

**BRIDGES Charter School
Charter No. 1203**

**Independent Auditor's Report
and Financial Statements
For the Year Ended
June 30, 2019**



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BRIDGES Charter School

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For the Year Ended June 30, 2019

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
BRIDGES Charter School
Thousand Oaks, California

Report on the Financial Statements

We have audited the accompanying financial statements of BRIDGES Charter School (the School), a California nonprofit public benefit corporation, which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
BRIDGES Charter School

Opinion

In our opinion, the financial statements referred to on page one present fairly, in all material respects, the financial position of the School as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Emphasis-of-matter

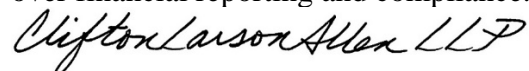
As discussed in Note 1 to the financial statements, management has elected to adopt Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for Profit Entities*. Our opinion is not modified with respect to that matter.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the School's financial statements as a whole. The accompanying supplementary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated December 10, 2019 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School'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 the School's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP
Glendora, California
December 10, 2019

FINANCIAL SECTION

BRIDGES Charter School

**STATEMENT OF FINANCIAL POSITION
June 30, 2019**

ASSETS

Current Assets:

Cash and cash equivalents	\$ 1,412,394
Accounts receivable - federal and state	122,843
Accounts receivable - other	173,930
Prepaid expenditures	4,850
Total current assets	<u>1,714,017</u>

Long-term Assets:

Building	270,125
Equipment	36,924
Work in progress	4,409
Less accumulated depreciation	(33,711)
Total property, plant & equipment	<u>277,747</u>

Total assets \$ 1,991,764

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable	\$ 85,169
Total current liabilities	<u>85,169</u>

Net Assets:

Net assets without donor restrictions	1,807,879
Net assets with donor restrictions	98,716
Total net assets	<u>1,906,595</u>

Total liabilities and net assets \$ 1,991,764

The accompanying notes are an integral part of these financial statements.

BRIDGES Charter School

**STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
State revenue:			
State aid	\$ 1,031,461	\$ -	\$ 1,031,461
Other state revenue	146,021	86,799	232,820
Federal revenue:			
Grants and entitlements	74,805	-	74,805
Local revenue:			
In-lieu property tax revenue	2,165,770	-	2,165,770
Interest income	35,297	-	35,297
Other grants and entitlements	129,624	-	129,624
Other revenue	267,466	-	267,466
Net assets released from restrictions	<u>(4,317)</u>	<u>4,317</u>	<u>-</u>
Total revenues	<u>3,846,127</u>	<u>91,116</u>	<u>3,937,243</u>
 Expenses:			
Program services	2,575,056	-	2,575,056
Management and general	<u>1,028,932</u>	<u>-</u>	<u>1,028,932</u>
Total expenses	<u>3,603,988</u>	<u>-</u>	<u>3,603,988</u>
 Change in net assets	242,139	91,116	333,255
Beginning net assets	<u>1,565,740</u>	<u>7,600</u>	<u>1,573,340</u>
Ending net assets	<u>\$ 1,807,879</u>	<u>\$ 98,716</u>	<u>\$ 1,906,595</u>

The accompanying notes are an integral part of these financial statements.

BRIDGES Charter School

**STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2019**

	<u>Program Services</u>	<u>Management and General</u>	<u>Total Expenses</u>
Employee salaries	\$ 1,670,087	\$ 390,559	\$ 2,060,646
Employee benefits	527,607	106,433	634,040
Occupancy costs	17,698	156,179	173,877
Books and supplies	108,268	5,071	113,339
Services and other operating services	250,803	355,555	606,358
Depreciation	593	15,135	15,728
	<u>\$ 2,575,056</u>	<u>\$ 1,028,932</u>	<u>\$ 3,603,988</u>

The accompanying notes are an integral part of these financial statements.

BRIDGES Charter School

**STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2019**

Cash Flows from Operating Activities

Change in net assets	\$	333,255
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation		15,728
Change in operating assets:		
Accounts receivable - federal and state		(55,252)
Accounts receivable - other		21,918
Prepaid expenditures		29,358
Change in operating liabilities:		
Accounts payable		(239,237)
Net cash flows from operating activities		<u>105,770</u>

Cash Flows from Investing Activities

Purchases of property, plant and equipment		<u>(17,798)</u>
Net cash flows from investing activities		<u>(17,798)</u>

Net change in cash and cash equivalents 87,972

Cash and cash equivalents at the beginning of the year 1,324,422

Cash and cash equivalents at the end of the year \$ 1,412,394

The accompanying notes are an integral part of these financial statements.

BRIDGES Charter School

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities – BRIDGES Charter School (the “School”) is a not-for-profit public charter school approved by the Ventura County Office of Education, which started operations in September 2010. The Board of Directors is elected independent of any Ventura County Office of Education appointments. The School Board is responsible for approving their own budgets and accounting related activities.

The School is funded principally through State of California public education monies received through the California Department of Education (CDE).

Cash and Cash Equivalents – The School defines its cash and cash equivalents to include only cash on hand, demand deposits, and liquid investments with original maturities of three months or less.

Use of 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 the reported amounts of assets, liabilities, and disclosures. Accordingly, actual results could differ from those estimates.

Basis of Accounting – The financial statements have been prepared on the accrual method of accounting and accordingly reflect all significant receivables and liabilities.

Functional Allocation of Expenses – Costs of providing the School’s programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and support services benefited. Therefore, expenses require allocation on a reasonable basis that is consistently applied.

Basis of Presentation – The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States as prescribed by the Financial Accounting Standards Board.

Revenue Recognition – Amounts received from the CDE are recognized as revenue by the School based on the average daily attendance (ADA) of students. Revenue that is restricted is recorded as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the revenue is recognized. All other restricted revenues are reported as increases in net assets with donor restrictions.

Net Asset Classes – The School is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets of the School consist of the following:

BRIDGES Charter School

NOTES TO FINANCIAL STATEMENTS For the Year Ended June 30, 2019

- Net assets without donor restrictions: All resources over which the governing board has discretionary control to use in carrying on the general operations of the School.
- Net assets with donor restrictions: These net assets subject to donor or certain grantor 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. The School does not currently have any net assets with donor restrictions that are perpetual in nature.

Receivables – Accounts receivable consists of funds due from federal and state governments as of June 30, 2019. Management believes that all receivables are fully collectible; therefore no provisions for uncollectible accounts were recorded.

Property, Plant and Equipment – Property, plant and equipment are stated at cost if purchased or at estimated fair market value if donated. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. The School capitalizes all expenditures for land, buildings and equipment in excess of \$5,000. Depreciation expense for the year ended June 30, 2019 was \$15,728.

Property Taxes – Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and are payable in two installments on or before November 1 and February 1. Unsecured property taxes are not a lien against real property and are payable in one installment on or before August 31. The County bills and collects property taxes for all taxing agencies within the County and distributes these collections to the various agencies. The sponsor agency of the School is required by law to provide in-lieu property tax payments on a monthly basis, from August through July. The amount paid per month is based upon an allocation per student, with a specific percentage to be paid each month.

Contributions – All contributions are considered to be available for general operating use unless specifically restricted by the donor. Amounts received that are restricted to specific use or future periods are reported as increases in net assets with donor restrictions. When the restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions for expenditure.

Income Taxes – The School is a non-profit entity exempt from the payment of income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d. Accordingly, no provision has been made for income taxes. Management has determined that all income tax positions are more likely than not of being sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required. The School files informational returns in the U.S. federal jurisdiction, and the state of California.

BRIDGES Charter School

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

Change in Accounting Principle - On August, 2016, FASB issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The School implemented ASU No. 2016-14 and has adjusted the presentation in these financial statements accordingly.

Evaluation of Subsequent Events – The School has evaluated subsequent events through December 10, 2019, the date these financial statements were available to be issued. There were no subsequent events requiring recognition or disclosure.

NOTE 2: LIQUIDITY AND AVAILABILITY

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

Financial assets at year-end:

Cash and cash equivalents	\$ 1,412,394
Accounts receivable - federal and state	122,843
Accounts receivable - other	<u>173,930</u>
Total financial assets at year-end	1,709,167
Cash and cash equivalents - donor restricted	<u>(98,716)</u>
Total financial assets at year-end available to meet operating needs	<u><u>\$ 1,610,451</u></u>

The School regularly monitors liquidity required to meet its operating needs and other contractual commitments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the School considers all expenditures related to its ongoing activities of teaching, as well as the conduct of services undertaken to support those activities to be general expenditures. As a public charter school, the School is dependent on funding from the State of California and various other federal, state and local grants. In addition to financial assets available to meet general expenditures over the next 12 months, the School operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources where applicable.

As part of the School's liquidity management plan, the School maintains substantially all of its cash in the Ventura County Treasury (the County). Deposits with the County are invested as noted below; however are available for expenditure as needed and without limitation.

BRIDGES Charter School

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 3: CONCENTRATION OF CREDIT RISK

The School maintains substantially all of its cash in the Ventura County Treasury (the County). The County pools these funds with those of other educational organizations in the county and invests the cash. These pooled funds are carried at cost which approximates market value. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool. The County is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et. seq. The funds maintained by the County are either secured by federal depository insurance or collateralized.

Custodial credit risk is the risk that in the event of a bank failure, the School's deposits may not be returned to it. As of June 30, 2019, the School was not exposed to any such credit risk.

NOTE 4: NET ASSETS WITH DONOR RESTRICTIONS

The School's net assets with donor restrictions at June 30,2019 consisted of the following:

Lottery - instructional materials	\$ 40,593
State block grants	<u>58,123</u>
	<u>\$ 98,716</u>

NOTE 5: ACCOUNTING SERVICES

The Ventura County Schools Business Services Authority charges the School an administration fee for accounting services. The administrative fee as of June 30, 2019 was \$245,327.

NOTE 6: EMPLOYEE RETIREMENT

Multi-employer Defined Benefit Pension Plans

Qualified employees are covered under multi-employer defined benefit pension plans maintained by agencies of the State of California.

The risks of participating in this multi-employer defined benefit pension plan 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 School chooses to stop participating in the multi-employer plan, it may be required to pay a withdrawal liability to the plan. The School has no plans to withdraw from this multi-employer plan.

BRIDGES Charter School

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 6: EMPLOYEE RETIREMENT

State Teachers' Retirement System (STRS)

Plan Description

The School contributes to the State Teachers' Retirement System (STRS), a cost-sharing multi-employer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement, disability and survivor benefits to beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. According to the most recently available Comprehensive Annual Financial Report and Actuarial Valuation Report for the year ended June 30, 2018, total STRS plan net assets are \$254 billion, the total actuarial present value of accumulated plan benefits is \$374 billion, contributions from all employers totaled \$4.9 billion, and the plan is 64.0% funded. The School did not contribute more than 5% of the total contributions to the plan.

Copies of the STRS annual financial reports may be obtained from STRS, 7667 Folsom Boulevard, Sacramento, CA 95826 and www.calstrs.com.

Funding Policy

Active plan members hired before December 31, 2012 are required to contribute 10.25% of their salary and those hired after are required to contribute 10.205% of their salary. The School is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. Under the 2014 funding plan, employer contributions on compensation creditable to the program will increase every year up to 19.10% in 2020–21. The required employer contribution rate for year ended June 30, 2019 was 16.28% of annual payroll. The contribution requirements of the plan members are established and may be amended by state statute.

The School contributions to STRS for the past three years are as follows:

<u>Year Ended June 30,</u>	<u>Required Contribution</u>	<u>Percent Contributed</u>
2017	\$ 174,982	100%
2018	\$ 206,905	100%
2019	\$ 251,848	100%

Public Employees' Retirement System (PERS)

Plan Description

The School contributes to the School Employer Pool under the California Public Employees'

BRIDGES Charter School

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 6: EMPLOYEE RETIREMENT

Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. According to the most recently available Measurement Report for the year ended June 30, 2018, the School Employer Pool total plan net assets are \$64.8 billion, the total pension liability is \$91.4 billion, contributions from all employers totaled \$2.0 billion, and the plan is 68.6% funded. The School did not contribute more than 5% of the total contributions to the plan.

Copies of the CalPERS' annual financial reports may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814 and www.calpers.ca.gov.

Funding Policy

Active plan members brought into PERS membership prior to January 1, 2013 are required to contribute 7.0% of their salary while new members are required to contribute 6.5% of their salary. The School is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for the year ended June 30, 2019 was 18.062%. The contribution requirements of the plan members are established and may be amended by State statute.

The School's contributions to PERS for the past three fiscal years are as follows:

<u>Year Ended June 30,</u>	<u>Required Contribution</u>	<u>Percent Contributed</u>
2017	\$ 37,418	100%
2018	\$ 47,173	100%
2019	\$ 38,243	100%

SUPPLEMENTARY INFORMATION

BRIDGES Charter School

**LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
For the Year Ended June 30, 2019**

BRIDGES Charter School, (the School) is a not-for-profit public charter school serving students from kindergarten through eighth grade. It commenced operations in the beginning of the 2010-11 fiscal year. The mission of BRIDGES Charter School is to educate the whole child using a combination of innovative curriculum and instruction along with social/emotional education embedded in the program. Students will be enabled to reach their innate intellectual, creative, and leadership potentials, through our commitment to nourish curiosity, compassion, independence, resourcefulness and respect for diversity.

The charter was granted in May 6, 2010 by the Ventura County Office of Education and the California Department of Education.

The charter school number is 1203.

The Board of Directors and the Administrator for the fiscal year ended June 30, 2019 were as follows:

BOARD OF DIRECTORS

<u>Member</u>	<u>Office</u>	<u>Term Expires</u>
Michael Louderback	President	June 2020
Erin Morrissey	Vice President	June 2019
O. Gunday Heerma	Secretary	June 2021
Richard Urias	Treasurer	June 2021
Michael Flaherty	Parliamentarian	June 2021
Marcy Crawford	Member	June 2019

ADMINISTRATORS

Kelly Simon	Director
Tami Peterson	Chief Business Official

BRIDGES Charter School

**SCHEDULE OF INSTRUCTIONAL TIME
For the Year Ended June 30, 2019**

	Instructional Minutes		Traditional	
	Requirement	Actual	Calendar Days	Status
Grade K	36,000	42,480	177	In compliance
Grade 1	50,400	50,910	177	In compliance
Grade 2	50,400	50,910	177	In compliance
Grade 3	50,400	50,910	177	In compliance
Grade 4	54,000	54,135	177	In compliance
Grade 5	54,000	54,135	177	In compliance
Grade 6	54,000	54,135	177	In compliance
Grade 7	54,000	54,135	177	In compliance
Grade 8	54,000	54,135	177	In compliance

See auditor's report and notes to supplementary information.

BRIDGES Charter School

**SCHEDULE OF AVERAGE DAILY ATTENDANCE
For the Year Ended June 30, 2019**

	<u>Second Period Report</u>		<u>Annual Report</u>	
	<u>Classroom Based</u>	<u>Total</u>	<u>Classroom Based</u>	<u>Total</u>
TK/K-3	169.95	201.96	171.36	203.63
Grades 4-6	108.03	119.82	108.20	120.30
Grades 7-8	<u>58.01</u>	<u>65.35</u>	<u>57.31</u>	<u>64.80</u>
ADA Totals	<u><u>335.99</u></u>	<u><u>387.13</u></u>	<u><u>336.87</u></u>	<u><u>388.73</u></u>

See auditor's report and notes to supplementary information.

BRIDGES Charter School

**RECONCILIATION OF ANNUAL FINANCIAL REPORT
WITH AUDITED FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

There were no differences between the net assets reported on the June 30, 2019 Annual Financial Report and the audited financial statements.

See auditor's report and notes to supplementary information.

BRIDGES Charter School

**NOTES TO SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2019**

NOTE 1: PURPOSE OF SCHEDULES

Schedule of Instructional Time

This schedule presents information on the amount of instructional time offered by the School and whether the School complied with the provisions of the California Education Code.

Schedule of Average Daily Attendance

Average daily attendance is a measurement of the number of pupils attending classes of the School. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to charter schools. This schedule provides information regarding the attendance of students at various grade levels.

Reconciliation of Annual Financial Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the net assets of the charter schools as reported on the Annual Financial Report form to the audited financial statements.

OTHER INDEPENDENT AUDITOR'S REPORTS



**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors
BRIDGES Charter School
Thousand Oaks, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of BRIDGES Charter School, a nonprofit California public benefit corporation, which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, the related notes to the financial statements, and have issued our report thereon dated December 10, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School’s internal control. Accordingly, we do not express an opinion on the effectiveness of the School’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 financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**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***

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance 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.



CliftonLarsonAllen LLP
Glendora, California
December 10, 2019



INDEPENDENT AUDITOR’S REPORT ON STATE COMPLIANCE

Board of Directors
BRIDGES Charter School
Thousand Oaks, California

We have audited BRIDGES Charter School’s (the School) compliance with the types of compliance requirements described in the *2018-2019 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel for the year ended June 30, 2019. The School’s State compliance requirements are identified in the table below.

Management’s Responsibility

Management is responsible for the compliance with the State laws and regulations as identified below.

Auditor’s Responsibility

Our responsibility is to express an opinion on the School’s compliance based on our audit of the types of compliance requirements referred to below. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2018-2019 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the specific areas listed below has occurred. An audit includes examining, on a test basis, evidence about the School’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on state compliance. Our audit does not provide a legal determination of the School’s compliance.

<u>Description</u>	<u>Procedures Performed</u>
School Districts, County Offices of Education, and Charter Schools:	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program	Not Applicable
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

<u>Description</u>	<u>Procedures Performed</u>
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not applicable
Charter Schools:	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-based instructional/independent study	Yes
Determination of funding for nonclassroom-based instruction	Not applicable
Annual instructional minutes – classroom based	Yes
Charter School Facility Grant Program	Not applicable

Opinion on State Compliance

In our opinion, the School complied with the laws and regulations of the state programs referred to above in all material respects for the year ended June 30, 2019.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, which is described in the accompanying schedule of findings and questioned costs as item 2019-001. Our opinion on the state program is not modified with respect to this matter.

The School's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and responses. The School's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report on state compliance is solely to describe the results of testing based on the requirements of the *2018-2019 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP
Glendora, California
December 10, 2019

FINDINGS AND RESPONSES

BRIDGES Charter School

**SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2019**

All audit findings must be identified as one or more of the following twelve categories:

<u>Five Digit Code</u>	<u>Finding Types</u>
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Program
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

FINANCIAL STATEMENT FINDINGS

There were no findings or questioned costs related to the basic financial statements for the fiscal year ended June 30, 2019.

STATE AWARDS FINDINGS

Finding 2019-001 – Unduplicated Local Control Funding Formula Pupil Counts 40000

Criteria: Education Code Section 42238.02(b)(2) requires a school district to submit its enrolled free and reduced-price meal eligibility, foster youth and English Learner (EL) pupil-level records for enrolled pupils using the California Longitudinal Pupil Achievement Data System (CalPADS). The CalPADS reports should accurately report the number of students as identified above.

Condition: Two students in our sample were classified in the CalPADS report as free and reduced-price meal eligible that did not qualify for that designation based on support provided by the School.

Effect: The School is not in compliance with Education Code section 42238.02 (b) (2). The 1.17 report contained errors as follows:

BRIDGES Charter School

**SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2019**

School Name	Enrollment Count as Reported in the CalPADS System	Unduplicated		Total Unduplicated FRPM/EL Eligible
		Eligible Free/Reduced Meal (FRM) Counts	English Learner (EL) Funding Eligible	
BRIDGES Charter				
As reported	407	53	25	72
Audit adjustments		(2)		(2)
Adjusted	407	51	25	70

Cause: School personnel entered information erroneously into the CalPADS system.

Questioned Costs: Two students of the entire population of students who were classified as meeting the criteria of free and reduced price meal eligibility were not reported accurately in the CalPADS system. Correcting these errors will result in a decrease to principal apportionment in the estimated amount of \$986.

Repeat Finding: No

Recommendation: We recommend the School adopt procedures to verify that all free and reduced price meal eligible students are reported accurately in the CalPADS system.

Views of School Officials and Corrective Action Plan: The Charter school staff will implement a check and balance system to verify Free & Reduced lunch applications. This will entail two clerical workers verifying data manually before the data is updated in the Q Equitas software system. Furthermore, the CalPADS reports will be check against these source documents for final verification. Furthermore, during the audit, the errors were found and corrected in the software accordingly.

BRIDGES Charter School

**STATUS OF PRIOR YEAR FINDINGS AND RESPONSES
For the Year Ended June 30, 2019**

There were no findings and questioned costs related to the basic financial statements or state awards for the prior year.

