

Consolidated Financial Statements
June 30, 2022

Across the Bridge Foundation

dba Downtown College Preparatory (DCP)

Across the Bridge Foundation
dba Downtown College Preparatory
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June 30, 2022

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Independent Auditor's Report

To the Board of Directors of
Across the Bridge Foundation
San Jose, California

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of the 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, 2022, 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 referred to above present fairly, in all material respects, the financial position of the Across the Bridge Foundation, as of June 30, 2022, 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 audits 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* issued by the Comptroller General of the United States (*Governmental Auditing Standards*). 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the consolidated 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 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 a report dated July 17, 2023, 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, 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.

Menlo Park, California
July 17, 2023

Across the Bridge Foundation
dba Downtown College Preparatory
Consolidated Statement of Financial Position
June 30, 2022

Assets	
Current assets	
Cash and equivalents	\$ 8,136,673
Pledged cash	600,571
Accounts receivable	3,777,360
Due from other agencies	53,479
Prepaid expenses and other current assets	<u>281,926</u>
Total current assets	<u>12,850,009</u>
Noncurrent assets	
Property and equipment	50,860,918
Less accumulated depreciation	<u>(7,879,330)</u>
Total non-current assets	<u>42,981,588</u>
Total assets	<u><u>\$ 55,831,597</u></u>
Liabilities and Net Assets	
Liabilities	
Current liabilities	
Accounts payable	\$ 2,055,059
Deferred revenue	761,951
Due to other agencies	1,528,958
Current portion of long-term liabilities	<u>646,667</u>
Total current liabilities	<u>4,992,635</u>
Noncurrent liabilities	
Deferred rent	189,000
Noncurrent portion of long-term liabilities	<u>37,977,410</u>
Total non-current liabilities	<u>38,166,410</u>
Total liabilities	<u>43,159,045</u>
Net Assets	
With donor restrictions	
Scholarships	50
Federal and State programs	2,050,313
Associated student body	8,359
Private funding and other	62,816
Long-term debt service	<u>2,476,098</u>
Total restricted net assets	4,597,636
Without donor restrictions	<u>8,074,916</u>
Total net assets	<u>12,672,552</u>
Total liabilities and net assets	<u><u>\$ 55,831,597</u></u>

Across the Bridge Foundation
dba Downtown College Preparatory
Consolidated Statement of Activities
Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues			
Local control funding formula sources			
State apportionment	\$ 6,143,311	\$ -	\$ 6,143,311
In-lieu property taxes	9,307,485	-	9,307,485
Federal revenue	-	4,055,296	4,055,296
State revenue	-	4,177,161	4,177,161
Local revenues			
Scholarships	-	42,263	42,263
Associated student body	-	8,359	8,359
Private funding	576,395	-	576,395
Other revenues	3,092,951	-	3,092,951
Satisfaction of program restrictions	7,302,024	(7,302,024)	-
Total revenues	<u>26,422,166</u>	<u>981,055</u>	<u>27,403,221</u>
Expenses			
Program services			
Certificated salaries	8,267,724	-	8,267,724
Classified salaries	3,308,983	-	3,308,983
Benefits	3,440,394	-	3,440,394
Material and supplies	1,800,971	-	1,800,971
Services & other expenditures	5,146,116	-	5,146,116
Interest expense	1,776,591	-	1,776,591
Depreciation	1,428,532	-	1,428,532
Subtotal	<u>25,169,311</u>	<u>-</u>	<u>25,169,311</u>
Management and general			
Certificated salaries	71,668	-	71,668
Classified salaries	742,412	-	742,412
Benefits	289,195	-	289,195
Material and supplies	68,244	-	68,244
Services & other operating expenditures	78,458	-	78,458
Depreciation	98	-	98
Subtotal	<u>1,250,075</u>	<u>-</u>	<u>1,250,075</u>
Total expenses	<u>26,419,386</u>	<u>-</u>	<u>26,419,386</u>
Net Change in Net Assets	2,780	981,055	983,835
Net Assets, Beginning as restated	<u>8,072,136</u>	<u>3,616,581</u>	<u>11,688,717</u>
Net Assets, Ending	<u>\$ 8,074,916</u>	<u>\$ 4,597,636</u>	<u>\$ 12,672,552</u>

Across The Bridge Foundation
dba Downtown College Preparatory
Consolidated Statement of Cashflows
Year Ended June 30, 2022

Operating Activities	
Reconciliation of change in net assets to net cash from operating activities	
Changes in net assets	\$ 983,835
Adjustments to reconcile change in net assets to net cash from operating activities	
Depreciation expense	1,428,630
Amortization expense	(20,749)
PPP loan forgiveness	(2,836,800)
Changes in operating assets and liabilities	
Accounts receivable	6,939,678
Promise to give	-
Deferred revenue	(5,552,094)
Prepaid expenses	48,024
Accounts payable	702,521
Capital leases payable	-
	<hr/>
Net cash from operating activities	1,693,045
Investing Activities	
Purchases of property and equipment	(100,530)
Financing Activities	
Principal payments on revenue bonds	<hr/> (595,000)
Net Change in Cash and Cash Equivalents	997,515
Cash and Cash Equivalents, Beginning of Year	<hr/> 7,739,729
Cash and Cash Equivalents, End of Year	<u><u>\$ 8,737,244</u></u>

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 1,700 students.

On July 19, 2021, Pete Settelmayer took over the helm of DCP as the new CEO replacing the Founding Executive Director who finished her service in June 2021.

Note 2 - Principles of Consolidation

The consolidated financial statements include the accounts of the DCP and the Downtown College Preparatory Foundation (DCPF) because the DCP has both control and an economic interest in the DCPF. All significant intra-entity accounts and transactions have been eliminated in consolidation. DCPF is a non-profit 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 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.

Revenue and Revenue Recognition

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. 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, 2022 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 results 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, 2022, depreciation expense was \$1,515,429.

Deferred Rent

DCP recognizes escalating rent provisions on a straight-line basis over the lease term. The difference between the rent expense and the required lease payments is reflected as deferred rent in the accompanying consolidated statement of financial position.

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
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Notes to Consolidated Financial Statements
June 30, 2022

Functional Allocation of Expenses

The costs of program and supporting services activities have been listed on a functional basis in the consolidated statements of activities. The consolidated statements 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

The DCP and DCPF are organized as California nonprofit corporations and have been recognized by the 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 accounting principles generally accepted in the United States of America requires 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, FASB issued Accounting Standards Update (ASU) 2016-02, *Leases*. ASU 2016-02 requires a lessee to recognize a lease asset representing its right to use the underlying asset for the lease term, and a lease liability for the payments to be made to lessor, on its statement of financial position for all operating leases greater than 12 months. Although the full impact of this update on DCP's consolidated financial statements has not yet been determined, the future adoption of this guidance will require DCP to record assets and liabilities on its statement of financial position relating to facility and other leases currently being accounted for as operating leases. The ASU is effective for DCP for the year ended June 30, 2023. Management is evaluating the impact of the adoption of this standard.

Across The Bridge Foundation
dba Downtown College Preparatory
Notes to Consolidated Financial Statements
June 30, 2022

Note 4 - Cash and Cash Equivalents

Cash and cash equivalents at June 30, 2022, consist of the following:

	<u>Reported Amount</u>	<u>Bank Balance</u>
Cash and cash equivalents		
Cash on hand and in banks	\$ 5,441,104	\$ 5,825,814
Investment in money market funds	<u>2,695,569</u>	<u>2,695,569</u>
Subtotal	8,136,673	8,521,383
Pledged cash	<u>600,571</u>	<u>600,571</u>
Total cash and cash equivalents	<u>\$ 8,737,244</u>	<u>\$ 9,121,954</u>

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, 2022, DCP had \$5,479,020 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, 2022, the investment in money market funds of \$2,695,569 was with donor restriction for construction and debt service payments.

Note 5 - Fair Value Measurements

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

- Level 1 - Quoted prices in active markets for identical assets.
- Level 2 - For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.
- Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data.

DCP's fair value measurements of money market funds are categorized as Level 1 at June 30, 2022.

Across The Bridge Foundation (DCP)
 dba Downtown College Preparatory
 Notes to Consolidated Financial Statements
 June 30, 2022

Note 6 - 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	\$ 8,136,673
Pledged cash	600,571
Accounts receivable	3,777,360
Due from other agencies	53,479
Restricted for debt service	<u>(2,476,098)</u>
Total	<u><u>\$ 10,091,985</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, 2022, DCP pledges \$600,571 for the revolving note.

Note 7 - Receivables

Accounts receivable at June 30, 2022, consist of the following:

Local control funding formula	
State aid	\$ 335,606
In-lieu property taxes	<u>224,828</u>
Total local control funding formula	<u>560,434</u>
Federal receivable	2,057,041
State receivable	921,790
Lottery receivable	102,639
Other receivable	18,099
Local receivable	<u>117,357</u>
Subtotal	<u>3,216,926</u>
Total accounts receivable	<u><u>\$ 3,777,360</u></u>

Across The Bridge Foundation
dba Downtown College Preparatory
Notes to Consolidated Financial Statements
June 30, 2022

Note 8 - Accounts Payable

Accounts payable at June 30, 2022, consist of the following:

Salaries and benefits	\$ 762,221
Vendor payables	913,521
Accrued discretionary time-off	<u>379,317</u>
Total accounts payable	<u>\$ 2,055,059</u>

Note 9 - Due to other agencies

Accounts payable at June 30, 2022, consist of the following:

Due to Grantor	\$ 1,370,181
Interest payable	<u>158,777</u>
Total Due to other agencies	<u>\$ 1,528,958</u>

Across The Bridge Foundation
dba Downtown College Preparatory
Notes to Consolidated Financial Statements
June 30, 2022

Note 10 - Property and Equipment

Property and equipment at June 30, 2022, consist of the following:

	June 30, 2021 as restated	Additions	Deductions	Balance June 30, 2022
Non-depreciable Property and Equipment				
Work in progress	\$ 4,271	\$ 4,627	\$ -	\$ 8,898
Depreciable Property and Equipment				
Building and improvements	49,238,245	73,308	-	49,311,553
Leasehold and improvements	2,083,177			2,083,177
Vehicles	30,856	-	-	30,856
Furniture and equipment	977,502	22,595	-	1,000,097
Solar Energy Project - Alma	509,514	-	-	509,514
Total Property and Equipment	<u>52,843,565</u>	<u>100,530</u>	<u>-</u>	<u>52,944,095</u>
Less Accumulated Depreciation				
Building and improvements	5,468,250	1,377,221	-	6,845,471
Leasehold and improvements	86,799	86,799		173,598
Vehicles	30,856	-	-	30,856
Furniture and equipment	932,912	31,028	-	963,940
Solar Energy Project - Alma	18,682	20,381	-	39,063
Total accumulated depreciation	<u>6,537,499</u>	<u>1,515,429</u>	<u>-</u>	<u>8,052,928</u>
Property and Equipment, net	<u>\$ 46,306,066</u>	<u>\$ (1,414,899)</u>	<u>\$ -</u>	<u>\$ 44,891,167</u>

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. DCP pledged \$600,571 cash as of June 30, 2022 for the revolving note agreement. The Note has interest rate of 3%. Prepayment of all or part of the outstanding balance can be paid at any time without premium or penalty. The Note is a demand note and matures upon issuance, therefore, shall be payable upon demand. As of June 30, 2022, no amount has been drawn from the revolving note.

Across The Bridge Foundation
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Notes to Consolidated Financial Statements
June 30, 2022

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, 2022, 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, 2021	Deductions	Balance June 30, 2022	Due in One Year
Revenue Bonds	\$ 35,835,000	\$ 595,000	\$ 35,240,000	\$ 620,000
Premiums	620,736	20,749	599,987	26,667
Subtotal	36,455,736	615,749	35,839,987	646,667
Sobrato Loan	2,784,090	-	2,784,090	-
Total	<u>\$ 39,239,826</u>	<u>\$ 615,749</u>	<u>\$ 38,624,077</u>	<u>\$ 646,667</u>

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.

Across The Bridge Foundation
dba Downtown College Preparatory
Notes to Consolidated Financial Statements
June 30, 2022

DCP's bonds mature through 2051 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2023	\$ 620,000	\$ 1,704,063	\$ 2,324,063
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
2028-2032	4,085,000	7,482,865	11,567,865
2033-2038	5,090,000	6,442,838	11,532,838
2039-2043	6,435,000	5,069,500	11,504,500
2044-2047	8,180,000	3,294,250	11,474,250
2048-2051	8,115,000	1,038,500	9,153,500
Total	\$ 35,240,000	\$ 31,590,868	\$ 66,830,868

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:

Fiscal Year	Principal	Interest to Maturity	Total
2023	\$ -	\$ 55,493	\$ 55,493
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	\$ 2,784,090	\$ 231,864	\$ 3,015,954

Note 12 - Paycheck Protection Program (PPP) Loan

DCP was granted a \$2,836,800 loan under the Paycheck Protection Program (PPP) administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. DCP has elected to account for the funding as a conditional contribution by applying ASC 958-605, *Not-for-Profit – Revenue Recognition*. DCP initially recorded the loan as a refundable advance and subsequently recognized contribution revenue in accordance with guidance for conditional contributions, that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed. DCP has recognized \$2,836,800 as PPP loan forgiveness revenue for the year ended June 30, 2022.

Note 13 - 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).

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 California State Teachers' Retirement System (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.

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June 30, 2022

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

The STRP provisions and benefits in effect at June 30, 2022, are summarized as follows:

	STRP Defined Benefit Program	
	On or before 31-Dec-12	On or after 1-Jan-13
Hire date	2% at 60	2% at 62
Benefit formula	5 years of service	5 years of service
Benefit vesting schedule	Monthly for life	Monthly for life
Benefit payments	60	62
Retirement age	2.0% - 2.4%	2.0% - 2.4%
Monthly benefits as a percentage of eligible compensation	10.25%	10.205%
Required employee contribution rate	16.92%	16.92%
Required employer contribution rate	10.828%	10.828%
Required state contribution rate		

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, 2022, are presented above and DCP's total contributions were \$1,344,625.

California Public Employees' Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in DCP Employer Pool (SEP) under the California Public Employees' Retirement System (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>.

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Notes to Consolidated Financial Statements
June 30, 2022

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, 2022, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before 31-Dec-12	On or after January 1, 2013
Hire date	2% at 55	2% at 62
Benefit formula	5 years of service	5 years of service
Benefit vesting schedule	Monthly for life	Monthly for life
Benefit payments	55	62
Retirement age	1.1% - 2.5%	1.0% - 2.5%
Monthly benefits as a percentage of eligible compensation	7.00%	7.00%
Required employee contribution rate	22.910%	22.910%
Required employer contribution rate		

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, 2022, are presented above and the total District contributions were \$824,961.

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.

Note 14 - 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, 2022.

Litigation

DCP is not currently a party to any legal proceedings.

Leases

In August 2011, DCP entered into a lease agreement with the Sobrato Foundation (the Lessor) to secure a portion of the premises for the central office at 1400 Parkmoor Avenue, Suite 206, San Jose, California. The lease was renewed in December 2020. The base rent for the period beginning January 1, 2021 and ending December 31, 2022 shall be \$2,256 monthly.

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.

DCP entered into a lease agreement with Alum Rock Union Elementary School District (lessor) to occupy the premises for Alum Rock Middle. The lease commenced on May 7, 2014 and ends on July 31, 2045 with an option to extend the term of the lease for three successive option periods of five years each. The lease premises was later torn down and rebuild by DCP. The lease payment to lessor is mainly for the usage of the land. The rebuild of the lease premises are funded by DCP. The agreement with The base rent is included as part of the lease obligation described below between DCP and DCP Facilities LLC.

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Notes to Consolidated Financial Statements
June 30, 2022

DCP entered into a lease agreement with San Jose Unified School District to occupy the premises for DCP Middle and DCP High. The lease commenced on October 23, 2015 and ends on October 22, 2065. The lease contains an option to purchase the premises at any time during the lease term for a price which will be equal to the District's costs of acquisition of the premises calculated in a manner consistent with applicable law. In fiscal year 2015-2016, DCP made the full payment on its lease commitment through the end of the lease term. The lease premises was torn down and rebuilt by DCP and DCPF, and rebuilding was financed through revenue bonds that are being paid by DCP. The rent consists of \$1 annually plus the bond debt service payments.

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. The leases' future payments are as follows:

<u>Fiscal Year</u>	<u>Future Payment</u>
2023	<u>\$ 5,432</u>
Total	<u><u>\$ 5,432</u></u>

Note 15 - Subsequent Events

Management has reviewed subsequent events and transactions that occurred after the date of the consolidated financial statements through July 17, 2023, the date the consolidated financial statements were issued. The consolidated financial statements include all events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles.

During the 2022-23 fiscal year, unable to hire enough credentialed teachers, the School implemented a "blended learning program" (the program) at the beginning of the school year. According to a Letter of Concern dated October 31, 2022 from SCCOE, "the program was implemented prior to Santa Clara County Office of Education's (SCCOE) and the School Board's Approval." The letter further stated that using this model could potentially impact the School's apportionment funding because 55% of the School's revenues are funded by LCFF apportionment, which is calculated by student's average daily attendance. The School is currently evaluating the impact but believes that this temporary measure meets the State's credentialing and instructional minutes requirements.

Supplementary Information
June 30, 2022

Across The Bridge Foundation (DCP)

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Across The Bridge Foundation (DCP)
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Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

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	\$ 172,035
ESSER II	84.425D	15537	1,380,150
ESSER III	84.425D	15559	757,575
COVID-19 Governor's Emergency Education			
Relief (GEER) Fund	84.425C	15517	56,392
Expanded Learning Opportunities (ELO) Grant:			
ESSER II State Reserve	84.425D	15618	57,341
GEER II	84.425C	15619	<u>41,520</u>
Subtotal			<u>2,465,013</u>
Special Education Cluster			
Basic Local Assistance Entitlement	84.027	13379	274,563
ARP IDEA Part B, Sec. 611, Local Assistance Entitlement	84.027	15638	<u>67,672</u>
Total Special Education Cluster			<u>342,235</u>
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	648,145
Title II, Part A, Supporting Effective Instruction	84.367	14341	52,583
Title III, English Learner Student Program	84.365	14346	26,261
Title IV, Part A, Student Support and Academic Enrichment	84.424A	15396	<u>14,907</u>
Total U.S. Department of Education			<u>3,549,144</u>
U.S. Department of Agriculture			
Passed through CDE			
Child Nutrition Cluster			
National School Lunch Program	10.555	13524	495,010
SNP COVID-19 Emergency Operational Costs Reimbursement (ECR)	10.555	15637	<u>9,300</u>
Total Child Nutrition Cluster			504,310
Child Nutrition: Pandemic EBT Local Administrative Grant	10.579	14906	<u>1,842</u>
Total U.S. Department of Agriculture			<u>506,152</u>
Total Federal Financial Assistance			<u><u>\$4,055,296</u></u>

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 non-profit 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>
GOVERNING BOARD ABF		
Ms. Kathryn Hanson	President	2024
Mr. Josue Fuentes	Vice President	2023
Ms. Kathy Yates	Treasurer	2025
Ms. Mary P. Curtis	Secretary	2022
Ms. Sandra Moll	Director	2025
Mr. Don Imwalle	Director	2022
Ms. Lisa Cole	Director	2022
Mr. John Koeplin	Director	2023
Mr. Marc Ketznel	Director	2023
Ms. Socorro Torres	Director	2023
Ms. Jackie Zeller	Director	Not applicable *
GOVERNING BOARD DCPF		
Mr. Rodney Jenny	President	2023
Mr. Sean Meeks	Secretary/Treasurer	2023
Mr. Jeff Black	Director	2023
Mr. Terry Deveau	Director	2023
Ms. Maria Arellano	Director	2024
ADMINISTRATION		

Across The Bridge Foundation (DCP)
dba Downtown College Preparatory
Schedule of Average Daily Attendance
Year Ended June 30, 2022

Grade Level	P2 Report	Annual Report	Audit Finding As Adjusted per Audit	
			P2 Report	Annual Report
Alum Rock Campus				
Middle/High School				
Grade sixth classroom based	79.30	88.92	79.30	88.92
Sixth Non-classroom based	0.95	1.13	0.62	0.73
Grade seventh through eighth classroom based	156.44	175.54	156.44	175.54
Grade seventh through eighth non-classroom based	5.74	6.15	3.73	4.00
Grade ninth through twelve classroom based	247.03	245.81	247.03	245.81
Grade ninth through twelve non-classroom based	6.02	7.85	3.91	5.10
Subtotal	495.48	525.40	491.03	520.10
DCP High Campus				
High School				
Grade ninth through twelfth classroom based	463.26	459.38	463.26	459.38
Nineth through twelveth Non-classroom based	33.29	29.79	21.64	19.36
Subtotal	496.55	489.17	484.90	478.74
DCP Middle Campus				
Middle School				
Grade five through sixth classroom based	110.90	109.66	110.90	109.66
Grade five through sixth non-classroom based	3.91	3.68	2.54	2.39
Grade seventh through eighth classroom based	252.11	248.83	252.11	248.83
Grade seventh through eighth non-classroom based	6.82	6.95	4.43	4.52
Subtotal	373.74	369.12	369.98	365.40
Total	1,365.77	1,383.69	1,345.91	1,364.25

Across The Bridge Foundation (DCP)
dba Downtown College Preparatory
Schedule of Instructional Time
Year Ended June 30, 2022

Grade Level ¹	1986-87	2021-2022	Number of Actual Days		Status
	Minutes Requirement	Actual Minutes	Traditional ² Calendar	Multitrack Calendar	
Alum Rock Middle Campus					
Grade 6	54,000	55,600	180	N/A	Complied
Grade 7	54,000	56,220	180	N/A	Complied
Grade 8	54,000	56,220	180	N/A	Complied
Alum Rock High Campus					
Grade 9	64,800	66,420	180	N/A	Complied
Grade 10	64,800	66,420	180	N/A	Complied
Grade 11	64,800	66,420	180	N/A	Complied
Grade 12	64,800	66,420	180	N/A	Complied
DCP Middle Campus					
Grade 5	54,000	55,600	180	N/A	Complied
Grade 6	54,000	55,600	180	N/A	Complied
Grade 7	54,000	56,220	180	N/A	Complied
Grade 8	54,000	56,220	180	N/A	Complied
DCP High Campus					
Grade 9	64,800	66,420	180	N/A	Complied
Grade 10	64,800	66,420	180	N/A	Complied
Grade 11	64,800	66,420	180	N/A	Complied
Grade 12	64,800	66,420	180	N/A	Complied

¹ 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.

² The School does not file Form J-13A during the year.

Across The Bridge Foundation (DCP)
dba Downtown College Preparatory
Consolidating Statement of Financial Position
June 30, 2022

	Central Office	DCP High	Alum Rock Middle	Alum Rock High	DCP Middle	Eliminations	ABF Combined	DCP Foundation	Eliminations	Total Consolidated
Assets										
Current assets										
Cash and investments	\$ (1,203,783)	\$ 2,717,413	\$ 1,239,196	\$ 121,458	\$ 1,394,942	\$ -	\$ 4,269,226	\$ 3,867,447	\$ -	\$ 8,136,673
Pledged cash	-	-	600,571	-	-	-	600,571	-	-	600,571
Accounts receivable	5,513	1,364,777	892,469	902,685	611,916	-	3,777,360	-	-	3,777,360
Due from other agencies	3,569	-	500	5,958	-	-	10,027	43,452	-	53,479
Due from other funds	-	-	-	204,890	883,396	(1,088,286)	-	420,164	(420,164)	-
Due from DCPF facilities	49,188	-	36,000	-	-	-	85,188	-	(85,188)	-
Prepaid expenses and other current assets	2,485	92,150	90,914	14,999	81,378	-	281,926	-	-	281,926
Total current assets	(1,143,028)	4,174,340	2,859,650	1,249,990	2,971,632	(1,088,286)	9,024,298	4,331,063	(505,352)	12,850,009
Noncurrent assets										
Property and equipment	66,370	1,944,706	2,893,010	168,148	2,029,299	-	7,101,533	43,759,385	-	50,860,918
Less accumulated depreciation	(66,370)	(493,754)	(333,374)	(168,148)	(332,896)	-	(1,394,542)	(6,484,788)	-	(7,879,330)
Total non-current assets	-	1,450,952	2,559,636	-	1,696,403	-	5,706,991	37,274,597	-	42,981,588
Total assets	\$ (1,143,028)	\$ 5,625,292	\$ 5,419,286	\$ 1,249,990	\$ 4,668,035	\$ (1,088,286)	\$ 14,731,289	\$ 41,605,660	\$ (505,352)	\$ 55,831,597
Liabilities and Net Assets										
Liabilities										
Current liabilities										
Accounts payable	\$ 447,898	\$ 609,318	\$ 296,813	\$ 326,283	\$ 340,039	\$ -	\$ 2,020,351	\$ 34,708	\$ -	\$ 2,055,059
Deferred revenue	-	423,345	15,270	23,693	174,127	-	636,435	125,516	-	761,951
Due to other agencies	-	209,526	430,129	495,493	237,549	-	1,372,697	156,261	-	1,528,958
Due to other funds	885,992	144,585	57,709	-	-	(1,088,286)	-	-	-	-
Due to DCPF Facilities	-	267,022	-	-	238,330	-	505,352	-	(505,352)	-
Current portion of long-term liabilities	-	-	-	-	-	-	-	646,667	-	646,667
Total current liabilities	1,333,890	1,653,796	799,921	845,469	990,045	(1,088,286)	4,534,835	963,152	(505,352)	4,992,635
Noncurrent liabilities										
Deferred rent	-	-	-	-	-	-	-	189,000	-	189,000
Noncurrent portion of long-term liabilities	-	-	-	-	-	-	-	37,977,410	-	37,977,410
Total non-current liabilities	-	-	-	-	-	-	-	38,166,410	-	38,166,410
Total liabilities	1,333,890	1,653,796	799,921	845,469	990,045	(1,088,286)	4,534,835	39,129,562	(505,352)	43,159,045
Net Assets										
With donor restrictions										
Scholarships	-	50	-	-	-	-	50	-	-	50
Federal and State programs	66,743	382,168	1,139,219	304,677	157,506	-	2,050,313	-	-	2,050,313
Associated student body	-	8,359	-	-	-	-	8,359	-	-	8,359
Private funding and other	60,316	-	500	2,000	-	-	62,816	-	-	62,816
Debt covenants	-	-	-	-	-	-	-	2,476,098	-	2,476,098
Without donor restrictions	(2,603,977)	3,580,919	3,479,646	97,844	3,520,484	-	8,074,916	-	-	8,074,916
Total net assets	(2,476,918)	3,971,496	4,619,365	404,521	3,677,990	-	10,196,454	2,476,098	-	12,672,552
Total liabilities and net assets	\$ (1,143,028)	\$ 5,625,292	\$ 5,419,286	\$ 1,249,990	\$ 4,668,035	\$ (1,088,286)	\$ 14,731,289	\$ 41,605,660	\$ (505,352)	\$ 55,831,597

Across The Bridge Foundation (DCP)
dba Downtown College Preparatory
Consolidating Statement of Statement of Activities
Year Ended June 30, 2022

	Central Office	DCP High	Alum Rock Middle	Alum Rock High	DCP Middle	Eliminations	ABF Combined	DCP Foundation	Eliminations	Total Consolidated
Support and Revenues										
Local control funding formula sources										
State apportionment	\$ -	\$ 1,435,288	\$ 2,034,681	\$ 2,123,153	\$ 550,189	\$ -	\$ 6,143,311	\$ -	\$ -	\$ 6,143,311
In-lieu property taxes	-	4,392,030	872,025	910,236	3,133,194	-	9,307,485	-	-	9,307,485
Federal revenue	-	1,134,206	990,439	860,422	1,070,229	-	4,055,296	-	-	4,055,296
State revenue	-	1,497,125	962,094	516,208	1,201,734	-	4,177,161	-	-	4,177,161
Local revenues	3,031,770	697,458	505,705	481,236	733,048	(1,734,781)	3,714,436	3,555,875	(3,550,343)	3,719,968
Total support and revenue	3,031,770	9,156,107	5,364,944	4,891,255	6,688,394	(1,734,781)	27,397,689	3,555,875	(3,550,343)	27,403,221
Expenses										
Program services										
Certificated salaries	670,617	2,616,797	1,424,926	2,028,686	1,526,698	-	8,267,724	-	-	8,267,724
Classified salaries	1,374,902	514,394	469,964	392,043	557,680	-	3,308,983	-	-	3,308,983
Benefits	594,439	934,724	597,351	680,758	633,122	-	3,440,394	-	-	3,440,394
Material and supplies	6,427	498,886	386,594	330,342	578,722	-	1,800,971	-	-	1,800,971
Services & other expenditures	617,674	2,520,743	1,618,163	1,304,963	2,168,401	-	8,229,944	466,515	(3,550,343)	5,146,116
Interest expense	-	-	-	-	-	-	-	1,776,591	-	1,776,591
Depreciation	-	44,341	82,234	7,071	65,675	-	199,321	1,229,211	-	1,428,532
Subtotal	3,264,059	7,129,885	4,579,232	4,743,863	5,530,298	-	25,247,337	3,472,317	(3,550,343)	25,169,311
Management and general										
Certificated salaries	-	-	42,892	6,141	22,635	-	71,668	-	-	71,668
Classified salaries	434,161	100,223	86,259	62,494	59,275	-	742,412	-	-	742,412
Benefits	142,664	42,580	53,105	19,291	31,555	-	289,195	-	-	289,195
Material and supplies	21,404	22,297	4,648	898	18,997	-	68,244	-	-	68,244
Services & other operating expenditures	460,875	566,639	321,443	190,325	273,957	(1,734,781)	78,458	-	-	78,458
Depreciation	98	-	-	-	-	-	98	-	-	98
Subtotal	1,059,202	731,739	508,347	279,149	406,419	(1,734,781)	1,250,075	-	-	1,250,075
Total expenses	4,323,261	7,861,624	5,087,579	5,023,012	5,936,717	(1,734,781)	26,497,412	3,472,317	(3,550,343)	26,419,386
Net Change in Net Assets	(1,291,491)	1,294,483	277,365	(131,757)	751,677	-	900,277	83,558	-	983,835
Net Assets, Beginning, as restated	(1,185,427)	2,677,013	4,342,000	536,278	2,926,313	-	9,296,177	2,392,540	-	11,688,717
Net Assets, Ending	\$ (2,476,918)	\$ 3,971,496	\$ 4,619,365	\$ 404,521	\$ 3,677,990	\$ -	\$ 10,196,454	\$ 2,476,098	\$ -	\$ 12,672,552

Across The Bridge Foundation (DCP)
dba Downtown College Preparatory
Consolidating Statement of Statement of Cash Flows
Year Ended June 30, 2022

	Central Office	DCP High	Alum Rock Middle	Alum Rock High	DCP Middle	Eliminations	ABF Combined	DCP Foundation	Eliminations	Total Consolidated
Operating Activities										
Increase (Decrease) in net assets	\$ (1,291,491)	\$ 1,294,483	\$ 277,365	\$ (131,757)	\$ 751,677	\$ -	\$ 900,277	\$ 83,558	\$ -	\$ 983,835
Adjustments to reconcile change in net assets to net cash from operating activities										
Depreciation expense	98	44,341	82,234	7,071	65,676	-	199,420	1,229,210	-	1,428,630
Amortization expense	-	-	-	-	-	-	-	(20,749)	-	(20,749)
PPP loan forgiveness	(2,836,800)	-	-	-	-	-	(2,836,800)	-	-	(2,836,800)
Changes in operating assets and liabilities										
Accounts receivable	28,861	1,763,152	1,536,599	1,086,841	2,487,918	-	6,903,371	465,699	-	7,369,070
Due from balances	680,706	-	99,698	(204,890)	(883,396)	298,654	(9,228)	(420,164)	-	(429,392)
Deferred revenue	-	(1,374,353)	(1,154,938)	(1,003,829)	(2,005,580)	-	(5,538,700)	(13,394)	-	(5,552,094)
Prepaid expenses	9,305	13,680	14,236	(2,421)	13,224	-	48,024	-	-	48,024
Accounts payable	(92,394)	(438,749)	230,429	88,185	(329,199)	-	(541,728)	(23,350)	-	(565,078)
Due to balances	885,992	405,582	57,710	-	216,970	(298,654)	1,267,600	(1)	-	1,267,599
Net Cash from operating activities	(2,615,723)	1,708,136	1,143,333	(160,800)	317,290	-	392,236	1,300,809	-	1,693,045
Investing Activities										
Purchases of property and equipment	-	(2,315)	(73,310)	-	(24,905)	-	(100,530)	-	-	(100,530)
Financing Activities										
Payment of debt	-	-	-	-	-	-	-	(595,000)	-	(595,000)
Net Change in Cash and Cash Equivalents	(2,615,723)	1,705,821	1,070,023	(160,800)	292,385	-	291,706	705,809	-	997,515
Cash and Cash Equivalents, Beginning of Year	1,411,940	1,011,592	769,744	282,258	1,102,557	-	4,578,091	3,161,638	-	7,739,729
Cash and Cash Equivalents, End of Year	<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>

Across The Bridge Foundation (DCP)
dba Downtown College Preparatory

Combining Statement of Financial Position for Alum Rock Middle School, DCP Middle School, and DCP High
School
June 30, 2022

	DCP High (El Primero)	Alum Rock Middle	DCP Middle (El Camino)	Combined
Assets				
Current assets				
Cash and investments	\$ 2,717,413	\$ 1,239,196	\$ 1,394,942	\$ 5,351,551
Current portion of pledge cash	-	600,571	-	600,571
Accounts receivable	1,364,777	892,469	611,916	2,869,162
Promise to give	-	-	-	-
Due from other entities	-	500	883,396	883,896
Due from DCPF Facilities	-	36,000	-	36,000
Prepaid expenses and other current assets	92,150	90,914	81,378	264,442
Total current assets	4,174,340	2,859,650	2,971,632	10,005,622
Noncurrent assets				
Capital assets	1,944,706	2,893,010	2,029,299	6,867,015
Less accumulated depreciation	(493,754)	(333,374)	(332,896)	(1,160,024)
Total noncurrent assets	1,450,952	2,559,636	1,696,403	5,706,991
Total assets	\$ 5,625,292	\$ 5,419,286	\$ 4,668,035	\$ 15,712,613
Liabilities				
Current liabilities				
Accounts payable	\$ 609,318	\$ 296,813	\$ 340,039	\$ 1,246,170
Deferred revenue	423,345	15,270	174,127	612,742
Due to other agencies	209,526	430,129	237,549	877,204
Due to other funds	144,585	57,709	-	202,294
Due to DCPF Facilities	267,022	-	238,330	505,352
Current portion of leases payable	-	-	-	-
Total current liabilities	1,653,796	799,921	990,045	3,443,762
Long-term Debt				
Noncurrent portion of leases	-	-	-	-
Total Non-Current Liabilities	-	-	-	-
Total liabilities	1,653,796	799,921	990,045	3,443,762
Net Assets				
With donor restrictions				
Scholarships	50	-	-	50
Federal and State programs	382,168	1,139,219	157,506	1,678,893
Associated student body	8,359	-	-	8,359
Private funding and other	-	500	-	500
Without donor restrictions	3,580,919	3,479,646	3,520,484	10,581,049
Total net assets	3,971,496	4,619,365	3,677,990	12,268,851
Total liabilities and net assets	\$ 5,625,292	\$ 5,419,286	\$ 4,668,035	\$ 15,712,613

Across The Bridge Foundation (DCP)
dba Downtown College Preparatory

Combining Statement of Activities for Alum Rock Middle School, DCP Middle School, and DCP High School
June 30, 2022

	DCP High (El Primero)	Alum Rock Middle	DCP Middle (El Camino)	Combined
Support and Revenues				
Local control funding formula sources				
State apportionment	\$ 1,435,288	\$ 2,034,681	\$ 550,189	\$ 4,020,158
In-lieu property taxes	4,392,030	872,025	3,133,194	8,397,249
Federal revenue	1,134,206	990,439	1,070,229	3,194,874
State revenue	1,497,125	962,094	1,201,734	3,660,953
Local revenues	697,458	505,705	733,048	1,936,211
	<u>9,156,107</u>	<u>5,364,944</u>	<u>6,688,394</u>	<u>21,209,445</u>
Expenses				
Program services				
Certificated salaries	2,616,797	1,424,926	1,526,698	5,568,421
Classified salaries	514,394	469,964	557,680	1,542,038
Ber salaries and benefits	934,724	597,351	633,122	2,165,197
Material and supplies	498,886	386,594	578,722	1,464,202
Services & other expenditures	2,520,743	1,618,163	2,168,401	6,307,307
	<u>7,085,544</u>	<u>4,496,998</u>	<u>5,464,623</u>	<u>17,047,165</u>
Management and general				
Certificated salaries	-	42,892	22,635	65,527
Classified salaries	100,223	86,259	59,275	245,757
Benefits	42,580	53,105	31,555	127,240
Material and supplies	22,297	4,648	18,997	45,942
Services & other operating expenditures	566,639	321,443	273,957	1,162,039
Depreciation	44,341	82,234	65,675	192,250
	<u>776,080</u>	<u>590,581</u>	<u>472,094</u>	<u>1,838,755</u>
Total expenses	<u>7,861,624</u>	<u>5,087,579</u>	<u>5,936,717</u>	<u>18,885,920</u>
Change in Net Assets	1,294,483	277,365	751,677	2,323,525
Net Assets, Beginning	<u>2,677,013</u>	<u>4,342,000</u>	<u>2,926,313</u>	<u>9,945,326</u>
Net Assets, Ending	<u>\$ 3,971,496</u>	<u>\$ 4,619,365</u>	<u>\$ 3,677,990</u>	<u>\$ 12,268,851</u>

Across The Bridge Foundation (DCP)
dba Downtown College Preparatory
Rent Payment Schedule
June 30, 2022

In conjunction with the issuance of the Downtown College Prep - Obligated Group Series 2016 bonds described in Note 10 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.

The rent payments to DCP Facilities 1 and 2 are as follows for all three campuses:

Fiscal Year	DCP High (El Primero)	Alum Rock Middle (Ocala)	DCP Middle (El Camino)	Lease Obligation
2023	\$ 886,777	\$ 872,438	\$ 747,332	\$ 2,506,547
2024	886,631	872,317	747,205	2,506,153
2025	884,528	928,780	745,428	2,558,736
2026	883,855	969,763	744,856	2,598,474
2027	883,004	969,084	744,134	2,596,222
2028-2032	4,412,499	4,864,330	3,718,458	12,995,287
2033-2037	4,398,117	4,894,055	3,706,169	12,998,341
2038-2042	4,385,875	4,926,651	3,695,639	13,008,165
2043-2047	4,372,526	4,959,570	3,684,116	13,016,212
2048-2051	3,414,017	3,880,232	2,876,260	10,170,509
Total	<u>\$ 25,407,829</u>	<u>\$ 28,137,220</u>	<u>\$ 21,409,597</u>	<u>\$ 74,954,646</u>

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, 2022. 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.

Independent Auditor's Report
June 30, 2022

Across The Bridge Foundation (DCP)

dba Downtown College Preparatory

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

To the Governing Board of
Across The Bridge Foundation (DCP)
San Jose, California

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of 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, 2022, and the related consolidated statement of activities and cash flows for the year then ended, and related notes to the consolidated financial statements, and have issued our report thereon dated July 17, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated 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 opinion on the 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 consolidated 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of financial statement findings as item 2022-001 that we consider to be a material weakness.

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 consolidated 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.

Menlo Park, California
July 17, 2023

Independent Auditor's Report on Compliance for the Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Governing Board of
Across The Bridge Foundation (DCP)
San Jose, California

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") (a nonprofit organization)'s compliance with the types of compliance requirements described as subject to audit 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, 2022. 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 each of its major federal programs for the year ended June 30, 2022.

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 the 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 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 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.

Menlo Park, California
July 17, 2023

Independent Auditor's Report on State Compliance

To the Governing Board of
Across The Bridge Foundation (DCP)
San Jose, California

Report on Compliance

Qualified and Unmodified Opinions on State Compliance

We have audited Across the Bridge Foundation doing business as Downtown College Preparatory ("DCP") (a nonprofit organization)'s compliance with the requirements specified in the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to DCP's state program requirements identified below for the year ended June 30, 2022.

Qualified Opinion on Nonclassroom-Based Instruction/Independent Study

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, DCP complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2022.

Unmodified Opinion on Each of the Other Programs

In our opinion, DCP complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2022, except as described in the accompanying Schedule of Findings and Questioned Costs.

Basis for Qualified and Unmodified Opinions

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 *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards 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 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 opinion. Our audit does not provide a legal determination of DCP's compliance with the compliance requirements referred to above.

Matter Giving Rise to Qualified Opinion Nonclassroom-Based Instruction/Independent Study

As described in the accompanying schedule of findings and questioned costs, DCP did not comply with requirements regarding *Nonclassroom-Based Instruction/Independent Study* (2022-001). Compliance with such requirements is necessary, in our opinion, for DCP to comply with the 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 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 *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a 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 state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, 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 consider 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 *2021-2022 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 the District's internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine DCP's compliance with the state laws and regulations applicable to the following items:

2021-2022 K-12 Audit Guide Procedures	Procedures Performed
Local Education Agencies Other Than Charter Schools	
Attendance	No, see below
Teacher Certification and Misassignments	No, see below
Kindergarten Continuance	No, see below
Independent Study	No, see below
Continuation Education	No, see below
Instructional Time	No, see below
Instructional Materials	No, see below
Ratio of Administrative Employees to Teachers	No, see below
Classroom Teacher Salaries	No, see below
Early Retirement Incentive	No, see below
GANN Limit Calculation	No, see below
School Accountability Report Card	No, see below
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	No, see below
Transportation Maintenance of Effort	No, see below
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	No, see below
District of Choice	No, see below
School Districts, County Offices of Education, and Charter Schools	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study - Course Based	No, see below
Immunization	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	No, see below
In Person Instruction Grant	Yes
Charter Schools	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	Yes
Determination of Funding for Nonclassroom-Based Instruction	Yes
Annual Instructional Minutes - Classroom Based	Yes
Charter School Facility Grant Program	Yes

Programs listed above for “Local Education Agencies Other Than Charter Schools” are not applicable to charter schools; therefore, we did not perform any related procedures.

Independent Study-Course Based

DCP does not offer an Independent Study - Course Based Program; therefore, we did not perform any procedures related to the Independent Study - Course Based Program.

Career Technical Education Incentive Grant

We did not perform procedures for the Career Technical Education Incentive Grant because DCP did not receive the grant.

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 identify during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are described in the accompanying Schedule of Findings and Questioned Costs as items 2022-001.

Government Auditing Standards requires the auditor to perform limited procedures on DCP’s response to the noncompliance findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. DCP’s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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 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 by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-001 to be material weaknesses.

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.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. DCP's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Menlo Park, California
July 17, 2023

Schedule of Findings and Questioned Costs
June 30, 2022

Across The Bridge Foundation (DCP)

dba Downtown College Preparatory

Across The Bridge Foundation (DCP)
dba Downtown College Preparatory

Summary of Auditor's Results
June 30, 2022

FINANCIAL STATEMENTS

Type of auditor's report issued on whether the financial statements audited were in accordance with GAAP	Unmodified
Internal control over financial reporting	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported
Type of auditors' report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)	No

Identification of major programs

<u>Name of Federal Program or Cluster</u>	<u>Federal Financial Assistance Listing</u>
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425C, 84.425D
Governor's Emergency Education Relief (GEER) Fund	84.425C
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

STATE AWARDS

Internal control over state compliance programs	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None reported
Type of auditor's report issued on compliance for programs	

Unmodified for all programs except for the following program which was qualified

<u>Name of the Program</u>
Nonclassroom-Based Instruction/Independent Study

Across The Bridge Foundation (DCP)
dba Downtown College Preparatory
Financial Statement Findings
June 30, 2022

None reported.

Across The Bridge Foundation (DCP)
dba Downtown College Preparatory
Federal Awards Findings and Questioned Costs
June 30, 2022

None reported.

The following finding represent a significant deficiency, material weakness, or material instance of noncompliance including questioned costs that are required to be reported by the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. The finding has been coded as follows:

Five Digit Code	AB 3627 Finding Type
40000	State Compliance

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

Criteria or Specific Requirements

School that claims apportionment for students participating in independent study must keep a separate listing of the pupils who have engaged in independent study, identifying units of the curriculum undertaken and units of the curriculum completed by each of those pupils, identifying course credits attempted by and awarded to each of those pupils, and identifying the apportionment days earned.

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.

Questioned Costs

The observed questioned cost is approximately \$422,000.

During the year, 56.73 ADA was claimed from nonclassroom based ADA. The ADA after adjustment should be 19.86. However, due to DCP was funded by prior year ADA, there is no affect in the current year's apportionment funding.

Context

The total apportionment claimed by DCP that was generated by students on the nonclassroom based Instruction/Independent Study was 56.73. We selected 20 pupils enrolled in the independent study program during FY21-22. We noted 13 out of the 20 students selected does not have a written agreement to enroll into the independent study program. The Charter School also did not consistently keep the sufficient records that support the apportionment days claimed.

Effect

The Charter School may lose apportionment funding for students on independent study that did not have a written agreement or sufficient documentation to support the claimed apportionment days.

Repeat Finding

No

Recommendation

The Charter School should keep the written agreement and teacher's register of attendance, record of the pupil's work completed and corresponding work assignment record, to support the claimed ADA.

Views of Responsible Officials

The District agreed with the finding.

Across The Bridge Foundation (DCP)
dba Downtown College Preparatory
Summary Schedule of Prior Audit Findings
June 30, 2022

There were no audit findings reported in the prior year's schedule of financial statement findings.