

**PUENTE DE LA COSTA SUR**

Financial Statements

and

Report Required by Government Auditing Standards  
and OMB Circular A-133

Year ended June 30, 2013

## Table of Contents

Report of Independent Auditors .....	1
Financial Statements	
Statements of Financial Position .....	3
Statements of Activities and Changes in Net Assets .....	4
Statements of Functional Expenses .....	5
Statements of Cash Flows.....	6
Notes to Financial Statements .....	7
Supplemental Information	
Schedule of Expenditures of Federal Awards .....	13
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	14

CERTIFIED PUBLIC  
ACCOUNTANTS

DONALD WILSON  
ALAN MARKLE  
CHARLES STUCKEY  
DAVID HARDESTY  
DAVID BOTT  
DAVID BAILEY  
MICHAEL SMITH

Board of Directors  
Puente de la Costa Sur  
Pescadero, California

### **Report on the Financial Statements**

We have audited the accompanying financial statement of Puente de la Costa Sur (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013 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 statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide basis for our audit our 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, 2013, 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 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 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 November 27, 2013, 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 2012 financial statements, and our report dated, September 26, 2012, 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, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Wilson Markle Stuckey Hardesty & Bott, LLP  
November 27, 2013

**Puente de la Costa Sur**  
**Statements of Financial Position**  
**At June 30, 2013**

Assets	2013	2012
Current assets		
Cash and cash equivalents	\$ 334,297	\$ 242,562
Accounts and grants receivable	134,615	96,513
Prepaid expenses and other current assets	31,723	17,645
Total current assets	500,635	356,720
Property and equipment, at cost		
Furniture and equipment	19,239	19,239
Leasehold improvements	153,864	128,552
Accumulated depreciation and amortization	(82,970)	(49,421)
Net property and equipment	90,133	98,370
Total assets	\$ 590,768	\$ 455,090
 Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 47,639	\$ 22,246
Accrued liabilities	71,630	60,238
Deferred revenue	-	5,344
Total current liabilities	119,269	87,828
Long term liabilities		
Notes payable - County of San Mateo - Facilities improvements	55,000	37,603
Total long term liabilities	55,000	37,603
Total liabilities	174,269	125,431
Net assets		
Unrestricted	214,881	112,256
Temporarily restricted	201,618	217,403
Total net assets	416,499	329,659
Total liabilities and net assets	\$ 590,768	\$ 455,090

See accompanying notes.

**Puente de la Costa Sur**  
**Statements of Activities and Changes in Net Assets**  
**For the Year Ended June 30, 2013**  
**With Comparative Totals Only for the Year Ended June 30, 2012**

	Unrestricted	Temporarily restricted	2013 Total	2012 Totals only
Support and revenue				
Contributions				
Foundations	\$ 169,805	\$ 349,259	\$ 519,064	\$ 453,000
Individuals	299,100		299,100	215,204
Corporate	7,949		7,949	1,995
Other charitable organizations	19,747		19,747	36,020
In-kind contributions	29,921		29,921	88,146
Grants and contracts	863,692		863,692	819,131
Program service fees	21,936		21,936	33,821
Interest income	22		22	-
Net assets released from restrictions	365,044	(365,044)	-	-
Total support and revenue	1,777,216	(15,785)	1,761,431	1,647,317
Expenses				
Programs	1,383,234	-	1,383,234	1,325,007
General and administrative	227,158	-	227,158	156,059
Fundraising and development	64,199	-	64,199	85,439
Total expenses	1,674,591	-	1,674,591	1,566,505
Change in net assets	102,625	(15,785)	86,840	80,812
Net assets, beginning of year	112,256	217,403	329,659	248,847
Net assets, end of year	\$ 214,881	\$ 201,618	\$ 416,499	\$ 329,659

See accompanying notes.

**Puente de la Costa Sur**  
**Statements of Functional Expenses**  
**Year Ended June 30, 2013**  
**With Comparative Totals Only for the Year Ended June 30, 2012**

	Programs	General and administrative	Fundraising and development	2013 Total	2012 Totals only
Salaries	\$ 766,911	\$ 66,995	\$ 31,666	\$ 865,572	\$ 776,720
Payroll taxes	71,733	6,850	3,183	81,766	81,813
Other employee benefits	76,647	11,754	4,931	93,332	73,329
Contract services	136,166	12,243	19,623	168,032	184,684
Accounting fees	-	84,713	-	84,713	74,400
Materials and supplies	49,578	496	213	50,287	20,912
Professional development	33,307	837	31	34,175	16,245
Depreciation and amortization	3,847	29,703	-	33,550	22,405
Computer/internet access	25,984	3,371	1,059	30,414	56,116
In-kind supplies and services	29,421	500	-	29,921	88,146
Transportation	29,016	93	83	29,192	38,706
Occupancy and space rental	26,108	1,096	467	27,671	25,524
Office expenses	23,102	2,510	907	26,519	49,055
Printing and copying	22,987	620	1,535	25,142	-
Shelter/Emergency support	20,862	26	-	20,888	2,166
Scholarships/stipends	19,960	410	-	20,370	13,744
Equipment rental and maintenance	14,881	3,998	180	19,059	-
Food	16,682	257	-	16,939	18,531
Community outreach	9,393	-	74	9,467	16,057
Insurance	6,501	526	247	7,274	7,420
Miscellaneous	148	160	-	308	532
<b>Total expenses</b>	<b>\$ 1,383,234</b>	<b>\$ 227,158</b>	<b>\$ 64,199</b>	<b>\$ 1,674,591</b>	<b>\$ 1,566,505</b>
Percentage of expense to total expense	83%	14%	4%	100%	

See accompanying notes.

**Puente de la Costa Sur**  
**Statements of Cash Flows**  
For the Year Ended June 30, 2013

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities		
Change in net assets	\$ 86,840	\$ 80,812
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Changes in current assets and liabilities		
Depreciation expense	33,550	22,405
Accounts and grants receivable	(38,102)	10,620
Prepaid expenses and other current assets	(14,078)	(7,701)
Accounts payable	25,393	(6,578)
Accrued liabilities	11,392	17,208
Deferred revenue	<u>(5,344)</u>	<u>(1,606)</u>
Net cash provided by operating activities	99,650	115,160
Cash used by investing activities		
Purchases of property and equipment	<u>(25,312)</u>	<u>(49,790)</u>
Net cash used by investing activities	(25,312)	(49,790)
Cash provided by financing activities		
Borrowings under notes payable - County of San Mateo - Facilities improvements	<u>17,397</u>	<u>37,603</u>
Net cash provided by investing activities	<u>17,397</u>	<u>37,603</u>
Net increase in cash and cash equivalents	91,735	102,973
Cash and cash equivalents, beginning of year	<u>242,562</u>	<u>139,589</u>
Cash and cash equivalents, end of year	<u>\$ 334,297</u>	<u>\$ 242,562</u>

See accompanying notes.



**Puente de la Costa Sur**  
Notes to Financial Statements  
June 30, 2013

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 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 June 30, 2013, and at various times during the year then ended, 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.

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 collections, 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, 2013, Puente de la Costa Sur concluded that an allowance for doubtful accounts was not necessary.

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 of five to seven years, 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.

**Puente de la Costa Sur**  
Notes to Financial Statements  
June 30, 2013

Note 1 – Summary of significant accounting policies (continued)

Deferred revenue

Deferred revenue consists of amounts advanced or drawn down under reimbursable cost contracts that exceed revenue earned.

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 revenue 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 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. Management believes that the organization has adequately addressed all tax positions and that there are no unrecorded tax liabilities. Tax years 2009 to 2012 are open for examination by the Internal Revenue Service and years 2008 to 2012 by the California Franchise Tax Board.

**Puente de la Costa Sur**  
Notes to Financial Statements  
June 30, 2013

Note 1 – Summary of significant accounting policies (continued)

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, 2012, from which the summarized information was derived.

Subsequent events

Puente de la Costa Sur evaluated subsequent events for recognition and disclosure through November 27, 2013, the date which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2013 that required recognition or disclosure in such financial statements.

Note 2 – Accounts and grants receivable

Accounts and grants receivable at June 30, 2013 consisted primarily of reimbursable expenses remaining to be received from the County of San Mateo, totaling \$88,691 and the Santa Clara Office of Education, totaling \$19,069. The sum of the other individual collectibles is \$26,855.

Accounts and grants receivable at June 30, 2012 consists primarily of amounts remaining to be received in service fees/government contract revenue from the County of San Mateo, totaling \$69,590 and a grant from the University of California – Berkeley totaling \$15,000.

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.

**Puente de la Costa Sur**  
Notes to Financial Statements  
June 30, 2013

Note 3 – Notes payable – County of San Mateo (continued)

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 (LaHonda-Pescadero Unified School District) that permits them to occupy the space through June 30, 2016.

Management of Puente de la Costa Sur intends to comply with the agreement in the future and believes that the County of San Mateo will ultimately forgive all deferred interest. Accordingly, Puente de la Costa Sur does not accrue the interest deferral or record interest expense on this note. Deferred and non-accrued interest as of June 30, 2013 totals \$1,650.

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 contract has no further options for renewal.

Occupancy costs for the year ended June 30, 2013 was \$27,671 (2012 - \$25,524). Included in occupancy costs is satellite space rental for La Sala, a place for local migrant workers to receive hot meals and assistance with emergency needs. Also included are utilities cost for all leased properties.

Puente de la Costa Sur has been granted \$25,000 from the San Francisco 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 on the organization's books.

**Puente de la Costa Sur**  
Notes to Financial Statements  
June 30, 2013

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 matching cap of the first 6% of employee contributions. For the year ended June 30, 2013, Puente de la Costa Sur made contributions to the plan totaling \$22,986 (2012 - \$16,944).

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, 2013 was \$8,850 (2012 -\$88,146).

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, 2013 was \$21,071.

Note 7 – Temporarily restricted net assets

At June 30, 2013 Puente de la Costa Sur had temporarily restricted net assets of \$201,618. This balance consists of program restricted net assets only.

	June 30, 2012	Additions	Releases	June 30, 2013
<u>Program Restrictions</u>				
Access to Achievement Education Foundation	\$ -	\$ 5,000	\$ 3,729	\$ 1,271
Bella Vista Foundation	39,786	41,500	43,506	37,780
David & Lucille Packard Foundation	18,771	-	18,771	-
First Presbyterian Church	-	4,500	-	4,500
Gordon & Betty Moore Foundation	9,961	-	4,741	5,220
Grove Foundation	29,238	45,000	42,422	31,816
Institute for Mexicans Abroad (IME)	15,000	-	15,000	-
Latino Community Foundation	-	5,000	-	5,000
Mills-Peninsula Health Services	7,447	20,000	14,398	13,049
Morris Stulsaft Foundation (Learning Center)	3,509	-	3,509	-
Philanthropic Ventures Foundation	37,097	5,000	42,097	-
San Francisco Foundation	43,735	80,000	75,697	48,038
Sand Hill Foundation	-	35,000	31,316	3,684
Silicon Valley Community Foundation	11,623	183,064	174,269	20,418
Zellerbach Foundation	-	30,000	8,063	21,937
Individual donors -designated	1,236	10,195	2,526	8,905
	<hr/>	<hr/>	<hr/>	<hr/>
Total temporarily restricted net assets	\$ 217,403	\$ 464,259	\$ 480,044	\$ 201,618

**Puente de la Costa Sur**  
Notes to Financial Statements  
June 30, 2013

Note 8 – 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.

**Puente de la Costa Sur**  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2013

Sources, grantors and programs	CFDA	Contract	Expenditures
<b>Department of Housing and Urban Development</b>			
C      Community Development Block Grant - Recovery	14.253	79000-11-D013	<u>17,397</u>
Total Department of Housing and Urban Development			17,397
<b>Department of Homeland Security</b>			
Emergency Food and Shelter National Board Program	97.204	0866-022	<u>7,000</u>
Total Department of Homeland Security			7,000
<b>Department of Labor</b>			
C      Workforce Investment Act- Youth Activities	17.259	K282504	<u>239,495</u>
Total Department of Labor			239,495
<b>Department of Health &amp; Human Services</b>			
C      Block Grants for Prevention and Treatment of Substance Abuse	93.959	072041	119,023
C      Cal Fresh Program	10.561	7720P	6,750
C      Children's Collaborative Action Team	93.556	MOU w/CSM	<u>76,500</u>
Total Department of Health & Human Services			<u>202,273</u>
Total federal expenditures			<u><u>\$ 466,165</u></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, 2013. 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, the Department of Labor and the Department of Housing and Urban Development is the County of San Mateo.

**Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

Board of Directors  
Puente de la Costa Sur

CERTIFIED PUBLIC  
ACCOUNTANTS

DONALD WILSON  
ALAN MARKLE  
CHARLES STUCKEY  
DAVID HARDESTY  
DAVID BOTT  
DAVID BAILEY  
MICHAEL SMITH

We have audited 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, the financial statements of Puente de la Costa Sur (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013 and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and related notes to the financial statements, and have issued our report thereon dated November 27, 2013.

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 grants, 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*.

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  
November 27, 2013