt consisted of the following:

	<u>2015</u>	<u>2014</u>
Note payable to the California Trade and Commerce Agency up to \$600,000, dated June 19, 2000, collateralized by a first deed of trust on real property, due in monthly installments of \$4,316, including interest at 5.3% through June 2021.	\$351,573	\$383,723
Note payable to Travis Credit Union for \$459,244, beginning July 14, 2014, collateralized by a first deed of trust on real property, with a interest rate of 5.25% through August 2019 and 5.180% for the remainder of the loan.	441,975	0
Note payable to Bank of America of \$600,000 dated May 25, 2005, collateralized by a first deed of trust on real property. Fully amortized over 25 years due in 10 years.	0	454,512
	<u>793,548</u>	<u>838,235</u>
Less current portion	55,706	50,908
Non-current portion	<u>\$737,842</u>	<u>\$787,327</u>

Annual maturities of long-term debt are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2016	\$55,706
2017	58,720
2018	61,896
2019	65,245
2020	68,775
Thereafter	483,206
Total	<u>\$793,548</u>

Interest expense paid during the fiscal year ended June 30, 2015 and 2014 is \$42,862 and \$49,120, respectively.

CAMBRIDGE COMMUNITY CENTER
dba CAMBRIDGE CHILD DEVELOPMENT CENTER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)

NOTE F – COMMITMENTS

Operating Leases

The Agency leases office equipment through November 2019 with monthly payments of approximately \$729, respectively. The equipment lease contains no provisions for purchase at the end of their terms. Total future commitments are as follows:

<u>Year Ended June 30</u>	
2016	\$8,748
2017	\$8,748
2018	\$8,748
2019	\$8,748
2020	\$4,374

NOTE G – EMPLOYEE BENEFITS

The Agency offers all of its full time permanent employees full coverage in a health maintenance organization and offers a 403(b) retirement plan no match.

Employees of the Agency are entitled to paid vacation based on length of service and other factors. Employees gain a vested right to accumulated vacation. Accrued vacation payable at June 30, 2015 is \$21,045 and is included accrued expenses in the accompanying financial statements. Sick leave benefits are accumulated for each employee, but employees do not gain a vested right to the accumulated sick leave. Accumulated employee sick leave benefits are therefore not recognized as a liability by the Agency, and sick leave benefits are recorded as expenditures in the period taken.

NOTE H – CONTINGENCIES

The Organization receives a substantial amount of its support from the federal and state governments. A significant reduction in the level of this support would therefore have a significant effect on the Agency's ability to continue to provide services.

Grant awards require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grants. The Agency deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of the Agency to the provisions of the grants. The Agency's management is of the opinion that the Agency has complied with the terms of all grants.

CAMBRIDGE COMMUNITY CENTER
dba CAMBRIDGE CHILD DEVELOPMENT CENTER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2014)

NOTE I – CONCENTRATION OF CREDIT RISK

The Agency receives approximately 76% of its funding from one governmental agency. The loss of the funding could have a substantial impact on the Agency.

Accounts receivable constitute a concentration of credit risk as approximately 99% of accounts receivables are due from two funders (83% and 16%). The liquidity of said funders are not a concern to management at this time. No allowance for doubtful accounts is deemed necessary as of June 30, 2015.

NOTE J – PARENT FEES

Based on the sampling of certification and recertification documents and child care payment documentation, we conducted that, in all material respects, parent fees for subsidized children were assessed correctly, collected and recorded properly.

NOTE K – AUDIT FEES

Audit fees charged to the California Department of Education Programs during the year were \$17,210.

NOTE L – SUBSEQUENT EVENTS

In accordance with FASB Accounting Standards Codification Topic 855, "Subsequent Events", the Agency has evaluated subsequent events through October 5, 2015, which is the date these financial statements were available to be issued. All subsequent events requiring recognition as of June 30, 2015, have been incorporated into these financial statements.

ADDITIONAL INFORMATION

CAMBRIDGE COMMUNITY CENTER dba CAMBRIDGE CHILD DEVELOPMENT CENTER
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL AWARDS
YEAR ENDED JUNE 30, 2015

<u>Program Name</u>	<u>Federal CFDA Number</u>	<u>Contract Number</u>	<u>Contract Period</u>	<u>Award Amount</u>	<u>Disbursements/ Expenditures</u>
Federal:					
Department of Agriculture					
Passed through the California Department of Education Child Care Food Program	* 10.558	L326-00-1188-1A	7/1/13-6/30/14	\$ 152,062	\$ 152,062
Department of Health and Human Services					
Passed through the California Department of Education					
General Child Care	* 93.596	CCTR-4021	7/1/14-6/30/15	72,924	62,535
California State Preschool	* 93.596	CSPP-4042	7/1/14-6/30/15	146,401	141,037
Passed through Spanish Speaking Unity Council					
Head Start Program Enhancement Services	* 93.6	39-458	7/1/14-12/31/14	71,858	70,560
Head Start Program Wraparound	* 93.6	39-458	7/1/14-12/31/14	75,740	76,961
Head Start Program Enhancement Services	* 93.6	39-459	1/1/15-6/30/15	91,067	91,846
Head Start Program Wraparound	* 93.6	39-460	1/1/15-6/30/15	75,740	75,739
Total Federal Awards				<u>685,792</u>	<u>670,740</u>
State:					
State Department of Education Child Care Programs					
General Child Care		CCTR-4021	7/1/14-6/30/15	86,408	74,097
California State Preschool		CSPP-4042	7/1/14-6/30/15	758,085	730,307
Total State Awards				<u>844,493</u>	<u>804,404</u>
Grand Total				<u>\$ 1,530,285</u>	<u>\$ 1,475,144</u>

* Tested as a major program

Basis of Presentation

The accompanying Schedule of Federal and State Awards includes the expenditures of federal awards of Cambridge Community Center dba Cambridge Child Development Center these expenditures are presented on the accrual basis of accounting. The federal information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit

CAMBRIDGE COMMUNITY CENTER dba CAMBRIDGE CHILD DEVELOPMENT CENTER
COMBINING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

	CDE CONTRACTS				Unrestricted	Total All Funds
	CCTR-4021 CSP-4042	Headstart Enhancement	Total Reported to CDE	Other Grants		
REVENUE AND SUPPORT						
Government grant/contracts	\$ 1,007,976		\$ 1,007,976	\$ -	\$ -	\$ 1,007,976
Child care food program	123,927		123,927	28,135		152,062
Headstart enhancement		162,406	162,406			162,406
Headstart wraparound			-	152,700		152,700
Summer camp program			-	6,300		6,300
Parent fees	42,179		42,179		6,242	42,179
Donations			-			6,242
Interest	1		1			1
Other income	989		989		4,804	5,793
Total Revenue and Support	1,175,072	162,406	1,337,478	187,135	11,046	1,535,659
EXPENSES						
Salaries	702,411	134,918	837,329	110,236	65	947,630
Payroll taxes and employee benefits	135,837	27,488	163,325	17,224	5	180,554
Program supplies and expenses	79,845	-	79,845	14,034	3,289	97,168
Other supplies	10,641	-	10,641	1,617	-	12,258
Travel, conference, training	2,208	-	2,208	128	-	2,336
Dues and memberships	4,189	-	4,189	458	-	4,647
Insurance	11,713	-	11,713	1,234	-	12,947
Utilities	24,325	-	24,325	4,736	-	29,061
Occupancy, rentals, leases and repairs	54,635	-	54,635	2,868	-	57,503
Other services and operating	27,737	-	27,737	2,755	119	30,611
Depreciation and use allowance	61,943	-	61,943	-	6,222	68,165
Interest and loan fees	52,234	-	52,234	-	-	52,234
Equipment	5,188	-	5,188	-	-	5,188
Fees and charges	566	-	566	-	-	566
Total Expense	1,173,472	162,406	1,335,878	155,290	9,700	1,500,868
CHANGE IN NET ASSETS	\$ 1,600	\$ -	\$ 1,600	\$ 31,845	\$ 1,346	\$ 34,791

CAMBRIDGE COMMUNITY CENTER
dba CAMBRIDGE CHILD DEVELOPMENT CENTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of *Cambridge Community Center dba Cambridge Child Development Center*.
2. No reportable conditions relating to the audit of the financial statements are reported in the Independent Auditor's Report on Organization's Compliance and Internal Control over Financial Reporting.
3. No instances of noncompliance material to the financial statements of *Cambridge Community Center dba Cambridge Child Development Center* were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs is reported in the Compliance with Specific Requirements Applicable to Major Programs.
5. The auditor's report on compliance for the major federal award programs for *Cambridge Community Center dba Cambridge Child Development Center* expresses an unqualified opinion.
6. Audit findings relative to the major federal award programs for *Cambridge Community Center dba Cambridge Child Development Center* are reported in Part C of this schedule.
7. The program tested as a major program was:
 - Child Development Programs – 93.596
 - Child Care Food Program – 10.558
 - Head Start – 93.6
8. The threshold for distinguishing Types A and B programs is \$300,000.
9. *Cambridge Community Center dba Cambridge Child Development Center* was determined to be a low-risk auditee.

B. FINDINGS-FINANCIAL STATEMENTS AUDIT
Year Ended June 30, 2015 – None
Year Ended June 30, 2014 – None

C. FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAMS AUDIT
Year Ended June 30, 2015 – None
Year Ended June 30, 2014 – None

AUDITED ATTENDANCE AND FISCAL REPORT

for California State Preschool Commingled with General Center-Based Programs

Agency Name: CAMBRIDGE COMMUNITY CENTER Vendor No. L326

Fiscal Year Ended: JUNE 30, 2015 Contract No. CSPP-4042

Independent Auditor's Name: BEDINGER & COMPANY

SECTION I - CERTIFIED CHILDREN OF ENROLLMENT	DAYS	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
		CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<i>Three and Four Year Olds</i>						
Full-time-plus				-	1.1800	-
Full-time		852		852	1.0000	852.000
Three-quarters-time		-		-	0.7500	-
One-half-time		2,491		2,491	0.6172	1,537.445
<i>Exceptional Needs</i>						
Full-time-plus		-		-	1.4160	-
Full-time		437		437	1.2000	524.400
Three-quarters-time		-		-	0.9000	-
One-half-time		1,307		1,307	0.6172	806.680
<i>Limited and Non-English Proficient</i>						
Full-time-plus		-		-	1.2980	-
Full-time		9,907		9,907	1.1000	10,897.700
Three-quarters-time		567		567	0.8250	467.775
One-half-time		17,414		17,414	0.6172	10,747.921
<i>At Risk of Abuse or Neglect</i>						
Full-time-plus		-		-	1.2980	-
Full-time		-		-	1.1000	-
Three-quarters-time		-		-	0.8250	-
One-half-time		-		-	0.6172	-
<i>Severely Disabled</i>						
Full-time-plus		-		-	1.7700	-
Full-time		-		-	1.5000	-
Three-quarters-time		-		-	1.1250	-
One-half-time		-		-	0.6172	-
TOTAL DAYS OF ENROLLMENT		32,975		32,975		25,833.921
DAYS OF OPERATION		250		250		
DAYS OF ATTENDANCE		32,787		32,787		

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

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

**AUDITED ATTENDANCE AND FISCAL REPORT
for California State Preschool Commingled with General Center-Based Programs**

Agency Name: CAMBRIDGE COMMUNITY CENTER Vendor No. L326

Fiscal Year Ended: JUNE 30, 2015 Contract No. CSPP-4042

SECTION II - NONCERTIFIED CHILDREN Report all children who were not certified, but who were served at the same sites as certified children. DAYS OF ENROLLMENT	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<i>Three and Four Year Olds</i>					
Full-time-plus	-		-	1.1800	-
Full-time	-		-	1.0000	-
Three-quarters-time	4		4	0.7500	3.000
One-half-time	5		5	0.6172	3.086
<i>Exceptional Needs</i>					
Full-time-plus	-		-	1.4160	-
Full-time	-		-	1.2000	-
Three-quarters-time	-		-	0.9000	-
One-half-time	-		-	0.6172	-
<i>Limited and Non-English Proficient</i>					
Full-time-plus	-		-	1.2980	-
Full-time	-		-	1.1000	-
Three-quarters-time	-		-	0.8250	-
One-half-time	-		-	0.6172	-
<i>At Risk of Abuse or Neglect</i>					
Full-time-plus	-		-	1.2980	-
Full-time	-		-	1.1000	-
Three-quarters-time	-		-	0.8250	-
One-half-time	-		-	0.6172	-
<i>Severely Disabled</i>					
Full-time-plus	-		-	1.7700	-
Full-time	-		-	1.5000	-
Three-quarters-time	-		-	1.1250	-
One-half-time	-		-	0.6172	-
TOTAL DAYS OF ENROLLMENT	9	-	9		6.086

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

AUDITED ATTENDANCE AND FISCAL REPORT

for California State Preschool Commingled with General Center-Based Programs

Agency Name: CAMBRIDGE COMMUNITY CENTER Vendor No. L326

Fiscal Year Ended: JUNE 30, 2015 Contract No. CCTR-4021

Independent Auditor's Name: BEDINGER & COMPANY

SECTION I - CERTIFIED CHILDREN OF ENROLLMENT	DAYS	COLUMN A CUMULATIVE FISCAL YEAR PER FORM CDFS 9500	COLUMN B AUDIT ADJUSTMENTS	COLUMN C CUMULATIVE FISCAL YEAR PER AUDIT	COLUMN D ADJUSTMENT FACTOR	COLUMN E ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<i>Infants (up to 18 months)</i>						
Full-time-plus		-		-	2.006	-
Full-time		-		-	1.700	-
Three-quarters-time		-		-	1.275	-
One-half-time		-		-	0.935	-
<i>FCCH Infants (up to 18 months)</i>						
Full-time plus		-		-	1.652	-
Full-time		-		-	1.400	-
Three-quarters-time		-		-	1.050	-
One-half-time		-		-	0.770	-
<i>Toddlers (18 up to 36 months)</i>						
Full-time-plus		-		-	1.652	-
Full-time		-		-	1.400	-
Three-quarters-time		-		-	1.050	-
On-half-time		-		-	0.770	-
<i>Three Years and Older</i>						
Full-time-plus		-		-	1.180	-
Full-time		14		14	1.000	14.000
Three-quarters-time		76		76	0.750	57.000
One-half-time		-		-	0.550	-
<i>Exceptional Needs</i>						
Full-time-plus		-		-	1.416	-
Full-time		200		200	1.200	240.000
Three-quarters-time		294		294	0.900	264.600
One-half-time		-		-	0.660	-
<i>Limited and Non-English Proficient</i>						
Full-time-plus		-		-	1.298	-
Full-time		1,229		1,229	1.100	1,351.900
Three-quarters-time		2,497		2,497	0.825	2,060.025
One-half-time		388		388	0.605	234.740
<i>At Risk of Abuse or Neglect</i>						
Full-time-plus		-		-	1.298	-
Full-time		-		-	1.100	-
Three-quarters-time		-		-	0.825	-
One-half-time		-		-	0.605	-
<i>Severely Disabled</i>						
Full-time-plus		-		-	1.770	-
Full-time		-		-	1.500	-
Three-quarters-time		-		-	1.125	-
One-half-time		-		-	0.825	-
TOTAL DAYS OF ENROLLMENT		4,698	-	4,698		4,222.265
DAYS OF OPERATION		250		250		
DAYS OF ATTENDANCE		4,680		4,680		

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

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

AUDITED ATTENDANCE AND FISCAL REPORT
for California State Preschool Commingled with General Center-Based Programs

Agency Name: CAMBRIDGE COMMUNITY CENTER Vendor No. L326

Fiscal Year End: JUNE 30, 2015 Contract No. CCTR-4021

Insert Any Commingled Contract No. CSPP-4042

	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER FORM CDFS 9500	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
SECTION III - REVENUE			
RESTRICTED INCOME			
Child Nutrition Programs	\$123,927	\$0	\$123,927
County Maintenance of Effort (EC § 8279)			0
Other (Specify):			0
Other (Specify):			0
Subtotal	\$123,927	\$0	123,927
Transfer from Reserve Contract #			0
Family Fees for Certified Children Contract #			0
CCTR Program Contract # CCTR-4021	10,678		10,678
CSPP Program Contract # CSPP-4042	30,578		30,578
Interest Earned on Apportionments Contract #			0
UNRESTRICTED INCOME			
Family Fees for Noncertified Children			0
Head Start Program (EC § 8235(b))			0
Other (Specify):	1,382	531	1,913
TOTAL REVENUE	\$166,565	\$531	\$167,096

SECTION IV - REIMBURSABLE EXPENSES

<i>Direct Payments to Providers (FCCH Only)</i>			\$0
1000 Certificated Salaries	399,740		399,740
2000 Classified Salaries	300,672	1,999	302,671
3000 Employee Benefits	134,848	989	135,837
4000 Books and Supplies	87,252	3,234	90,486
5000 Services and Other Operating Expenses	177,606	1	177,607
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment (program-related)	5,188		5,188
6500 Replacement Equipment (program-related)			0
Depreciation or Use Allowance	68,165	(6,222)	61,943
Start-Up Expenses (service level exemption)			0
Budget Impasse Credit Contract #			0
Indirect Costs. Rate: 0.00% (Rate is Self-Calculating)			0
TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT	\$1,173,471	\$1	\$1,173,472
TOTAL ADMINISTRATIVE COSTS (included in section IV above)	\$93,878	(\$2,278)	\$91,600

FOR CDE-A&I USE ONLY:

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

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

- YES
 NO - Explain any discrepancies.

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

- YES
 NO - Explain any discrepancies.

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

Adjustments are a result of accrual to actual.

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

**AUDITED ATTENDANCE AND FISCAL REPORT
for California State Preschool Commingled with General Center-Based Programs**

Agency Name: CAMBRIDGE COMMUNITY CENTER Vendor No. L326
 Fiscal Year End: JUNE 30, 2015 Contract No. CCTR-4021
 Insert Any Commingled Contract Number CSPP-4042

	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER FORM CDFS 9500	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
SECTION V - SUPPLEMENTAL REVENUE			
Enhancement Funding	\$162,406		\$162,406
Other (Specify):			0
Other (Specify):			0
Other (Specify):			0
TOTAL SUPPLEMENTAL REVENUE	\$162,406	\$0	\$162,406

SECTION VI - SUPPLEMENTAL EXPENSES

EXPENSES RELATED TO SUPPLEMENTAL REVENUE			
1000 Certificated Salaries	\$61,020		\$61,020
2000 Classified Salaries	73,898		73,898
3000 Employee Benefits	27,488		27,488
4000 Books and Supplies			0
5000 Services and Other Operating Expenses			0
6000 Equipment/Other Capital Outlay			0
Depreciation or Use Allowance			0
Indirect Costs			0
Other (Specify):			0
NONREIMBURSABLE EXPENSES			
6100-6500 Nonreimbursable Capital Outlay			0
Other: e.g., Entertainment Expenses			0
Other (Specify):			0
Other (Specify):			0
TOTAL SUPPLEMENTAL EXPENSES	\$162,406	\$0	\$162,406

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

AUDITED RESERVE ACCOUNT ACTIVITY REPORT

Agency Name: CAMBRIDGE COMMUNITY CENTER

Fiscal Year End: JUNE 30, 2015

Vendor No. L326

Independent Auditor's Name: BEDINGER & COMPANY

RESERVE ACCOUNT TYPE (Check One):

Center Based

Resource and Referral

Alternative Payment

COLUMN A

COLUMN B

COLUMN C

PER AGENCY

AUDIT
ADJUSTMENT
INCREASE OR
(DECREASE)

PER AUDIT

LAST YEAR:

1. Beginning Balance (must equal ending balance from Last Year's AUD 9530-A)	\$4,104		\$4,104
2. Plus Transfers from Contracts to Reserve Account (based on last year's post-audit CDFS 9530, Section IV):			
Contract No.			\$0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Total Transferred from Contracts to Reserve Account	\$0	\$0	\$0
3. Less Excess Reserve to be Billed (enter as a positive amount any excess amount calculated by CDFS on last year's post-audit CDFS 9530)			\$0
4. Ending Balance on Last Year's Post-Audit CDFS 9530	\$4,104	\$0	\$4,104

THIS YEAR:

5. Plus Interest Earned This Year on Reserve Funds (column A must agree with this year's CDFS 9530-A, Section II)	\$1		\$1
6. Less Transfers to Contracts from Reserve Account (column A amounts must agree with this year's CDFS 9530-A, Section III; and column C amounts must be reported on this year's AUD forms for respective contracts):			
Contract No.			\$0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Total Transferred to Contracts from Reserve Account	\$0	\$0	\$0
7. Ending Balance on JUNE 30, 2015 (column A must agree with this year's CDFS 9530-A, Section IV)	\$4,105	\$0	\$4,105

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

\$30,683 and \$5,014 were transferred to reserve from CSPP-4042 and CCTR-4021, respectively, by CDE per final report but cannot reflect in this statement. Therefore, balance per balance sheet is higher than this report based on that difference.

CAMBRIDGE COMMUNITY CENTER dba CAMBRIDGE CHILD DEVELOPMENT CENTER
SCHEDULE OF EXPENDITURES BY STATE CATEGORIES
YEAR ENDED JUNE 30, 2015

Expenditures	CCTR-4021 CSPP-4042	Total
1000 Certificated Personnel Sal.	\$ 399,740	\$ 399,740
2000 Classified Personnel Sal.	302,671	302,671
3000 Employee Benefits	135,837	135,837
4000 Books and Supplies	90,486	90,486
5000 Services and other operating expense	177,607	177,607
6000 Capital Outlay	-	-
6100/6200 Other Approved Capital Outlay	-	-
6400 New Equipment	5,188	5,188
6500 Equipment Replacement	-	-
Depreciation on assets not purchased with public funds	-	-
Use Allowance	61,943	61,943
Start-up expenses - service level exemption (a)	-	-
Total	\$ 1,173,472	\$ 1,173,472

Note: We have examined the claims filed for reimbursement and the original supporting records covering the transactions under these contracts to an extent considered necessary to assure ourselves that the amounts claimed by the Agency were proper.

CAMBRIDGE COMMUNITY CENTER dba CAMBRIDGE CHILD DEVELOPMENT CENTER
SCHEDULE OF ADMINISTRATIVE EXPENDITURES BY STATE CATEGORIES
YEAR ENDED JUNE 30, 2015

Expenditures	CCTR-4021 CSPP-4042	Total
1000 Certificated Personnel Sal.		
2000 Classified Personnel Sal.	\$ 48,765	\$ 48,765
3000 Employee Benefits	7,315	7,315
4000 Books and Supplies	6,443	6,443
5000 Services and other operating expense	29,077	29,077
6000 Capital Outlay		-
6100/6200 Other Approved Capital Outlay		-
6400 New Equipment		-
6500 Equipment Replacement		-
Depreciation on assets not purchased with public funds		-
Start-up expenses - service level exemption (a)		-
		-
Total	\$ 91,600	\$ 91,600

Note: We have examined the claims filed for reimbursement and the original supporting records covering the transactions under these contracts to an extent considered necessary to assure ourselves that the amounts claimed by the Agency were proper.

CAMBRIDGE COMMUNITY CENTER dba CAMBRIDGE CHILD DEVELOPMENT CENTER
SCHEDULE OF RENOVATION AND REPAIR EXPENDITURES
UTILIZING CONTRACT FUNDS
YEAR ENDED JUNE 30, 2015

Expenditures under \$10,000 unit cost		Expenditures over \$10,000 unit cost with CDE approval		Expenditures over \$10,000 unit cost without CDE approval	
Cost	Item	Cost	Item	Cost	Item
\$0	N/A	\$0	N/A	\$0	N/A

CAMBRIDGE COMMUNITY CENTER dba CAMBRIDGE CHILD DEVELOPMENT CENTER
SCHEDULE OF EQUIPMENT EXPENDITURES
UTILIZING CONTRACT FUNDS
YEAR ENDED JUNE 30, 2015

Expenditures under \$7,500 unit cost		Expenditures over \$7,500 unit cost with CDE approval		Expenditures over \$7,500 unit cost without CDE approval	
Cost	Item	Cost	Item	Cost	Item
\$2,354	Computers and equipment	\$0	N/A	\$0	N/A
518	Filing Cabinets				
1,972	Playstructure				
344	Chairs				
\$ 5,188					

ADDITIONAL REPORTS

CAMBRIDGE COMMUNITY CENTER
dba CAMBRIDGE CHILD DEVELOPMENT CENTER

INDEPENDENT AUDITOR'S 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

October 5, 2015

Board of Directors
Cambridge Community Center
dba Cambridge Child Development Center
Concord, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Cambridge Community Center (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 5, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Cambridge Community Center'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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of Cambridge Community Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Board of Directors
Cambridge Community Center
dba Cambridge Child Development Center
Concord, California
Continued Two

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 Cambridge Community Center'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 organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bedinger & Company
Certified Public Accountants

CAMBRIDGE COMMUNITY CENTER
dba CAMBRIDGE CHILD DEVELOPMENT CENTER

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

October 5, 2015

Board of Directors
Cambridge Community Center
dba Cambridge Child Development Center
Concord, California

Report on Compliance for Each Major Federal Program

We have audited Cambridge Community Center's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Cambridge Community Center's major federal programs for the year ended June 30, 2015. Cambridge Community Center'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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Cambridge Community Center'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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Cambridge Community Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

Board of Directors
Cambridge Community Center
dba Cambridge Child Development Center
Concord, California
Continued Two

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 Cambridge Community Center's compliance.

Opinion on Each Major Federal Program

In our opinion, Cambridge Community Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Other Matters

The results of our auditing procedures did not disclose instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133.

Report on Internal Control Over Compliance

Management of Cambridge Community Center 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 Cambridge Community Center'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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Cambridge Community Center'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,

Board of Directors
Cambridge Community Center
dba Cambridge Child Development Center
Concord, California
Continued Three

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


Certified Public Accountants
Concord, California