

**DRAFT**  
Not to be reproduced or relied  
upon for any purpose

Draft

Reports of Independent Auditors and  
Consolidated Financial Statements with  
Supplementary Information

**Across the Bridge Foundation  
dba Downtown College Preparatory**

June 30, 2023

# Table of Contents

---

	<b>Page</b>
<b>Report of Independent Auditors</b>	1
<b>Consolidated Financial Statements</b>	
Consolidated Statement of Financial Position	3
Consolidated Statement of Activities	4
Consolidated Statement of Cash Flows	5
Notes to Consolidated Financial Statements	6
<b>Supplementary Information</b>	
Schedule of Expenditures of Federal Awards	22
Local Education Agency Organization Structure	23
Schedule of Average Daily Attendance	24
Schedule of Instructional Time	25
Consolidating Statement of Financial Position	26
Consolidating Statement of Activities	27
Consolidating Statement of Cash Flows	28
Combining Statement of Financial Position for Alum Rock Middle School, DCP Middle School, and DCP High School	29
Combining Statement of Activities for Alum Rock Middle School, DCP Middle School, and DCP High School	30
Rent Payment Schedule	31
Note to Supplementary Information	31

<b>Report of Independent Auditors 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></b>	32
<b>Report of Independent Auditors on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance</b>	33
<b>Report of Independent Auditors on State Compliance</b>	34
Schedule of Findings and Questioned Costs	35
Summary Schedule of Prior Audit Findings	37

**DRAFT**  
Not to be reproduced or relied upon for any purpose

Draft

# Report of Independent Auditors

The Board of Directors

Across the Bridge Foundation doing business as Downtown College Preparatory

## Report on the Audit of the Consolidated Financial Statements

### **Opinion**

We have audited the consolidated financial statements of Across the Bridge Foundation doing business as Downtown College Preparatory (“DCP”) (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2023 and the related consolidated statements of activities, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Across the Bridge Foundation doing business as Downtown College Preparatory as of June 30, 2023 and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of DCP and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Emphasis of Matter – New Accounting Standard**

As discussed in Note 2 to the consolidated financial statements, DCP adopted Financial Accounting Standards Board Accounting Standards Update No. 2016-02, *Leases (Topic 842)*, as of July 1, 2022, using the modified retrospective approach. Our opinion is not modified with respect to this matter.

### **Responsibilities of Management for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about DCP’s ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 DCP's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about DCP's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information such as the schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and other supplementary information as listed on the table of contents are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information listed in the table of contents is fairly stated, in all material respects, in relation to the consolidated 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 [date of report] on our consideration of DCP'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of DCP's 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 DCP's internal control over financial reporting and compliance.

[Signature]

San Francisco, California

[Date]

Draft

**DRAFT**  
Not to be reproduced or relied  
upon for any purpose

## **Consolidated Financial Statements**

Draft

**Across the Bridge Foundation  
dba Downtown College Preparatory  
Consolidated Statement of Financial Position  
June 30, 2023**

<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash and equivalents	\$ 12,393,174
Pledged cash	600,571
Accounts receivable	4,181,099
Due from other agencies	54,478
Prepaid expenses and other current assets	225,110
Total current assets	<u>17,454,432</u>
<b>NONCURRENT ASSETS</b>	
Property and equipment, net	41,564,912
Operating lease right-of-use asset	384,606
Total noncurrent assets	<u>41,949,518</u>
Total assets	<u><u>\$ 59,403,950</u></u>
<b>LIABILITIES AND NET ASSETS</b>	
<b>CURRENT LIABILITIES</b>	
Accounts payable and accrued expenses	\$ 2,449,480
Deferred revenue	1,045,596
Due to other agencies	871,067
Operating lease liability, current portion	145,010
Long-term liabilities, current portion	1,085,698
Total current liabilities	<u>5,596,851</u>
<b>NONCURRENT LIABILITIES</b>	
Operating lease liability, net	239,596
Long-term liabilities, noncurrent portion	36,897,915
Total noncurrent liabilities	<u>37,137,511</u>
Total liabilities	<u>42,734,362</u>
<b>NET ASSETS</b>	
With donor restrictions:	
Scholarships	50
Federal and State programs	6,362,825
Associated student body	6,885
Private funding and other	70,155
Long-term debt service	2,479,767
Total restricted net assets	<u>8,919,682</u>
Without donor restrictions	
	<u>7,749,906</u>
Total net assets	<u>16,669,588</u>
Total liabilities and net assets	<u><u>\$ 59,403,950</u></u>

See accompanying notes.

**Across the Bridge Foundation  
dba Downtown College Preparatory  
Consolidated Statement of Activities  
Year Ended June 30, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUES</b>			
Local control funding formula sources:			
State apportionment	\$ 7,985,119	\$ -	\$ 7,985,119
In-lieu property taxes	9,015,912	-	9,015,912
Federal revenue	-	4,539,615	4,539,615
State revenue	-	10,766,734	10,766,734
Local revenues:			
Scholarships	-	68,162	68,162
Associated student body	-	7,646	7,646
Private funding	420,284	-	420,284
Other revenues	316,092	-	316,092
Satisfaction of program restrictions	11,060,111	(11,060,111)	-
Total support and revenues	<u>28,797,518</u>	<u>4,322,046</u>	<u>33,119,564</u>
<b>EXPENSES</b>			
Program services:			
Certificated salaries	8,558,324	-	8,558,324
Classified salaries	3,224,032	-	3,224,032
Benefits	3,811,395	-	3,811,395
Material and supplies	1,659,706	-	1,659,706
Services & other expenditures	3,452,190	-	3,452,190
Depreciation	181,567	-	181,567
Total program services	<u>20,887,214</u>	<u>-</u>	<u>20,887,214</u>
Management and general:			
Classified salaries	962,418	-	962,418
Benefits	351,453	-	351,453
Material and supplies	11,991	-	11,991
Services & other operating expenditures	3,933,255	-	3,933,255
Interest expense	1,749,986	-	1,749,986
Depreciation	1,226,211	-	1,226,211
Total management and general	<u>8,235,314</u>	<u>-</u>	<u>8,235,314</u>
Total expenses	<u>29,122,528</u>	<u>-</u>	<u>29,122,528</u>
CHANGE IN NET ASSETS	(325,010)	4,322,046	3,997,036
NET ASSETS, beginning of year	<u>8,074,916</u>	<u>4,597,636</u>	<u>12,672,552</u>
NET ASSETS, end of year	<u>\$ 7,749,906</u>	<u>\$ 8,919,682</u>	<u>\$ 16,669,588</u>

See accompanying notes.

**Across the Bridge Foundation  
dba Downtown College Preparatory  
Consolidated Statement of Cash Flows  
Year Ended June 30, 2023**

---

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 3,997,036
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation expense	1,407,778
Loss on disposal of property and equipment	8,898
Change in operating assets and liabilities:	
Accounts receivable	(403,739)
Due from other agencies	(999)
Prepaid expenses	56,816
Accounts payable	394,421
Deferred revenue	94,645
Due to other agencies	<u>(657,891)</u>
Net cash from operating activities	<u>4,896,965</u>
CASH FLOWS FROM FINANCING ACTIVITY	
Principal payments on revenue bonds	<u>(640,464)</u>
Net cash from financing activity	<u>(640,464)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	4,256,501
CASH AND CASH EQUIVALENTS, beginning of year	<u>8,737,248</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 12,993,749</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION	
Cash paid during the year for interest	\$ 1,749,986
Operating leases right-of-use assets obtained in exchange for lease liabilities	\$ 497,612

---

See accompanying notes.

**Across the Bridge Foundation  
dba Downtown College Preparatory  
Notes to Consolidated Financial Statements**

---

**Note 1 – Organization and Mission**

Across the Bridge Foundation (dba Downtown College Preparatory), hereafter known as the “DCP”, is a nonprofit, public benefit corporation incorporated under the law of the State of California and recorded by the Secretary of State on September 16, 1999. DCP operates small academic charter schools with a clear goal of preparing each of its students to thrive at a four-year university. High standards, personalized attention and an explicit focus on college success drive the academic programs at DCP. The efforts of everyone at DCP, students, staff, and community, are aligned to achieve this singular vision.

DCP opened the first charter high school in Santa Clara County. It was chartered by the San Jose Unified School District on December 2, 1999. DCP opened in September 2000 with its first class of one hundred 9th grade students, adding a grade each year, and graduated its first class of students in 2004. In August of 2008, DCP opened a new campus, DCP Alviso, which suspended operations in 2011-2012. In August of 2011, DCP opened a new grade 6-12 charter, DCP Alum Rock. In August of 2014, DCP opened DCP Middle School. Today, DCP serves approximately 1,170 students.

**Note 2 – Principles of Consolidation**

The consolidated financial statements include the accounts of DCP and the Downtown College Preparatory Foundation (“DCPF”) because DCP has both control and an economic interest in DCPF. All significant intra-entity accounts and transactions have been eliminated in consolidation. DCPF is a nonprofit benefit corporation formed in fiscal year 2014–2015 under Section 509(a)(3) of the Internal Revenue Code as a supporting organization for DCP. Unless otherwise noted, these consolidated entities are hereinafter referred to as DCP.

For presentation purposes DCP has elected to reflect separately the financial statements for the middle and high school grades of the 6–12 grade DCP Alum Rock charter in the supplementary information section of this report.

**Note 3 – Summary of Significant Accounting Policies**

**Basis of accounting** – The consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) as applicable to not-for-profit organizations. DCP uses the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized in the accounting period in which the liability is incurred.

**Across the Bridge Foundation  
dba Downtown College Preparatory  
Notes to Consolidated Financial Statements**

---

**Revenue and revenue recognition** – Local control funding formula revenue, contributions, including grants from Federal, State and local sources are recognized in the period received or unconditionally promised. All contributions are considered available for unrestricted use unless specifically restricted by donors for future periods or specific purposes. Conditional promises to give, that is those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. DCP's federal and state contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. All other contributions received are recorded as without donor restriction, or with donor restriction depending upon the existence and/or nature of any donor restrictions.

All donor-restricted contributions are recorded as increases in with donor restricted net assets depending on the nature of the restriction. When a restriction expires, either by the passage of time or the purpose is satisfied, the with donor restricted net assets are reclassified to without donor restriction net assets and reported in the consolidated statement of activities as "Satisfaction of program restrictions."

**Cash and cash equivalents** – For purposes of the consolidated statement of cash flows, DCP considers all cash and highly liquid investments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash equivalents.

**Receivables** – Receivables consist primarily of noninterest-bearing amounts due for educational programs. Management determines the allowance for uncollectable receivables based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Receivables are written off when deemed uncollectable. No allowance for doubtful accounts has been established, as DCP deems all amounts to be fully collectible. Substantially all outstanding receivables as of June 30, 2023 are due from state and/or federal sources related to grant contributions and are expected to be collected within a period of less than one year.

**Intra-entity transactions** – Intra-entity transactions result from a net cumulative difference between resources provided by the home office account to each charter school and reimbursement for those resources from each charter school to the home office account. Intra-entity transfers include certain costs of shared liabilities and shared assets between DCP. The transactions are eliminated in the consolidated statements.

**Property and equipment** – It is DCP's policy to capitalize individual property and equipment purchases over \$5,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as without donor restriction contributions unless the donor has with donor restriction the donated asset to a specific purpose. Furniture and equipment are depreciated using the straight-line method, over 3 to 7 years. Building and improvement are depreciated using the straight-line method, over 20 to 39 years. As of June 30, 2023, depreciation expense was \$1,407,778.

**Across the Bridge Foundation  
dba Downtown College Preparatory  
Notes to Consolidated Financial Statements**

---

**Impairment of long-lived assets** – The long-lived assets are reviewed by management for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable through the estimated undiscounted cash flows expected to result from the use and eventual disposition of that asset. Whenever any such impairment exists, an impairment loss will be recognized for the amount by which the carrying value exceeds the fair value. Management concluded that its long-lived assets were not impaired at June 30, 2023.

**Deferred revenue** – Deferred revenue arises when potential revenue did not meet the eligibility requirement. In subsequent periods, when the eligibility requirement is met, or when DCP has a legal claim to the resources, the liability for deferred revenue is removed from the consolidated statement of financial position, and revenue is recognized.

Certain grants received before the eligibility requirements are met are recorded as deferred revenue.

**Net assets** – Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net assets without donor restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net assets with donor restrictions* – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted had been fulfilled, or both.

**Across the Bridge Foundation  
dba Downtown College Preparatory  
Notes to Consolidated Financial Statements**

---

**Functional allocation of expenses** – The costs of program and supporting services activities have been listed on a functional basis in the consolidated statement of activities. The consolidated statement of functional expenses present the natural classification detail of expenses by function. The consolidated financial statements report categories of expenses that are attributed to program service activities or management and general activities. The expenses are generally directly attributable to a functional category with no significant allocations between program service activities and supporting service activities occurring.

**Income taxes** – DCP and DCPF are organized as California nonprofit corporations and have been recognized by the Internal Revenue Service (“IRS”) as exempt from federal income taxes under IRC Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3) and 509(a)(3), respectively, and qualifies for the charitable contribution deduction. It is also exempt from State franchise and income taxes under Section 23701(d) of the California Revenue and Taxation Code. DCP is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. DCP determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Management believes that the Organization has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the consolidated financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

**Estimates** – The preparation of financial statements in conformity with U.S. GAAP management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Accordingly, actual results could differ from those estimates.

**Recent accounting pronouncements** – In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)* (ASC 842), replacing the previous leasing standard Accounting Standards Codification 840, *Leases* (ASC 840), which requires an entity that is a lessee to recognize the assets and liabilities arising from leases with terms longer than 12 months on the balance sheet. Leases are to be classified as either operating or finance, with classification affecting the pattern of expense recognition in the consolidated statement of activities and changes in net assets.

**Across the Bridge Foundation  
dba Downtown College Preparatory  
Notes to Consolidated Financial Statements**

---

DCP adopted this new lease standard on July 1, 2022, using a modified retrospective transition, with the cumulative-effect adjustment to the opening balance of net assets as of the effective date (the “effective date method”). Under the effective date method, financial results reported in periods prior to 2022 are unchanged. DCP elected the package of practical expedients permitted under the transition guidance, which among other things, allowed DCP to carryforward the historical lease classification. In addition, DCP made an accounting policy election to keep leases with an initial term of twelve months or less off of the statement of financial position. DCP will continue to recognize those lease payments for short-term leases in the consolidated statement of activities and changes in net assets on a straight-line basis over the lease term.

The adoption of this standard resulted in the recognition of operating right-of-use asset of \$497,612 and operating lease liability of \$497,612 as of July 1, 2022 for DCP’s leases.

**Leases** – Transactions give rise to leases when DCP receives substantially all of the economic benefits from and has the ability to direct the use of specified asset. DCP has lessee activity classified as operating leases and are included in the operating lease right-of-use assets and operating lease liabilities in the statement of financial position.

Operating lease right-of-use assets represents the right to use an underlying asset for the lease term and operating lease liabilities represent obligations to make lease payments arising from the lease. Operating lease right-of-use assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. When discount rates implicit in leases cannot be readily determined, DCP uses the risk-free rate at lease commencement to perform lease classification tests and to measure lease liabilities and right-of-use assets. Lease expense for operating leases is recognized on a straight-line basis over the lease term. Certain optional renewal periods were not included in the determination of the lease liability and right-of-use asset if management determined it was not reasonably certain that the lease would be extended. DCP has elected not to recognize right-of-use assets and lease liabilities for leases of terms less than twelve months.

**Note 4 – Cash and Cash Equivalents**

Cash and cash equivalents at June 30, 2023 consist of the following:

	Reported Amount	Bank Balance
	<u>                    </u>	<u>                    </u>
Cash and cash equivalents:		
Cash on hand and in banks	\$ 9,587,234	\$ 9,775,418
Investment in money market funds	2,805,880	2,805,880
	<u>12,393,114</u>	<u>12,581,298</u>
 Pledged cash	 <u>600,631</u>	 <u>600,631</u>
 Total cash and cash equivalents	 <u><u>\$ 12,993,745</u></u>	 <u><u>\$ 13,181,929</u></u>

**Across the Bridge Foundation  
dba Downtown College Preparatory  
Notes to Consolidated Financial Statements**

---

Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation ("FDIC"). DCP maintains its cash in bank deposit accounts that at times may exceed federally insured limits. DCP has not experienced any losses in such accounts. At June 30, 2023, DCP had \$13,181,930 of the cash on hand and in banks' balance in excess of FDIC insured limits. Management believes DCP is not exposed to any significant risk related to cash. At June 30, 2023, the investment in money market funds of \$2,805,880 was legally restricted in connection with the debt covenant.

**Note 5 – Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date, comprise the following:

Cash and cash equivalents	\$ 12,393,174
Pledged cash	600,571
Accounts receivable	4,181,099
Due from other agencies	54,478
Less: Restricted for debt service and pledged cash	<u>(3,080,338)</u>
Total	<u><u>14,148,984</u></u>

As part of a liquidity management plan, DCP signed a Revolving Note (the "Note") with Comerica Bank in the amount of \$600,000. The Note bears 3% interest rate with maturity date on Comerica Bank's demand. As of June 30, 2023, DCP pledges \$600,571 for the revolving note.

**Note 7 – Receivables**

Accounts receivable at June 30, 2023 consist of the following:

Local control funding formula:	
State aid	\$ 805,698
In-lieu property taxes	<u>799,434</u>
Total local control funding formula	<u>1,605,132</u>
Federal receivable	855,261
State receivable	1,603,449
Lottery receivable	90,194
Local receivable	<u>27,063</u>
	<u>2,575,967</u>
Total accounts receivable	<u><u>\$ 4,181,099</u></u>

**Across the Bridge Foundation  
dba Downtown College Preparatory  
Notes to Consolidated Financial Statements**

---

**Note 8 – Accounts Payable**

Accounts payable at June 30, 2023 consist of the following:

Salaries and benefits	\$ 747,578
Vendor payables	1,452,212
Accrued discretionary time-off	<u>249,690</u>
Total accounts payable	<u><u>\$ 2,449,480</u></u>

**Note 9 – Due to Other Agencies**

Due to other agencies at June 30, 2023 consist of the following:

Due to grantor	\$ 827,136
Interest payable	<u>43,931</u>
Total due to other agencies	<u><u>871,067</u></u>

**Note 10 – Property and Equipment, Net**

Property and equipment, net at June 30, 2023 consist of the following:

	Balance June 30, 2022	Additions	Deductions	Balance June 30, 2023
Nondepreciable property and equipment:				
Work in progress	\$ 8,898	\$ -	\$ 8,898	-
Depreciable property and equipment:				
Building and improvements	49,311,553	-	-	49,311,553
Vehicles	30,856	-	-	30,856
Furniture and equipment	1,000,097	-	-	1,000,097
Solar Energy Project - Alma	<u>509,514</u>	<u>-</u>	<u>-</u>	<u>509,514</u>
Total property and equipment	<u>50,860,918</u>	<u>-</u>	<u>8,898</u>	<u>50,852,020</u>
Less accumulated depreciation:				
Building and improvements	6,845,471	1,407,778	-	8,253,249
Vehicles	30,856	-	-	30,856
Furniture and equipment	963,940	-	-	963,940
Solar Energy Project - Alma	<u>39,063</u>	<u>-</u>	<u>-</u>	<u>39,063</u>
Total accumulated depreciation	<u>7,879,330</u>	<u>1,407,778</u>	<u>-</u>	<u>9,287,108</u>
Property and equipment, net	<u><u>\$ 42,981,588</u></u>	<u><u>\$ (1,407,778)</u></u>	<u><u>\$ 8,898</u></u>	<u><u>\$ 41,564,912</u></u>

**Across the Bridge Foundation  
dba Downtown College Preparatory  
Notes to Consolidated Financial Statements**

---

**Note 11 – Long-Term Liabilities**

**Revolving note with Comerica Bank** – As allowed by definition of the days of cash on hand covenant calculation, on June 25, 2018, DCP entered into a revolving note agreement with Comerica Bank to bridge deferrals of state payments in order to meet the covenants of DCP Revenue Bonds. Prepayment of all or part of the outstanding balance can be paid at any time without premium or penalty. The Note bears 3% interest rate with a maturity date based on Comerica Bank’s demand. As of June 30, 2023, DCP pledged \$600,571 to secure the revolving note. As of June 30, 2023, there was no balance outstanding on the note.

**Loan agreement with Sobrato Family Foundation** – On April 26, 2016, DCP and DCP Facilities 2, LLC entered into a loan agreement with Sobrato Family Foundation for the purpose of constructing school facilities located at 1402 Monterey Road, San Jose, California, in which DCP has a leasehold interest under the Lease Agreement (see Note 13) between DCP and the San Jose Unified School District for the purpose of operating charter schools.

The balance on the loan as of June 30, 2023 was \$2,784,090 and has an interest rate of 2 percent per annum beginning on the date of closing. The final payment of principal and interest shall be on or before April 26, 2029.

**California School Finance Authority-Charter School Revenue Bonds** – The California School Finance Authority (“Authority”) issued Charter School Revenue Bonds, referred to as Downtown College Prep - Obligated Group Series 2016, in the aggregate principal amount of \$36,405,000 (“Bonds”) on April 28, 2016. The Authority loaned the proceeds of the Bonds to Downtown College Prep Foundation, a consolidated entity included in DCP’s consolidated financial statements.

The Bonds are for the purpose of financing and refinancing certain costs of acquisition, construction, expansion, remodeling, renovation, improvement, furnishing, and equipping of the land and educational facilities of DCP. The Bonds mature on June 1, 2051, with interest rates between 3.81% and 4.77%. Interest on the Bonds will be payable semiannually on June 1 and December 1, commencing December 1, 2016.

The outstanding loans and bonds of DCP are as follows:

	Balance July 1, 2022	Deductions	Balance June 30, 2023	Due in One Year
Revenue Bonds	\$ 35,240,000	\$ 620,000	\$ 34,620,000	\$ 645,000
Premiums	599,987	20,463	579,524	20,463
	35,839,987	640,463	35,199,524	665,463
Sobrato Loan	2,784,090	-	2,784,090	440,699
Total	<u>\$ 38,624,077</u>	<u>\$ 640,463</u>	<u>\$ 37,983,614</u>	<u>\$ 1,106,162</u>

**Across the Bridge Foundation  
dba Downtown College Preparatory  
Notes to Consolidated Financial Statements**

---

DCP's outstanding revenue bonds of \$35,240,000 and the Sobrato Loan of \$2,784,091 are secured with collateral of DCP properties located at 1402 Monterey Road, San Jose, California and 2888 Ocala Avenue, San Jose, California.

DCP's bonds mature through 2051 as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2024	\$ 645,000	\$ 1,679,263	\$ 2,324,263
2025	665,000	1,653,463	2,318,463
2026	690,000	1,626,863	2,316,863
2027	715,000	1,599,263	2,314,263
2028	750,000	1,567,088	2,317,088
2029–2033	4,265,000	7,296,825	11,561,825
2034–2039	5,330,000	6,198,288	11,528,288
2040–2044	6,750,000	4,747,751	11,497,751
2045–2048	8,580,000	2,885,250	11,465,250
2049–2051	6,230,000	632,751	6,862,751
Total	<u>\$ 34,620,000</u>	<u>\$ 29,886,805</u>	<u>\$ 64,506,805</u>

The bonds require compliance with certain covenants, for instance liquidity and base rent coverage ratios. Compliance with the requirements of some of the covenants was effective beginning in fiscal year 2017. DCP believes it is in compliance with all the covenants.

DCP's Sobrato Loan matures through 2029 as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2024	\$ 440,699	\$ 52,202	\$ 492,901
2025	449,579	43,321	492,900
2026	458,638	34,262	492,900
2027	467,880	25,020	492,900
2028	477,308	15,592	492,900
2029	489,986	5,974	495,960
Total	<u>\$ 2,784,090</u>	<u>\$ 176,371</u>	<u>\$ 2,960,461</u>

**Note 12 – Employee Retirement Systems**

Qualified employees are covered under multiple-employer contributory retirement plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System ("CalSTRS") and classified employees are members of the California Public Employees' Retirement System ("CalPERS").

**Across the Bridge Foundation  
dba Downtown College Preparatory  
Notes to Consolidated Financial Statements**

---

The risks of participating in these multi-employer defined benefit pension plans are different from single-employer plans because: (a) assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers, (b) the required member, employer, and State contribution rates are set by the California Legislature, and (c) if the Organization chooses to stop participating in the multi-employer plan, it may be required to pay a withdrawal liability to the plan. The Organization has no plans to withdraw from this multi-employer plan.

**California State Teachers' Retirement System ("CalSTRS")**

*Plan description* – DCP contributes to the State Teachers Retirement Plan ("STRP") administered by the CalSTRS. STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2020, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

*Benefits provided* – The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. Early retirement options are available.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP.

DCP contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

**Across the Bridge Foundation  
dba Downtown College Preparatory  
Notes to Consolidated Financial Statements**

---

The STRP provisions and benefits in effect at June 30, 2023 are summarized as follows:

	<u>STRP Defined Benefit Program</u>	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0%–2.4%	2.0%–2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	19.10%	19.10%
Required state contribution rate	10.828%	10.828%

*Contributions* – Required member, DCP and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers’ Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contributions rates for each plan for the year ended June 30, 2023 are presented above and DCP’s total contributions were \$1,559,108.

**California Public Employees’ Retirement System (“CalPERS”)**

*Plan description* – Qualified employees are eligible to participate in DCP Employer Pool (“SEP”) under the CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees’ Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2020 annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

**Across the Bridge Foundation  
dba Downtown College Preparatory  
Notes to Consolidated Financial Statements**

---

*Benefits provided* – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor and the member's final compensation. Members hired on or before December 31, 2012, with five years of credit service are eligible to retire at age 55. Members hired on or after January 1, 2013, with five years of credit service are eligible to retire at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. Early retirement options are available. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2023 are summarized as follows:

	School Employer Pool (CalPERS)	
Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1%–2.5%	1.0%–2.5%
Required employee contribution rate	7.00%	8.00%
Required employer contribution rate	25.37%	25.37%

*Contributions* – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions go through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. DCP is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contributions rates for each plan for the year ended June 30, 2023 are presented above and the total District contributions were \$940,325.

**Social Security** – As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (STRS or PERS) must be covered by Social Security or an alternative plan. DCP has elected to use Social Security. Contributions made by DCP and an employee vest immediately. DCP contributes 6.2 percent of an employee's gross earnings. An employee is required to contribute 6.2 percent of his or her gross earnings to the pension plan.

**Across the Bridge Foundation  
dba Downtown College Preparatory  
Notes to Consolidated Financial Statements**

---

**Note 13 – Commitments and Contingencies**

**Grants** – DCP received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of DCP. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of DCP at June 30, 2023.

**Litigation** – DCP is not currently a party to any legal proceedings.

**Leases** – DCP entered into a lease agreement with the East Side Union High School District (the Lessor) to occupy classrooms and office spaces for Alum Rock High at Independence High School Campus, located at 1776 Educational Park Drive, San Jose, California 95133. The base rent for the period beginning July 1, 2021 and terminating on June 30, 2026 shall be \$11,013 monthly.

In August 2019, DCP entered into lease agreements with VAR Technology Finance (the Lessor) to lease computer equipment to serve students. The monthly payment is \$5,432.33 for 36 months.

At June 30, 2023, the undiscounted future lease payments over the lease term for operating leases, along with a reconciliation of the undiscounted cash flows to operating lease liabilities, were as follows:

<u>Years Ended June 30,</u>	
2024	\$ 145,010
2025	136,135
2026	<u>132,161</u>
Total lease payments	413,306
Less: imputed interest	<u>(28,700)</u>
Operating lease liabilities, June 30, 2023	<u><u>\$ 384,606</u></u>

**Across the Bridge Foundation  
dba Downtown College Preparatory  
Notes to Consolidated Financial Statements**

---

Lease expenses are recognized on a straight-line basis over the life of the lease in the consolidated statement of activities and changes in net assets.

Supplemental other information related to leases were as follows:

Lease Term and Discount Rate

Weighted-Average Remaining Lease Term (in years)	2.8
Weighted-Average Discount Rate	5.00%

Rent expense for the operating leases for the year ended June 30, 2023 was \$421,402.

In conjunction with the issuance of the Downtown College Prep - Obligated Group Series 2016 bonds described in Note 11 to finance the construction of DCP Middle, DCP High and Alum Rock Middle Schools, DCP entered into a lease agreement (the "Lease Agreement") with DCP Facilities 1 and DCP Facilities 2, LLCs. The lease agreement requires DCP to make payments to DCP Facilities 1 and DCP Facilities 2 equivalent to the amounts needed to service the debt, make rent payments for Alum Rock Middle, pay bond trustee fees and other costs associated with the financing transaction. These lease payments are eliminated upon consolidation.

**Note 14 – Expenses by Nature and Function**

The table below presents expenses by both their nature and function for the year ended June 30, 2023.

	Program Services	Management and General	Total
Certificated salaries	\$ 8,558,324	\$ -	\$ 8,558,324
Classified salaries	3,224,032	962,418	4,186,450
Benefits	3,811,395	351,453	4,162,848
Material and supplies	1,659,706	11,991	1,671,697
Services & other expenditures	3,452,190	3,933,255	7,385,445
Depreciation	181,567	1,226,211	1,407,778
Interest expense	-	1,749,986	1,749,986
	\$ 20,887,214	\$ 8,235,314	\$ 29,122,528

**Across the Bridge Foundation  
dba Downtown College Preparatory  
Notes to Consolidated Financial Statements**

---

**Note 15 – Subsequent Events**

Subsequent events are events or transactions that occur after the consolidated statement of financial position date, but before the consolidated financial statements are available to be issued. DCP recognized in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the consolidated financial position including estimates inherent in the process of preparing the consolidated financial statements. DCP's consolidated financial statements do not recognize subsequent events that provide additional evidence about conditions that did not exist at the date of the consolidated statement of financial position date, but arose after the consolidated statement of financial position date before the consolidated financial statements were available to be issued.

Management has reviewed subsequent events and transactions that occurred after the date of the consolidated financial statements through [REDACTED], 2024, the date the consolidated financial statements were issued.

**DRAFT**  
Not to be reproduced or relied  
upon for any purpose

## Supplementary Information

Draft

**Across the Bridge Foundation  
dba Downtown College Preparatory  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2023**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed through California Department of Education ("CDE")			
COVID-19: Elementary and Secondary			
School Emergency Relief ("ESSER") Fund			
ESSER	84.425D	15536	\$ 15,529
ESSER II	84.425D	15547	512,647
ESSER III	84.425D	15559	2,194,861
ESSER III	84.425U	10155	427,930
COVID-19: Governor's Emergency Education			
Relief ("GEER") Fund	84.425C	15517	19,511
COVID-19: Expanded Learning Opportunities ("ELO") Grant:			
ESSER II State Reserve	84.425D	15618	129,303
GEER II	84.425C	15619	1,309
ESSER III	84.425U	15620	58,971
ESSER III	84.425U	15621	54,899
Subtotal			<u>3,414,960</u>
Special Education Cluster			
Basic Local Assistance Entitlement	84.027	13379	255,087
Total Special Education Cluster			<u>255,087</u>
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	444,063
Title II, Part A, Supporting Effective Instruction	84.367	14341	49,364
Title V, Part B, Rural and Low Income School Program	84.358	14356	301
Title III, English Learner Student Program	84.365	14346	49,123
Title IV, Part A, Student Support and Academic Enrichment	84.424A	15396	126,419
Total U.S. Department of Education			<u>4,339,317</u>
U.S. Department of Agriculture			
Passed through CDE			
Child Nutrition Cluster			
National School Lunch Program	10.555	13524	265,947
Total Child Nutrition Cluster			265,947
Total U.S. Department of Agriculture			<u>265,947</u>
Total Federal Financial Assistance			<u>\$ 4,605,264</u>

See note to supplementary information.

**Across the Bridge Foundation  
dba Downtown College Preparatory  
Local Education Agency Organization Structure  
June 30, 2023**

---

**Organization** – Across the Bridge Foundation (“DCP”) operates DCP high school grade 9–12, Alum Rock school grade 6–12, and DCP middle school grade 5–8. The DCP high school’s charter was granted on – December 2, 1999 by the San Jose Unified School District. The 6–12 Alum Rock school’s charter was granted on November 18, 2009 by the Santa Clara County Office of Education. The DCP middle school’s charter was granted on September 19, 2013 by the San Jose Unified School District.

DCP Foundation (“DCPF”) is a nonprofit benefit corporation formed in fiscal year 2014–15 under Section 509(a)(3) of the Internal Revenue Code as a supporting organization for Across the Bridge Foundation.

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
<b>GOVERNING BOARD ABF</b>		
Maria Arellano	President	2025
Josue Fuentes	Vice President	2026
Kathy Yates	Treasurer	2025
Khan Russo	Secretary	2024
John Koeplin	Director	2026
Marc Ketzel	Director	2026
Annette Estrada	Director	2026
Kathryn Hanson	Director	2024
Raylene Hernandez	Director	2025
Sandra Moll	Director	2025
Darcie Green	Director	2025
Socorro Torres	Director	2026
Rebecca Gallardo	Director	2026
Mary Curtis	Director	2026
<b>GOVERNING BOARD DCPF</b>		
Rodney Jenny	President	2026
Sean Meeks	Secretary/Treasurer	2026
Jeff Black	Director	2026
Mary Curtis	Director	2026
Mr. Terry Deveau	Director	2026
<b>ADMINISTRATION</b>		
Mr. Pete Settlemayer	Chief Executive Officer	
Ms. Ruth Wamuyu Schriver	Chief Operating Officer	

See note to supplementary information.

**Across the Bridge Foundation  
dba Downtown College Preparatory  
Schedule of Average Daily Attendance  
Year Ended June 30, 2023**

---

	Data ID: AC7D02C7	425FA0F5
	<u>P2 Report</u>	<u>Annual Report</u>
Alum Rock Campus:		
Middle/High School:		
Grade sixth classroom based	81.63	81.02
Grade seventh through eighth classroom based	160.82	159.45
Grade ninth through twelve classroom based	<u>229.28</u>	<u>225.11</u>
	<u>471.73</u>	<u>465.58</u>
	Data ID: 1B7F9582	DC7A02FC
DCP High Campus:		
High School:		
Grade ninth through twelfth classroom based	<u>446.24</u>	<u>443.32</u>
	Data ID: 75DF92DF	37E70188
DCP Middle Campus:		
Middle School:		
Grade seventh through eighth nonclassroom based	-	-
Grade five through sixth classroom based	85.65	85.04
Grade seventh through eighth classroom based	<u>171.03</u>	<u>168.99</u>
	<u>256.68</u>	<u>254.03</u>
Total	<u><u>1,174.65</u></u>	<u><u>1,162.93</u></u>

---

See note to supplementary information.

**Across the Bridge Foundation  
dba Downtown College Preparatory  
Schedule of Instructional Time  
Year Ended June 30, 2023**

Grade Level <sup>1</sup>	1986–87	2022–2023	Number of Actual Days		Status
	Minutes Requirement	Actual Minutes	Traditional <sup>2</sup> Calendar	Multitrack Calendar	
Alum Rock Middle Campus:					
Grade 6	54,000	61,889	180	N/A	Complied
Grade 7	54,000	61,889	180	N/A	Complied
Grade 8	54,000	61,889	180	N/A	Complied
Alum Rock High Campus:					
Grade 9	64,800	65,128	180	N/A	Complied
Grade 10	64,800	65,128	180	N/A	Complied
Grade 11	64,800	65,128	180	N/A	Complied
Grade 12	64,800	65,128	180	N/A	Complied
DCP Middle Campus:					
Grade 5	54,000	56,070	180	N/A	Complied
Grade 6	54,000	56,070	180	N/A	Complied
Grade 7	54,000	56,070	180	N/A	Complied
Grade 8	54,000	56,070	180	N/A	Complied
DCP High Campus:					
Grade 9	64,800	67,080	180	N/A	Complied
Grade 10	64,800	67,080	180	N/A	Complied
Grade 11	64,800	67,080	180	N/A	Complied
Grade 12	64,800	67,080	180	N/A	Complied

<sup>1</sup> The Alum Rock campus operates grades 6 through 12. The DCP Middle campus operates only grades 5 through 8. The DCP High campus operates only grades 9 through 12.

<sup>2</sup> The School does not file Form J-13A during the year.

**Across the Bridge Foundation  
dba Downtown College Preparatory  
Consolidating Statement of Financial Position  
June 30, 2023**

	Central Office	DCP High	Alum Rock Middle	Alum Rock High	DCP Middle	Eliminations	ABF Combined	DCP Foundation	Eliminations	Total Consolidated
<b>ASSETS</b>										
<b>CURRENT ASSETS</b>										
Cash and investments	\$ (4,786,933)	\$ 5,085,964	\$ 2,709,886	\$ 856,364	\$ 4,443,618	\$ -	\$ 8,308,899	\$ 4,084,275	\$ -	\$ 12,393,174
Pledged cash	-	-	600,571	-	-	-	600,571	-	-	600,571
Accounts receivable	5,512	852,959	1,526,428	1,088,913	707,287	-	4,181,099	-	-	4,181,099
Due from other agencies	4,569	-	500	5,958	-	-	11,027	43,451	-	54,478
Due from (to) other funds	995,311	(1,623,157)	(536,639)	77,574	152,617	-	(934,294)	934,294	-	-
Prepaid expenses and other assets	26,162	78,619	8,931	23,911	87,487	-	225,110	-	-	225,110
Total current assets	(3,755,379)	4,394,385	4,309,677	2,052,720	5,391,009	-	12,392,412	5,062,020	-	17,454,432
<b>NONCURRENT ASSETS</b>										
Property and equipment	66,370	1,940,257	2,893,010	168,148	2,024,850	-	7,092,635	43,759,384	-	50,852,019
Less: accumulated depreciation	(66,370)	(536,940)	(419,894)	(168,148)	(384,757)	-	(1,576,109)	(7,710,998)	-	(9,287,107)
Property and equipment, net	-	1,403,317	2,473,116	-	1,640,093	-	5,516,526	36,048,386	-	41,564,912
Operating lease right-of-use asset	-	17,532,551	16,251,990	369,002	15,417,809	(49,186,746)	384,606	-	-	384,606
Total noncurrent assets	-	18,935,868	18,725,106	369,002	17,057,902	(49,186,746)	5,901,132	36,048,386	-	41,949,518
Total assets	\$ (3,755,379)	\$ 23,330,253	\$ 23,034,783	\$ 2,421,722	\$ 22,448,911	\$ (49,186,746)	\$ 18,293,544	\$ 41,110,406	\$ -	\$ 59,403,950
<b>LIABILITIES AND NET ASSETS</b>										
<b>CURRENT LIABILITIES</b>										
Accounts payable	\$ 439,812	\$ 647,700	\$ 367,780	\$ 282,601	\$ 563,375	\$ -	\$ 2,301,268	\$ 148,212	\$ -	\$ 2,449,480
Deferred revenue	-	117,121	99,985	129,323	244,284	-	590,713	454,883	-	1,045,596
Due to other agencies	-	190,851	315,291	206,560	114,434	-	827,136	43,931	-	871,067
Operating lease liabilities, current portion	-	12,849	-	132,161	-	-	145,010	-	-	145,010
Long-term liabilities, current portion	-	-	-	-	-	-	-	1,085,698	-	1,085,698
Total current liabilities	439,812	968,521	783,056	750,645	922,093	-	3,864,127	1,732,724	-	5,596,851
<b>NONCURRENT LIABILITIES</b>										
Operating lease liabilities, noncurrent portion	-	17,452,790	16,305,552	236,841	15,382,203	(49,137,790)	239,596	-	-	239,596
Long-term liabilities, noncurrent portion	-	-	-	-	-	-	-	36,897,915	-	36,897,915
Total noncurrent liabilities	-	17,452,790	16,305,552	236,841	15,382,203	(49,137,790)	239,596	36,897,915	-	37,137,511
Total liabilities	439,812	18,421,311	17,088,608	987,486	16,304,296	(49,137,790)	4,103,723	38,630,639	-	42,734,362
<b>NET ASSETS</b>										
<b>With donor restrictions:</b>										
Scholarships	-	50	-	-	-	-	50	-	-	50
Federal and State programs	66,743	1,922,383	1,854,289	847,489	1,671,921	-	6,362,825	-	-	6,362,825
Associated student body	-	6,885	-	-	-	-	6,885	-	-	6,885
Private funding and other	65,316	-	-	2,000	2,839	-	70,155	-	-	70,155
Debt covenants	-	-	-	-	-	-	-	2,479,767	-	2,479,767
Without donor restrictions	(4,327,250)	2,979,624	4,091,886	584,747	4,469,855	(48,956)	7,749,906	-	-	7,749,906
Total net assets	(4,195,191)	4,908,942	5,946,175	1,434,236	6,144,615	(48,956)	14,189,821	2,479,767	-	16,669,588
Total liabilities and net assets	\$ (3,755,379)	\$ 23,330,253	\$ 23,034,783	\$ 2,421,722	\$ 22,448,911	\$ (49,186,746)	\$ 18,293,544	\$ 41,110,406	\$ -	\$ 59,403,950

See note to supplementary information.

**Across the Bridge Foundation  
dba Downtown College Preparatory  
Consolidating Statement of Activities  
Year Ended June 30, 2023**

	Central Office	DCP High	Alum Rock Middle	Alum Rock High	DCP Middle	Eliminations	ABF Combined	DCP Foundation	Eliminations	Total Consolidated
<b>SUPPORT AND REVENUES</b>										
Local control funding formula sources:										
State apportionment	\$ -	\$ 1,854,413	\$ 2,593,149	\$ 2,665,540	\$ 872,017	\$ -	\$ 7,985,119	\$ -	\$ -	\$ 7,985,119
In-lieu property taxes	-	4,438,879	1,112,173	1,029,505	2,435,355	-	9,015,912	-	-	9,015,912
Federal revenue	-	940,120	899,996	780,624	1,918,875	-	4,539,615	-	-	4,539,615
State revenue	-	2,719,114	2,859,032	1,641,342	3,547,246	-	10,766,734	-	-	10,766,734
Local revenues	2,421,724	48,880	19,643	18,162	11,876	(1,832,112)	688,173	3,533,014	(3,409,003)	812,184
<b>Total support and revenues</b>	<b>2,421,724</b>	<b>10,001,406</b>	<b>7,483,993</b>	<b>6,135,173</b>	<b>8,785,369</b>	<b>(1,832,112)</b>	<b>32,995,553</b>	<b>3,533,014</b>	<b>(3,409,003)</b>	<b>33,119,564</b>
<b>EXPENSES</b>										
Program services:										
Certificated salaries	582,006	3,063,036	1,481,267	1,886,673	1,545,342	-	8,558,324	-	-	8,558,324
Classified salaries	730,928	724,727	585,465	549,016	633,896	-	3,224,032	-	-	3,224,032
Benefits	535,236	1,246,654	720,095	675,528	633,882	-	3,811,395	-	-	3,811,395
Material and supplies	19,536	367,474	446,845	303,622	522,229	-	1,659,706	-	-	1,659,706
Services and other expenditures	535,638	2,368,993	2,070,980	1,317,856	2,350,882	(1,783,156)	6,861,193	-	(3,409,003)	3,452,190
Interest expense	-	-	-	-	-	-	-	-	-	-
Depreciation	-	43,186	86,520	-	51,861	-	181,567	-	-	181,567
<b>Total program services</b>	<b>2,403,344</b>	<b>7,814,070</b>	<b>5,391,172</b>	<b>4,732,695</b>	<b>5,738,092</b>	<b>(1,783,156)</b>	<b>24,296,217</b>	<b>-</b>	<b>(3,409,003)</b>	<b>20,887,214</b>
Management and general:										
Certificated salaries	-	-	-	-	-	-	-	-	-	-
Classified salaries	855,758	25,636	25,945	27,083	27,996	-	962,418	-	-	962,418
Benefits	308,122	11,816	9,224	8,881	13,410	-	351,453	-	-	351,453
Material and supplies	11,382	-	272	337	-	-	11,991	-	-	11,991
Services and other operating expenditures	561,391	1,212,438	730,570	336,462	539,246	-	3,380,107	553,148	-	3,933,255
Interest expense	-	-	-	-	-	-	-	1,749,986	-	1,749,986
Depreciation	-	-	-	-	-	-	-	1,226,211	-	1,226,211
<b>Total management and general</b>	<b>1,736,653</b>	<b>1,249,890</b>	<b>766,011</b>	<b>372,763</b>	<b>580,652</b>	<b>-</b>	<b>4,705,969</b>	<b>3,529,345</b>	<b>-</b>	<b>8,235,314</b>
<b>Total expenses</b>	<b>4,139,997</b>	<b>9,063,960</b>	<b>6,157,183</b>	<b>5,105,458</b>	<b>6,318,744</b>	<b>(1,783,156)</b>	<b>29,002,186</b>	<b>3,529,345</b>	<b>(3,409,003)</b>	<b>29,122,528</b>
<b>CHANGE IN NET ASSETS</b>	<b>(1,718,273)</b>	<b>937,446</b>	<b>1,326,810</b>	<b>1,029,715</b>	<b>2,466,625</b>	<b>(48,956)</b>	<b>3,993,367</b>	<b>3,669</b>	<b>-</b>	<b>3,997,036</b>
<b>NET ASSETS, beginning of year</b>	<b>(2,476,918)</b>	<b>3,971,496</b>	<b>4,619,365</b>	<b>404,521</b>	<b>3,677,990</b>	<b>-</b>	<b>10,196,454</b>	<b>2,476,098</b>	<b>-</b>	<b>12,672,552</b>
<b>NET ASSETS, end of year</b>	<b>\$ (4,195,191)</b>	<b>\$ 4,908,942</b>	<b>\$ 5,946,175</b>	<b>\$ 1,434,236</b>	<b>\$ 6,144,615</b>	<b>\$ (48,956)</b>	<b>\$ 14,189,821</b>	<b>\$ 2,479,767</b>	<b>\$ -</b>	<b>\$ 16,669,588</b>

See note to supplementary information.

**Across the Bridge Foundation  
dba Downtown College Preparatory  
Consolidating Statement of Cash Flows  
Year Ended June 30, 2023**

	Central Office	DCP High	Alum Rock Middle	Alum Rock High	DCP Middle	Eliminations	ABF Combined	DCP Foundation	Eliminations	Total Consolidated
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>										
Change in net assets	\$ (1,718,273)	\$ 937,446	\$ 1,326,810	\$ 1,029,715	\$ 2,466,625	\$ (48,956)	\$ 3,993,367	\$ 3,669	\$ -	\$ 3,997,036
Adjustments to reconcile change in net assets to net cash from operating activities:										
Depreciation expense	-	43,186	86,520	-	51,861	-	181,567	1,226,211	-	1,407,778
Loss on disposal of property and equipment	-	4,449	-	-	4,449	-	8,898	-	-	8,898
Change in operating assets and liabilities:										
Accounts receivable	1	511,818	(633,959)	(186,228)	(95,371)	-	(403,739)	-	-	(403,739)
Due from other agencies	(1,000)	-	-	-	-	-	(1,000)	1	-	(999)
Due from (to) other funds	(1,832,115)	1,211,550	514,930	127,316	492,449	-	514,130	(514,130)	-	-
Prepaid expenses	(23,677)	13,531	81,983	(8,912)	(6,109)	-	56,816	-	-	56,816
Accounts payable	(8,086)	38,382	70,967	(43,682)	223,336	-	280,917	113,504	-	394,421
Deferred revenue	-	(306,224)	84,715	105,630	70,157	-	(45,722)	140,367	-	94,645
Lease liability	-	(66,912)	53,562	-	(35,606)	48,956	-	-	-	-
Due to other agencies	-	(18,675)	(114,838)	(288,933)	(123,115)	-	(545,561)	(112,330)	-	(657,891)
Net cash from operating activities	<u>(3,583,150)</u>	<u>2,368,551</u>	<u>1,470,690</u>	<u>734,906</u>	<u>3,048,676</u>	<u>-</u>	<u>4,039,673</u>	<u>857,292</u>	<u>-</u>	<u>4,896,965</u>
<b>CASH FLOWS FROM FINNCING ACTIVITY</b>										
Payment of debt	-	-	-	-	-	-	-	(640,464)	-	(640,464)
Net cash from financing activity	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(640,464)</u>	<u>-</u>	<u>(640,464)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<u>(3,583,150)</u>	<u>2,368,551</u>	<u>1,470,690</u>	<u>734,906</u>	<u>3,048,676</u>	<u>-</u>	<u>4,039,673</u>	<u>216,828</u>	<u>-</u>	<u>4,256,501</u>
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>(1,203,783)</u>	<u>2,717,413</u>	<u>1,839,767</u>	<u>121,458</u>	<u>1,394,942</u>	<u>-</u>	<u>4,869,797</u>	<u>3,867,447</u>	<u>-</u>	<u>8,737,244</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ (4,786,933)</u>	<u>\$ 5,085,964</u>	<u>\$ 3,310,457</u>	<u>\$ 856,364</u>	<u>\$ 4,443,618</u>	<u>\$ -</u>	<u>\$ 8,909,470</u>	<u>\$ 4,084,275</u>	<u>\$ -</u>	<u>\$ 12,993,745</u>

See note to supplementary information.

**Across the Bridge Foundation**  
**dba Downtown College Preparatory**  
**Combining Statement of Financial Position for Alum Rock Middle School,**  
**DCP Middle School, and DCP High School**  
**June 30, 2023**

	DCP High (El Primero)	Alum Rock Middle	DCP Middle (El Camino)	Combined
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and investments	\$ 5,085,964	\$ 2,709,886	\$ 4,443,618	\$ 12,239,468
Pledged cash	-	600,571	-	600,571
Accounts receivable	852,959	1,526,428	707,287	3,086,674
Due from other entities	-	500	-	500
Due (to) from other funds	(1,623,157)	(536,639)	152,617	(2,007,179)
Prepaid expenses and other current assets	78,619	8,931	87,487	175,037
Total current assets	<u>4,394,385</u>	<u>4,309,677</u>	<u>5,391,009</u>	<u>14,095,071</u>
<b>NONCURRENT ASSETS</b>				
Capital assets	1,940,257	2,893,010	2,024,850	6,858,117
Less: accumulated depreciation	(536,940)	(419,894)	(384,757)	(1,341,591)
Property and equipment, net	1,403,317	2,473,116	1,640,093	5,516,526
Operating lease right-of-use asset	17,532,551	16,251,990	15,417,809	49,202,350
Total noncurrent assets	<u>18,935,868</u>	<u>18,725,106</u>	<u>17,057,902</u>	<u>54,718,876</u>
Total assets	<u>\$ 23,330,253</u>	<u>\$ 23,034,783</u>	<u>\$ 22,448,911</u>	<u>\$ 68,813,947</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 647,700	\$ 367,780	\$ 563,375	\$ 1,578,855
Deferred revenue	117,121	99,985	244,284	461,390
Due to other agencies	190,851	315,291	114,434	620,576
Leases payable, current portion	12,849	-	-	12,849
Total current liabilities	<u>968,521</u>	<u>783,056</u>	<u>922,093</u>	<u>2,673,670</u>
<b>NONCURRENT LIABILITIES</b>				
Leases, concurrent portion	17,452,790	16,305,552	15,382,203	-
Total noncurrent liabilities	<u>17,452,790</u>	<u>16,305,552</u>	<u>15,382,203</u>	<u>-</u>
Total liabilities	<u>18,421,311</u>	<u>17,088,608</u>	<u>16,304,296</u>	<u>2,673,670</u>
<b>NET ASSETS</b>				
With donor restrictions:				
Scholarships	50	-	-	50
Federal and State programs	1,922,383	1,854,289	1,671,921	5,448,593
Associated student body	6,885	-	-	6,885
Private funding and other	-	-	2,839	2,839
Without donor restrictions	<u>2,979,624</u>	<u>4,091,886</u>	<u>4,469,855</u>	<u>11,541,365</u>
Total net assets	<u>4,908,942</u>	<u>5,946,175</u>	<u>6,144,615</u>	<u>16,999,732</u>
Total liabilities and net assets	<u>\$ 23,330,253</u>	<u>\$ 23,034,783</u>	<u>\$ 22,448,911</u>	<u>\$ 19,673,402</u>

See note to supplementary information.

**Across the Bridge Foundation  
dba Downtown College Preparatory  
Combining Statement of Activities for Alum Rock Middle School,  
DCP Middle School, and DCP High School  
Year Ended June 30, 2023**

	DCP High (El Primero)	Alum Rock Middle	DCP Middle (El Camino)	Combined
<b>SUPPORT AND REVENUES</b>				
Local control funding formula sources:				
State apportionment	\$ 1,854,413	\$ 2,593,149	\$ 872,017	\$ 5,319,579
In-lieu property taxes	4,438,879	1,112,173	2,435,355	7,986,407
Federal revenue	940,120	899,996	1,918,875	3,758,991
State revenue	2,719,114	2,859,032	3,547,246	9,125,392
Local revenues	48,880	19,643	11,876	80,399
	<u>10,001,406</u>	<u>7,483,993</u>	<u>8,785,369</u>	<u>26,270,768</u>
<b>EXPENSES</b>				
Program services:				
Certificated salaries	3,063,036	1,481,267	1,545,342	6,089,645
Classified salaries	724,727	585,465	633,896	1,944,088
Salaries and benefits	1,246,654	720,095	633,882	2,600,631
Material and supplies	367,474	446,845	522,229	1,336,548
Services and other expenditures	2,368,993	2,070,980	2,350,882	6,790,855
Depreciation	43,186	86,520	51,861	181,567
	<u>7,814,070</u>	<u>5,391,172</u>	<u>5,738,092</u>	<u>18,943,334</u>
Management and general:				
Classified salaries	25,636	25,945	27,996	79,577
Benefits	11,816	9,224	13,410	34,450
Material and supplies	-	272	-	272
Services and other operating expenditures	1,212,438	730,570	539,246	2,482,254
	<u>1,249,890</u>	<u>766,011</u>	<u>580,652</u>	<u>2,596,553</u>
Total expenses	<u>9,063,960</u>	<u>6,157,183</u>	<u>6,318,744</u>	<u>21,539,887</u>
CHANGE IN NET ASSETS	937,446	1,326,810	2,466,625	4,730,881
NET ASSETS, beginning of year	<u>3,971,496</u>	<u>4,619,365</u>	<u>3,677,990</u>	<u>12,268,851</u>
NET ASSETS, end of year	<u>\$ 4,908,942</u>	<u>\$ 5,946,175</u>	<u>\$ 6,144,615</u>	<u>\$ 16,999,732</u>

See note to supplementary information.

**Across the Bridge Foundation  
dba Downtown College Preparatory  
Note to Supplementary Information  
Year Ended June 30, 2023**

---

**Note 1 – Purpose of Supplementary Schedules**

**Schedule of expenditures of federal awards**

*Basis of presentation* – The accompanying schedule of expenditures of federal awards (the “schedule”) includes the federal award activity of DCP under programs of the federal government for the year ended June 30, 2023. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Because the schedule presents only a selected portion of the operations of DCP, it is not intended to and does not present the financial position, changes in net assets, or cash flows of DCP.

*Summary of significant accounting policies* – Expenditures reported in the schedule are reported on the accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

*Indirect cost rate* – DCP does not draw for indirect administrative expenses and has not elected to use the ten percent de minimus cost rate.

**Local education agency organization structure** – This schedule provides information about DCP’s members of the governing board, and members of the administration.

**Schedule of average daily attendance** – Average daily attendance (“ADA”) is a measurement of the number of pupils attending classes of DCP. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to local education agencies. This schedule provides information regarding the attendance of students at DCP.

**Schedule of instructional time** – This schedule presents information on the amount of instructional time offered by DCP and whether DCP complied with the provisions of Education Code Sections 47612 and 47612.5, if applicable. DCP must maintain their instructional minutes at the 1986–87 requirements, as required by Education Code Section 47612.5.

**Combining and consolidating statement of financial position, statement of activities, and statement of cash flows** – The combining and consolidating statements are included to provide information regarding the individual campuses that have been included in DCP’s basic financial statements.

# **Report of Independent Auditors 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***

The Board of Directors

Across the Bridge Foundation dba Downtown College Preparatory

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Across the Bridge Foundation doing business as Downtown College Preparatory (“DCP”) (a nonprofit organization) which collectively comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated [date of report].

## **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered DCP’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of DCP’s internal control. Accordingly, we do not express an opinion on the effectiveness of DCP’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 or significant deficiencies may exist that were not identified.

## **Report on Compliance and Other Matters**

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

**Purpose of this Report**

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

[Signature]

San Francisco, California

[Date]

Draft

# **Report of Independent Auditors on Compliance for the Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance**

The Board of Directors  
Across the Bridge Foundation doing business as Downtown College Preparatory

## **Report on Compliance for the Major Federal Program**

### ***Opinion on the Major Federal Program***

We have audited Across the Bridge Foundation doing business as Downtown College Preparatory (“DCP”)’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on DCP’s major federal program for the year ended June 30, 2023. DCP’s major federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, DCP complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

### ***Basis for Opinion on the Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of DCP and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of DCP’s compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to DCP’s federal programs.

### ***Auditor's Responsibility for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on DCP's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about DCP's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit. Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding DCP's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of DCP's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of DCP's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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 a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

San Francisco, California

REPORT DATE

Draft

# Report of Independent Auditors on State Compliance

To the Board of Directors

Across the Bridge Foundation doing business as Downtown College Preparatory

## Report on Compliance with State Laws and Regulations

### *Opinion on Compliance with State Laws and Regulations*

We have audited Across the Bridge Foundation doing business as Downtown College Preparatory (DCP)'s compliance with the types of compliance requirements described in the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (the Audit Guide) applicable to DCP's state program for the year ended June 30, 2023, listed below:

<u>Procedures</u>	<u>Description</u>	<u>Performed</u>
Local Education Agencies other than Charter Schools:		
	A. Attendance	No, see below
	B. Teacher Certification and Misassignments	No, see below
	C. Kindergarten Continuance	No, see below
	D. Independent Study	No, see below
	E. Continuation Education	No, see below
	F. Instructional Time	No, see below
	G. Instructional Materials	No, see below
	H. Ratio of Administrative Employees to Teachers	No, see below
	I. Classroom Teacher Salaries	No, see below
	J. Early Retirement Incentive	No, see below
	K. Gann Limit Calculation	No, see below
	L. School Accountability Report Card	No, see below
	M. Juvenile Court Schools	No, see below
	N. Middle or Early College High School	No, see below
	O. K-3 Grade Span Adjustment	No, see below
	P. Transportation Maintenance of Effort	No, see below
	Q. Apprenticeship: Related and Supplemental Instruction	No, see below
	R. Comprehensive School Safety Plan	No, see below
	S. District of Choice	No, see below
	TT. Home to School Transportation Reimbursement	No, see below
	UU. Independent Study Certification for ADA Loss Mitigation	No, see below

School Districts, County Offices of Education, and Charter Schools:

T. California Clean Energy Jobs Act	No, see below
U. After/Before School Education and Safety Program	No, see below
V. Proper Expenditure of Education Protection Account Funds	Yes
W. Unduplicated Local Control Funding Formula Pupil Counts	Yes
X. Local Control and Accountability Plan	Yes
Y. Independent Study – Course Based	No, see below
Z. Immunizations	No, see below
AZ. Educator Effectiveness	Yes
BZ. Expanded Learning Opportunities Grant (ELO-G)	Yes
CZ. Career Technical Education Incentive Grant	No, see below
EZ. Transitional Kindergarten	No, see below

Charter Schools:

AA. Attendance	Yes
BB. Mode of Instruction	Yes
CC. Nonclassroom-Based Instruction/Independent Study	No, see below
DD. Determination of Funding for Nonclassroom-based Instruction	No, see below
EE. Annual Instructional Minutes – classroom based	Yes
FF. Charter School Facility Grant Program	Yes

We did not perform any procedures relating to items “A’ through “S”, “TT” and “UU” of the Audit Guide because these sections do not apply to Charter Schools.

We did not perform testing procedures related to the California Clean Energy Jobs Act because there was no activity for the year ended June 30, 2023.

We did not perform any procedures related to After/Before School Education and Safety Program because DCP does not run an After/Before School Education and Safety Program.

We did not perform any procedures related to Independent Study-Course Based because the Charter School did not claim any independent study-course based ADA for the year ended June 30, 2023.

The Charter School submitted the immunization assessment report to the California Department of Public Health and did not have reported combined conditional admission and overdue rates greater than 10 percent in kindergarten, therefore, we did not perform any related procedures.

We did not perform any procedures related to non-classroom-based instruction (items “CC” and “DD”) because DCP did not claim any non-classroom based ADA for the year ended June 30, 2023.

In our opinion, DCP complied, in all material respects, with the state compliance requirements referred to above that are applicable to state laws and regulations for the year ended June 30, 2023.

***Basis for Opinion***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards and the Audit Guide are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of DCP and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of DCP's compliance with state compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to below and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to DCP's state programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on DCP's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Audit Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about DCP's compliance with state laws and regulations as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Audit Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding DCP's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of DCP's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of DCP's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### ***Report on 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 on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention from those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified. Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on compliance is solely to describe the scope of our testing of compliance and the results of that testing based on the requirements of the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

San Francisco, California  
[REDACTED], 2022

**Across the Bridge Foundation  
dba Downtown College Preparatory  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2023**

**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported

Noncompliance material to financial statements noted?  Yes  No

**Federal Awards**

Internal control over major federal programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?  Yes  No

**Identification of Major Federal Programs and Type of Auditor’s Report Issued on Compliance for Major Federal Program:**

<i>Federal Assistance Listing Number</i>	<i>Name of Federal Program or Cluster</i>	<i>Type of Auditor’s Report Issued on Compliance for Each Major Federal Program</i>
84.425, 84.425C, 84.425D, 84.425U	COVID-19: Education Stabilization Fund Programs	<i>Unmodified</i>

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

Auditee qualified as low-risk auditee?  Yes  No

**State Awards**

Type of report the auditor issued on compliance for state programs: *Unmodified*

**Section II – Financial Statement Findings**

None reported.

**Across the Bridge Foundation  
dba Downtown College Preparatory  
Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2023**

---

---

**Section III – Federal Award Findings and Questioned Costs**

---

---

None reported.

---

---

**Section IV – State Award Findings and Questioned Costs**

---

---

None reported.

Draft

**Across the Bridge Foundation  
dba Downtown College Preparatory  
Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2023**

---

**2022-001 40000 – Nonclassroom-Based Instruction/Independent Study**

**Condition** – In our attendance testing, DCP was not able provide written agreements for 13 out of 20 students selected. Also, DCP was unable to consistently support the apportionment days claimed by each student that participated in the independent study.

**Status** – Corrective action was taken.

Draft