

BRIDGES CHARTER SCHOOL
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2020



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**BRIDGES CHARTER SCHOOL
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INDEPENDENT AUDITORS' 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, 2020, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. 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 auditors' 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.

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, 2020, 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

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 March 17, 2021 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
March 17, 2021

**BRIDGES CHARTER SCHOOL
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020**

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 1,212,181
Accounts Receivable - Federal and State	203,316
Accounts Receivable - Other	253,373
Prepaid Expenses	29,512
Total Current Assets	1,698,382

LONG-TERM ASSETS

Building	270,125
Equipment	74,082
Less: Accumulated Depreciation	(53,715)
Total Property, Plant, and Equipment	290,492

Total Assets	\$ 1,988,874
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 103,926
Deferred Revenue	2,482
Total Current Liabilities	106,408

NET ASSETS

Net Assets Without Donor Restrictions	1,820,789
Net Assets with Donor Restrictions	61,677
Total Net Assets	1,882,466

Total Liabilities and Net Assets	\$ 1,988,874
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See accompanying Notes to Financial Statements.

**BRIDGES CHARTER SCHOOL
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE			
State Revenue:			
State Aid	\$ 1,014,948	\$ -	\$ 1,014,948
Other State Revenue	74,161	25,955	100,116
Federal Revenue:			
Grants and Entitlements	94,844	-	94,844
Local Revenue:			
In-Lieu Property Tax Revenue	2,315,625	-	2,315,625
Interest Income	31,692	-	31,692
Other Grants and Entitlements	149,678	-	149,678
Other Revenue	205,121	-	205,121
Net Assets Released from Restrictions	62,994	(62,994)	-
Total Revenue	3,949,063	(37,039)	3,912,024
EXPENSES			
Program Services	2,854,640	-	2,854,640
Management and General	1,081,513	-	1,081,513
Total Program Expenses	3,936,153	-	3,936,153
CHANGE IN NET ASSETS	12,910	(37,039)	(24,129)
Net Assets - Beginning of Year	1,807,879	98,716	1,906,595
NET ASSETS - END OF YEAR	\$ 1,820,789	\$ 61,677	\$ 1,882,466

See accompanying Notes to Financial Statements.

**BRIDGES CHARTER SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020**

	<u>Program Services</u>	<u>Management and General</u>	<u>Total Expenses</u>
Employee Salaries	\$ 1,779,104	\$ 466,866	\$ 2,245,970
Employee Benefits	642,796	68,596	711,392
Occupancy Costs	-	180,106	180,106
Books and Supplies	160,291	-	160,291
Services and Other Operating Services	272,449	345,942	618,391
Depreciation	-	20,003	20,003
	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 2,854,640</u>	<u>\$ 1,081,513</u>	<u>\$ 3,936,153</u>

See accompanying Notes to Financial Statements.

**BRIDGES CHARTER SCHOOL
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2020**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ (24,129)
Adjustments to Reconcile Change in Net Assets to	
Net Cash Used by Operating Activities:	
Depreciation	20,003
Change in Operating Assets:	
Accounts Receivable - Federal and State	(80,471)
Accounts Receivable - Other	(79,445)
Prepaid Expenditures	(24,662)
Change in Operating Liabilities:	
Accounts Payable	18,757
Deferred Revenue	2,482
Net Cash Used by Operating Activities	(167,465)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of Property, Plant, and Equipment	(32,748)
Net Cash Used by Investing Activities	(32,748)

NET CHANGE IN CASH AND CASH EQUIVALENTS

(200,213)

Cash and Cash Equivalents - Beginning of Year

1,412,394

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 1,212,181

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash Paid for Interest	\$ -
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See accompanying Notes to Financial Statements.

**BRIDGES CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

BRIDGES Charter School (the School) is a nonprofit 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).

Basis of Accounting

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

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.

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.

Functional Allocation of Expenses

Costs of providing the School's programs and other activities have been presented in the Statement of Functional Expenses. 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.

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.

Receivables

Accounts receivable consists of funds due from federal and state governments as of June 30, 2020. 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 value if donated. Depreciation is provided on a straight-line basis over the estimated useful lives of the asset. The School capitalizes all expenditures for land, buildings, and equipment in excess of \$5,000. Depreciation expense for the year ended June 30, 2020 was \$20,003.

**BRIDGES CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Asset Classes

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- (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. 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 has been fulfilled, or both.

Revenue Recognition

Amounts received from the CDE are conditional and 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.

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 contributions with donor restrictions. Restricted contributions that are received and released in the same period are reported as promises to give without donor restrictions. Unconditional promises to give expected to be received in one year or less are recorded at net realizable value. Unconditional promises to give expected to be received in more than one year are recorded at fair value at the date of the promise. Conditional promises to give (those with a measurable performance or other barrier and a right of return) are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

As of June 30, 2020, the School did not have any unearned revenue related to conditional grants.

**BRIDGES CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Income Taxes

The School is a nonprofit 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 is subject to income tax on net income that is derived from business activities that are unrelated to the exempt purposes. The School files an exempt School return and applicable unrelated business income tax return in the U.S. federal jurisdiction and with the California Franchise Tax Board.

Change in Accounting Principle

In June 2018, FASB issued Accounting Standards Update (ASU) 2018-08, Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The update clarifies and improves the scope and the accounting guidance for contributions received and contributions made. The amendments in this update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions), or as exchange (reciprocal transactions) and (2) determining whether a contribution is conditional. The School has implemented ASU 2018-08 under the modified prospective approach. There was no material impact on the School's financial position and results of operations upon adoption of the new standard.

Evaluation of Subsequent Events

The School has evaluated subsequent events through March 17, 2021, the date these financial statements were available to be issued. There were no subsequent events requiring recognition or disclosure.

**BRIDGES CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure are those without donor or other restrictions limiting their use within one year of the statement of financial position date. Financial assets available for general expenditures comprise of the following:

Cash and Cash Equivalents	\$ 1,212,181
Accounts Receivable - Federal and State	203,316
Accounts Receivable - Other	253,373
Less: Net Assets with Donor-Restrictions	<u>(61,677)</u>
	<u><u>\$ 1,607,193</u></u>

As part of its liquidity management plan, the School monitors liquidity required and cash flows to meet operating needs on a monthly basis. The School structures its financial assets to be available as general expenditures, liabilities, and other obligations come due.

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, 2020, the School was not exposed to any such credit risk.

NOTE 4 ACCOUNTING SERVICES

The Ventura County Schools Business Services Authority charges the School an administration fee for accounting services. The administrative fee was \$248,077 for the year ended June 30, 2020.

**BRIDGES CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes:

Subject to Expenditures for Specified Purpose:

Lottery	\$	55,952
State Professional Development Block Grant		2,179
State SB 117 COVID-19 LEA Response Funds		<u>3,546</u>
Total	\$	<u><u>61,677</u></u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose for the year ended June 30, 2020:

Satisfaction of Purpose Restrictions:

Lottery	\$	7,050
State Low-Performing Students Block Grant		<u>55,944</u>
Total	\$	<u><u>62,994</u></u>

NOTE 6 EMPLOYEE RETIREMENT

Multiemployer 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 multiemployer 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 multiemployer plan.

State Teachers' Retirement System (STRS)

Plan Description

The School contributes to the State Teachers' Retirement System (STRS), a cost-sharing multiemployer public employee retirement system defined benefit pension plan administered by STRS. Plan information for STRS is not publicly available. 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, 2019, total STRS plan net assets are \$273 billion, the total actuarial present value of accumulated plan benefits is \$392 billion, contributions from all employers totaled \$5.6 billion, and the plan is 66.0% funded. The School did not contribute more than 5% of the total contributions to the plan.

**BRIDGES CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 6 EMPLOYEE RETIREMENT (CONTINUED)

State Teachers' Retirement System (STRS) (Continued)

Plan Description (Continued)

Copies of the STRS annual financial reports may be obtained from STRS and STRS' website.

Funding Policy

Active plan members hired before January 1, 2013 are required to contribute 10.25% of their salary and those hired after are required to contribute 9.205% 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, 2020 was 17.10% 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>
2018	\$ 206,905	100%
2019	251,848	100%
2020	284,631	100%

Public Employees' Retirement System (PERS)

Plan Description

The School contributes to the School Employer Pool under the California Public Employees' 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, 2019, the School Employer Pool total plan assets are \$68 billion, the present value of accumulated plan benefits is \$97 billion, contributions from all employers totaled \$2.5 billion, and the plan is 70% 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 CalPERS and CalPERS' website.

**BRIDGES CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 6 EMPLOYEE RETIREMENT (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Funding Policy

Active plan members are required to contribute 7.0% of their salary while new members after January 1, 2013 are required to contribute 6.0% 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 year ended June 30, 2020 was 19.721%. The contribution requirements of the plan members are established and may be amended by state statute.

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

Year Ended June 30,	Required Contribution	Percent Contributed
2018	\$ 47,173	100%
2019	38,243	100%
2020	68,827	100%

NOTE 7 CONTINGENCIES, RISKS AND UNCERTAINTIES

The School has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate disallowances under terms of the grants, it is believed that any required reimbursement would not be material.

During the fiscal year, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. Subsequent to year-end, the COVID-19 pandemic continues to have significant effects on global markets, supply chains, businesses, and communities. Specific to the School, COVID-19 may impact various parts of its 2021 operations and financial results, including, but not limited to, loss of revenues, additional bad debts, costs for increased use of technology, or potential shortages of personnel. Management believes the School is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

SUPPLEMENTARY INFORMATION

**BRIDGES CHARTER SCHOOL
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
YEAR ENDED JUNE 30, 2020**

BRIDGES Charter School, (the School) is a nonprofit 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, 2020 were as follows:

BOARD OF DIRECTORS

<u>Member</u>	<u>Office</u>	<u>Term Expires</u>
Michael Louderback	President	June 2020
Ozge Gunday Heerma	Vice President	June 2021
Shannon Trowbridges	Secretary	June 2022
Richard Urias	Treasurer	June 2021
Michael Flaherty	Parliamentarian	June 2021
Allison Geld	Member	June 2020
Damian Fante	Member	June 2022

ADMINISTRATORS

Kelly Simon	Director
Tami Peterson	Chief Buiness Official

**BRIDGES CHARTER SCHOOL
SCHEDULE OF INSTRUCTIONAL TIME
YEAR ENDED JUNE 30, 2020**

	<u>Minutes Requirement</u>	<u>Minutes Offered *</u>	<u>Days Offered Traditional</u>	<u>Number of Days Covered by Closure</u>	<u>Status</u>
Grade K	36,000	43,920	176	53	In Compliance
Grade 1	50,400	51,370	176	53	In Compliance
Grade 2	50,400	51,370	176	53	In Compliance
Grade 3	54,000	51,370	176	53	In Compliance
Grade 4	54,000	54,150	176	53	In Compliance
Grade 5	54,000	54,150	176	53	In Compliance
Grade 6	54,000	55,358	176	53	In Compliance
Grade 7	54,000	55,358	176	53	In Compliance
Grade 8	54,000	55,358	176	53	In Compliance

* The planned minutes covered by the COVID-19 School Closure Certification were included in the minutes offered column but were not actually offered due to the COVID-19 school closure.

**BRIDGES CHARTER SCHOOL
SCHEDULE OF AVERAGE DAILY ATTENDANCE
YEAR ENDED JUNE 30, 2020**

	Second Period Report Certificate # AC436C9D		Annual Report Certificate # CEA32D40	
	Classroom Based	Total Regular ADA	Classroom Based	Total Regular ADA
TK/K-3	169.01	207.90	169.01	207.90
Grades 4-6	107.17	114.57	107.17	114.57
Grades 7-8	60.14	66.80	60.14	66.80
ADA Totals	<u>336.32</u>	<u>389.27</u>	<u>336.32</u>	<u>389.27</u>

See accompanying Independent Auditors' Report and the Notes to Supplementary Information

**BRIDGES CHARTER SCHOOL
RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH
AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

There were no differences between the net assets reported on the June 30, 2020. Annual Financial Report and the audited financial statements.

**BRIDGES CHARTER SCHOOL
NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2020**

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.



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

Board of Directors
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 (the School), a nonprofit California public benefit corporation, which comprise the statement of financial position as of June 30, 2020, 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 March 17, 2021.

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) 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 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.

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 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.



CliftonLarsonAllen LLP

Glendora, California
March 17, 2021



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INDEPENDENT AUDITORS' 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 *2019-2020 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, 2020. 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.

Auditors' 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 of America, and the *2019-2020 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.

Compliance Requirements Tested

In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with the laws and regulations applicable to the following items:

<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
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable
Charter Schools:	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom Based Instruction/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, 2020.

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 *2019-2020 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
March 17, 2021

**BRIDGES CHARTER SCHOOL
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2020**

All audit findings must be identified as one or more of the following 12 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

Section I – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section II – State Compliance Findings

Our audit did not disclose any matters required to be reported in accordance with the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*.

**BRIDGES CHARTER SCHOOL
STATUS OF PRIOR YEAR FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2020**

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:

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.

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.

Current Status: Implemented

