

**WILSON  
MARKLE  
STUCKEY  
HARDESTY  
& BOTT LLP**

CERTIFIED PUBLIC  
ACCOUNTANTS

DONALD WILSON  
ALAN MARKLE  
CHARLES STUCKEY  
DAVID HARDESTY  
DAVID BOTT  
DAVID BAILEY  
MICHAEL SMITH  
SHIRLEY CHEN-BLUM

October 20, 2015

To the Board of Directors  
Puente de la Costa Sur

We have audited the financial statements of Puente de la Costa Sur (the Organization) for the year ended June 30, 2015, and have issued our report thereon dated October 20, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and OMB Circular A-133), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 21, 2015. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Puente de la Costa Sur are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during fiscal year 2015. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The financial statement disclosures are neutral, consistent, and clear.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. None of the misstatements detected as a result of audit procedures were material, either individually or in the aggregate, to the financial statements taken as a whole.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated October 20, 2015.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors and the Executive Director of Puente de la Costa Sur and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*Wilson Markle Stuckey Hardesty & Bott, LLP*  
Wilson Markle Stuckey Hardesty & Bott, LLP

**PUENTE DE LA COSTA SUR**

Financial Statements

and

Report Required by Government Auditing Standards

Year ended June 30, 2015

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Report of Independent Auditors

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Board of Directors  
Puente de la Costa Sur  
Pescadero, California

**Report on the Financial Statements**

We have audited the accompanying financial statements of Puente de la Costa Sur (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015 and the related statements of activities and changes in net assets, functional expenses and cash flows, for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States 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 assessment 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 estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide 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 Puente de la Costa Sur as of June 30, 2015, and the changes in net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by the County of San Mateo, 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 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.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2015, on our consideration of Puente de la Costa Sur'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 Puente de la Costa Sur's internal control over financial reporting and compliance.

## **Report on Summarized Comparative Information**

We have previously audited Puente de la Costa Sur's 2014 financial statements, and in our report dated October 25, 2014, we expressed an unmodified opinion on those audited financial statements. 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.

*Wilson Markle Stuckey Hardesty & Bott, LLP*

Wilson Markle Stuckey Hardesty & Bott, LLP  
October 20, 2015

**Puente de la Costa Sur**  
**Statements of Financial Position**  
**June 30, 2015 and 2014**

Assets	2015	2014
Current assets		
Cash and cash equivalents	\$ 972,975	\$ 626,749
Investments	99,289	-
Accounts and grants receivable	160,973	227,112
Prepaid expenses and other current assets	37,781	36,708
Total current assets	1,271,018	890,569
Property and equipment, at cost		
Furniture and equipment	19,239	19,239
Leasehold improvements	160,552	153,864
Accumulated depreciation and amortization	(148,168)	(114,577)
Net property and equipment	31,623	58,526
Total assets	\$ 1,302,641	\$ 949,095
 Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 43,300	\$ 38,386
Accrued liabilities	93,629	73,427
Total current liabilities	136,929	111,813
Long term liabilities		
Notes payable - County of San Mateo	55,000	55,000
Total long term liabilities	55,000	55,000
Total liabilities	191,929	166,813
Net assets		
Unrestricted	854,453	524,017
Temporarily restricted	256,259	258,265
Total net assets	1,110,712	782,282
Total liabilities and net assets	\$ 1,302,641	\$ 949,095

See accompanying notes.

**Puente de la Costa Sur**  
 Statements of Activities and Changes in Net Assets  
 For the Year Ended June 30, 2015  
 With Comparative Totals Only for the Year Ended June 30, 2014

	Unrestricted	Temporarily restricted	2015 Total	2014 Totals only
Support and revenue				
Contributions				
Foundations	\$ 94,339	\$ 651,594	\$ 745,933	\$ 762,324
Individuals & charitable organizations	362,976	165,106	528,082	341,380
Corporate/business	13,434	-	13,434	8,093
In-kind contributions	64,560	-	64,560	47,890
Grants and contracts	799,317	-	799,317	951,922
Program service fees	80,258	-	80,258	40,968
Net investment income	(420)	-	(420)	277
Net assets released from restrictions	818,706	(818,706)	-	-
Total support and revenue	2,233,170	(2,006)	2,231,164	2,152,854
Expenses				
Programs	1,550,573	-	1,550,573	1,481,868
General and administrative	258,155	-	258,155	234,356
Fundraising and development	94,006	-	94,006	70,847
Total expenses	1,902,734	-	1,902,734	1,787,071
Change in net assets	330,436	(2,006)	328,430	365,783
Net assets, beginning of year	524,017	258,265	782,282	416,499
Net assets, end of year	<u>\$ 854,453</u>	<u>\$ 256,259</u>	<u>\$ 1,110,712</u>	<u>\$ 782,282</u>

See accompanying notes.

**Puente de la Costa Sur**  
**Statements of Functional Expenses**  
**Year Ended June 30, 2015**  
**With Comparative Totals Only for the Year Ended June 30, 2014**

	Programs	General and administrative	Fundraising and development	2015 Total	2014 Totals only
Salaries	\$ 911,202	\$ 56,325	\$ 57,087	\$ 1,024,614	\$ 974,218
Payroll taxes	80,235	5,064	5,132	90,431	86,994
Other employee benefits	76,943	18,804	8,435	104,182	107,068
Contract services	131,970	45,158	16,723	193,851	176,739
Accounting fees	-	87,280	-	87,280	85,500
In-kind supplies and services	63,020	1,540	-	64,560	47,890
Shelter/Emergency support	41,358	-	-	41,358	27,095
Depreciation and amortization	-	33,591	-	33,591	31,606
Office expenses	29,712	2,012	1,723	33,447	31,552
Food	26,499	297	-	26,796	15,003
Occupancy and space rental	30,952	1,014	1,275	33,241	26,370
Computer/internet access	27,927	2,664	1,480	32,071	29,742
Transportation	30,898	674	396	31,968	36,502
Materials and supplies	27,804	278	459	28,541	42,454
Printing and copying	26,989	1,016	329	28,334	21,438
Scholarships/stipends	21,063	-	-	21,063	12,000
Insurance	8,555	492	528	9,575	8,588
Community outreach	7,854	-	31	7,885	13,987
Equipment rental and maintenance	4,229	186	210	4,625	4,038
Professional development	2,675	780	-	3,455	5,474
Miscellaneous	688	980	198	1,866	2,813
<b>Total expenses</b>	<b>\$ 1,550,573</b>	<b>\$ 258,155</b>	<b>\$ 94,006</b>	<b>\$ 1,902,734</b>	<b>\$ 1,787,071</b>
Percentage of expense to total expense	81%	14%	5%	100%	

See accompanying notes.

**Puente de la Costa Sur**  
**Statements of Cash Flows**  
For the Years Ended June 30, 2015 and 2014

	2015	2014
Cash flows from operating activities		
Change in net assets	\$ 328,430	\$ 365,783
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Changes in current assets and liabilities		
Depreciation expense	33,591	31,606
Change in investment	711	-
Accounts and grants receivable	66,139	(92,495)
Prepaid expenses and other current assets	(1,073)	(4,985)
Accounts payable	4,914	(9,253)
Accrued liabilities	20,202	1,797
	452,913	292,452
Net cash provided by operating activities		
Cash used by investing activities		
Purchases of property and equipment	(6,687)	-
Purchase of investment	(100,000)	-
	(106,687)	-
Net cash used by investing activities		
Net increase in cash and cash equivalents	346,226	292,452
Cash and cash equivalents, beginning of year	626,749	334,297
Cash and cash equivalents, end of year	\$ 972,975	\$ 626,749

See accompanying notes.

**Puente de la Costa Sur**  
Notes to Financial Statements  
June 30, 2015

Note 1 – Summary of significant accounting policies

Basis of presentation

Puente de la Costa Sur is a non-profit California corporation that provides vital services for men, women, children and families living in the South Coast communities of Pescadero, La Honda, Loma Mar and San Gregorio. Puente de la Costa Sur provides food, clothing, rental and utility assistance; literacy programs for English and Spanish learners; enrollment in health insurance programs; educational health outreach, screening, and immunizations; parenting education and support programs, counseling and peer support for adults and children, and opportunities for youth leadership development, economic development, and community engagement and action. Puente de la Costa Sur also works with nursery, ranch and farm owners and workers to promote a sustainable agricultural economy on the South Coast.

Basis of accounting

The accompanying financial statements are prepared on the accrual basis of accounting. Puente de la Costa Sur records contributions when promised, revenues when earned and expenses when incurring the related obligation. Puente de la Costa Sur recognizes revenues from reimbursable cost contracts when incurring the related expenses.

Cash and cash equivalents

Cash and cash equivalents consist of amounts on deposit with commercial banks, available on demand. At various times during the years ended June 30, 2014 and 2015, Puente de la Costa Sur had deposits exceeding federally insured amounts. For purposes of the statement of cash flows, Puente de la Costa Sur considers investments with initial maturities of three months or less to be cash equivalents.

Investments

Investments consist of shares in a publicly traded mutual fund. Puente de la Costa Sur records the investment at fair market value, based on unadjusted quoted prices in active markets for identical assets (level once input) and records dividends, gains, losses and changes in fair market value (unrealized appreciation or depreciation), net of custodial and administrative fees, as net investment income.

Allowance for uncollectible accounts receivable

Puente de la Costa Sur uses the allowance method to account for uncollectible accounts receivable. Under this method, Puente de la Costa Sur reviews all receivables for any problems with collectability. If the organization feels that there may be a problem with collection, an allowance is provided for the receivable. When attempts to collect a specific receivable are unsuccessful, the account is considered uncollectible and is written off against the allowance. At June 30, 2015 and 2014, Puente de la Costa Sur concluded that an allowance for doubtful accounts was not necessary.

**Puente de la Costa Sur**  
Notes to Financial Statements  
June 30, 2015

Note 1 – Summary of significant accounting policies (continued)

Property and equipment

Puente de la Costa Sur capitalizes expenditures of \$5,000 or more when making outlays for property and equipment. Purchases of property and equipment are recorded at cost. Donated property and equipment are stated at fair value. Depreciation is computed on the straight-line basis over estimated useful lives, except for leasehold improvement property, which is amortized over the lesser of the life of the leasehold improvement or the life of the related lease.

Net assets

Certain support for the programs of Puente de la Costa Sur may be directed by the donors to specific periods or programs. Puente de la Costa Sur classifies such amounts as temporarily restricted support and net assets in the accompanying financial statements. When donor restrictions expire or are otherwise met, Puente de la Costa Sur reclassifies temporarily restricted net assets as unrestricted net assets.

In-kind support

Puente de la Costa Sur records contributions of goods and services at their fair market value only if they create or enhance a non-financial asset or require specialized skills are provided by entities or persons possessing those skills and Puente de la Costa Sur would have purchased the goods or services if they did not receive them as contributions.

Allocation of functional expenses

The costs of providing Puente de la Costa Sur's various programs and other activities have been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services based on estimates of time and usage.

Income taxes

Puente de la Costa Sur has been advised by governmental authorities that it is exempt from federal income and state franchise taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the Revenue and Taxation Code of the State of California.

Puente de la Costa Sur has been classified as other than a private foundation under Internal Revenue Codes Section 509(a) (1). Accordingly, donors are entitled to the maximum charitable contribution allowed by law. Management of the organization concluded that no activities of Puente de la Costa Sur jeopardized its exemption from income taxes, its classification as a "public charity" or subjected the organization to taxes on unrelated business income. Consequently, Puente de la Costa Sur did not provide for any income taxes.

**Puente de la Costa Sur**  
Notes to Financial Statements  
June 30, 2015

Note 1 – Summary of significant accounting policies (continued)

Income taxes (continued)

Management believes that the organization has adequately addressed all tax positions and that there are no unrecorded tax liabilities. Tax years 2012 to 2015 are open for examination by the Internal Revenue Service and years 2011 to 2015 by the California Franchise Tax Board.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

Comparative totals

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. Accordingly, such information should be read in conjunction with the audited financial statements for the year ended June 30, 2014, from which the summarized information was derived.

Subsequent events

Puente de la Costa Sur evaluated subsequent events for recognition and disclosure through October 20, 2015, the date which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2015 that required recognition or disclosure in such financial statements; however, starting January 2016, Puente de la Costa Sur will have a new executive director, Rita Mancera, who is being promoted from within.

Note 2 – Accounts and grants receivable

Accounts and grants receivable at June 30, 2015 consisted primarily of reimbursable expenses remaining to be received from the County of San Mateo, totaling \$123,998 and the La Honda-Pescadero Unified School District, totaling \$25,814. The sum of the other individual receivables is \$11,161.

Accounts and grants receivable at June 30, 2014 consist primarily of amounts remaining to be received in service fees/government contract revenue from the County of San Mateo, totaling \$212,184. The sum of the other individual receivables is \$14,928.

**Puente de la Costa Sur**  
Notes to Financial Statements  
June 30, 2015

Note 3 – Notes payable – County of San Mateo

Puente de la Costa Sur was awarded two Community Development Block Grants for the purposes of renovation to the bathrooms and the resource center. These funds were granted under a loan forgiveness program through the County of San Mateo.

The two notes bear fixed interest at three percent per year and both principal and interest are due at maturity. The loan amounts are \$30,000 and \$25,000 with maturity at November 1, 2015. The terms of the loans specify that default would be considered to have occurred if the organization ceased to use the facilities in the manner for which the grant application stated or if they deserted the premises. The organization has no plans to relocate and currently maintains a Memorandum of Understanding and a lease contract with the landlord (La Honda - Pescadero Unified School District) that permits them to occupy the space through June 30, 2016.

Management of Puente de la Costa Sur has complied with the agreement and the County of San Mateo has forgiven the loans and all deferred interest. Accordingly, Puente de la Costa Sur does not accrue or record interest expense on this note. Deferred and non-accrued interest as of June 30, 2015 totals \$4,950. These notes will be written off once the organization has received written confirmation of forgiveness from County.

Note 4 – Commitments

Puente de la Costa Sur leases office space under an operating lease with the La Honda-Pescadero Unified School District. The lease commenced on July 1, 2008 with an annual rent payment of \$120 and a term of eight years. The contract is subject to annual review and may be modified at that time.

Puente de la Costa Sur entered into an operating lease for additional office space in the town of La Honda. The lease commenced on June 27, 2011 and has a monthly rent payment of \$900. The property is currently being leased on a month to month basis.

Occupancy costs for the year ended June 30, 2015 was \$33,241 (2014 - \$26,370). Included in occupancy costs is satellite space rental for La Sala, a place for local farmworkers to receive hot meals and assistance with emergency needs. Also included are utilities costs for all leased properties.

Puente de la Costa Sur has been granted \$25,000 from the Silicon Valley Community Foundation for the purpose of meeting disaster-related food, shelter, and health services in the event of a major disaster. Since this grant is contingent upon a disaster actually occurring, the grant has not been recognized as revenue.

**Puente de la Costa Sur**  
Notes to Financial Statements  
June 30, 2015

Note 5 – Retirement account

Puente de la Costa Sur sponsors a defined contribution plan (Plan) under IRC Section 403(b) for its employees. The Plan allows participating employees to defer a portion of their compensation into income tax-deferred investments. The contribution rate is elective per employee and Puente de la Costa Sur does a 100% matching of employee contributions with a cap of 6%. For the year ended June 30, 2015, Puente de la Costa Sur made contributions to the plan totaling \$24,299 (2014 - \$25,386).

Note 6 – In-kind contributions

Puente de la Costa Sur receives contributions from the Second Harvest Food Bank of Santa Clara and San Mateo Counties. The fair value of non-cash food contributions for the year ended June 30, 2015 was \$6,614 (2014 - \$5,769).

Puente de la Costa Sur also receives contributions from the public in the form of goods or services and issues receipts for those goods according to IRS guidelines. The fair value of contributions received for the year ended June 30, 2015 was \$57,946 (2014 - \$42,121).

Note 7 – Risks and uncertainties

Puente de la Costa Sur has received support that may be subject to audit or review by the grantor agencies. Management believes that Puente de la Costa Sur has complied with all aspects of grant and contract provisions and disallowed costs, if any, would be insignificant to its financial position.

Note 8 – Temporarily restricted net assets

At June 30, 2015 Puente de la Costa Sur had temporarily restricted net assets of \$256,259. This balance consists of program restricted net assets only.

**Puente de la Costa Sur**  
Notes to Financial Statements  
June 30, 2015

Note 8 – Temporarily restricted net assets (continued)

Program restricted support:	June 30, 2014	Puente Additions	Puente Releases	June 30, 2015
Access to Achievement Education Foundation	\$ 4,448	\$ -	\$ 4,388	\$ 60
Atkinson Foundation	-	20,000	11,563	8,437
Avanti Foundation	7,440	-	7,440	-
Bella Vista Foundation	43,282	45,000	44,077	44,205
Flora Family Foundation	2,250	14,500	16,750	-
Gordon & Betty Moore Foundation	3,416	20,000	19,714	3,702
Grove Foundation	44,028	-	40,758	3,270
Institute for Mexicans Abroad (IME)	350	18,500	18,850	-
Heising-Simons Foundation	8,354	200,000	157,499	50,855
Lucille Packard Children's Hospital at Stanford	32,693	60,000	88,547	4,146
Mills-Peninsula Health Services	9,286	15,000	9,805	14,481
Philanthropic Ventures Foundation	-	16,000	7,150	8,850
San Francisco Foundation	21,594	77,000	66,791	31,803
Sand Hill Foundation	19,824	25,000	19,824	25,000
Silicon Valley Community Foundation	21,050	168,439	175,787	13,702
Sobrato Family Foundation	-	91,050	90,941	109
Women's Foundation of CA	-	15,000	-	15,000
Yellow Chair Foundation	6,728	25,000	7,605	24,123
Zellerbach Family Foundation	29,362	-	29,362	-
Individual donors -designated	4,160	6,211	1,855	8,516
	<u>\$ 258,265</u>	<u>\$ 816,700</u>	<u>\$ 818,706</u>	<u>\$ 256,259</u>

**Puente de la Costa Sur**  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2015

Sources, grantors and programs	CFDA	Contract	Expenditures
Department of Agriculture CalFresh Program	10.561	77200-13-D004	\$ 7,626
Total Department of Agriculture			7,626
C Department of Labor Workforce Investment Act- Youth Activities	17.259	#70759	188,673
Total Department of Labor			188,673
C Department of Health & Human Services Farmworker Health	93.224	#73508	50,455
C Monitoring Child Abuse	93.556	#72624	72,000
Total Department of Health & Human Services			122,455
Department of Homeland Security Emergency Food and Shelter National Board Program	97.024	0866-022	2,200
Total Department of Homeland Security			2,200
Total federal expenditures			<u>\$ 320,954</u>

Notes to Schedule of Expenditures of Federal Awards

Note A - Basis of presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the governmental grant activity of Puente de la Costa Sur under programs of Federal agencies for the year ended June 30, 2015. Management presents the information in the Schedule in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Because the Schedule presents only a selected portion of the operations of Puente de la Costa Sur, it cannot and does not present the financial position, changes in net assets or cash flows of Puente de la Costa Sur.

Note B - Summary of significant accounting policies

Management reports the expenditures on the Schedule using the accrual basis of accounting and recognizes such expenditures following the cost principles contained in OMB Circular A-122, Cost Principles for Non-Profit Organizations, which limits certain types of expenditures as not allowable or reimbursable.

Note C - Pass-through entities

The pass-through agency for the Department of Health and Human Services and the Department of Labor is the County of San Mateo.

**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***

Board of Directors  
Puente de la Costa Sur  
Pescadero, 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 Puente de la Costa Sur (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 20, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Puente de la Costa Sur'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 Puente de la Costa Sur's internal control. Accordingly, we do not express an opinion on the effectiveness of Puente de la Costa Sur'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.

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 Puente de la Costa Sur'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.

*Wilson Markle Stuckey Hardesty & Bott, LLP*

Wilson Markle Stuckey Hardesty & Bott, LLP  
October 20, 2015