

THE PENINSULA BRIDGE PROGRAM

AUDITED FINANCIAL STATEMENTS

December 31, 2019

(with summarized comparative information for December 31, 2018)



THE PENINSULA BRIDGE PROGRAM

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Peninsula Bridge Program
Menlo Park, California

We have audited the accompanying financial statements of The Peninsula Bridge Program (a nonprofit organization, the "Organization") which comprise the statement of financial position as of December 31, 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.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 above present fairly, in all material respects, the financial position of The Peninsula Bridge Program as of December 31, 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.

Report on Summarized Comparative Information

We have previously audited the Organization's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 21, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

BPM LLP

Menlo Park, California
May 8, 2020

THE PENINSULA BRIDGE PROGRAM

STATEMENT OF FINANCIAL POSITION

As of December 31, 2019

(with summarized comparative totals for the year ended December 31, 2018)

| | <u>2019</u> | <u>2018</u> |
|---|----------------------------|----------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 1,614,209 | \$ 1,303,866 |
| Certificates of deposit | 785,836 | 986,660 |
| Marketable equity securities, at fair value | 14,983 | - |
| Unconditional promises to give receivable, net, current portion | 915,873 | 891,735 |
| Prepaid expenses and other assets | 60,974 | 53,211 |
| Total current assets | <u>3,391,875</u> | <u>3,235,472</u> |
| Unconditional promises to give receivable, less current portion | 566,162 | 289,383 |
| Property and equipment, net | 26,145 | 22,547 |
| Total assets | <u><u>\$ 3,984,182</u></u> | <u><u>\$ 3,547,402</u></u> |
| LIABILITIES AND NET ASSETS | | |
| Current liabilities: | | |
| Accounts payable | \$ 14,319 | \$ 41,343 |
| Accrued expenses | 92,391 | 89,064 |
| Total current liabilities | <u>106,710</u> | <u>130,407</u> |
| Net assets: | | |
| Without donor restrictions | 2,230,965 | 2,276,379 |
| With donor restrictions | 1,646,507 | 1,140,616 |
| Total net assets | <u>3,877,472</u> | <u>3,416,995</u> |
| Total liabilities and net assets | <u><u>\$ 3,984,182</u></u> | <u><u>\$ 3,547,402</u></u> |

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

THE PENINSULA BRIDGE PROGRAM

STATEMENT OF ACTIVITIES

For the year ended December 31, 2019
(with summarized comparative totals for the year ended December 31, 2018)

| | Without Donor Restriction | With Donor Restriction | Total | 2018 |
|--|---------------------------------|------------------------------|---------------------|---------------------|
| Revenue and other support: | | | | |
| Contributions | \$ 1,060,223 | \$ 1,670,000 | \$ 2,730,223 | \$ 2,348,189 |
| Special event, net | 939,212 | - | 939,212 | 823,801 |
| Gifts in kind | 30,213 | - | 30,213 | 11,542 |
| Program service fees | 40,000 | - | 40,000 | 20,000 |
| Interest income | 19,710 | - | 19,710 | 10,756 |
| Other | 5,215 | - | 5,215 | 7,063 |
| Total revenue and other support | 2,094,573 | 1,670,000 | 3,764,573 | 3,221,351 |
| Restrictions satisfied by payments | 1,164,109 | (1,164,109) | - | - |
| Total revenue and other support with restrictions satisfied by payments | 3,258,682 | 505,891 | 3,764,573 | 3,221,351 |
| Expenses: | | | | |
| Program services: | | | | |
| Summer School | 681,160 | - | 681,160 | 633,160 |
| Middle School Academy | 820,966 | - | 820,966 | 697,293 |
| High School Academy | 774,029 | - | 774,029 | 629,540 |
| College | 473,446 | - | 473,446 | 356,392 |
| Total program services | 2,749,601 | - | 2,749,601 | 2,316,385 |
| Supporting services: | | | | |
| Administration | 216,150 | - | 216,150 | 223,396 |
| Fund development | 338,345 | - | 338,345 | 330,954 |
| Total supporting services | 554,495 | - | 554,495 | 554,350 |
| Total expenses | 3,304,096 | - | 3,304,096 | 2,870,735 |
| Total (decrease) increase in net assets | (45,414) | 505,891 | 460,477 | 350,616 |
| Net assets, beginning of year | 2,276,379 | 1,140,616 | 3,416,995 | 3,066,379 |
| Net assets, end of year | <u>\$ 2,230,965</u> | <u>\$ 1,646,507</u> | <u>\$ 3,877,472</u> | <u>\$ 3,416,995</u> |

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

THE PENINSULA BRIDGE PROGRAM
STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2019
(with summarized comparative totals for the year ended December 31, 2018)

| | Program Services | | | | Supporting Services | | | | Total |
|--|------------------|-----------------------|---------------------|------------|---------------------|----------------|------------------|---------------------------|--------------|
| | Summer School | Middle School Academy | High School Academy | College | Program Services | Administration | Fund Development | Total Supporting Services | |
| Functional expenses: | | | | | | | | | |
| Salaries | \$ 175,443 | \$ 460,314 | \$ 437,935 | \$ 270,643 | \$ 1,344,335 | \$ 90,166 | \$ 192,968 | \$ 283,134 | \$ 1,627,469 |
| Payroll taxes and benefits | 35,698 | 90,388 | 92,229 | 54,349 | 272,664 | 12,861 | 36,888 | 49,749 | 322,413 |
| Total salaries and related expenses | 211,141 | 550,702 | 530,164 | 324,992 | 1,616,999 | 103,027 | 229,856 | 332,883 | 1,949,882 |
| Summer school and student transportation | 406,861 | 128,168 | 40,071 | 50,647 | 625,747 | - | 500 | 500 | 626,247 |
| Conferences, conventions, meetings | - | 1,265 | 17,702 | 2,463 | 21,430 | 261 | 70 | 331 | 21,761 |
| Donated materials and supplies | - | - | - | - | - | 800 | - | 800 | 800 |
| Insurance | 3,262 | 3,262 | 3,262 | 3,262 | 13,048 | 9,059 | 2,609 | 11,668 | 24,716 |
| Meals and entertainment | 1,872 | 2,542 | 1,941 | 1,015 | 7,370 | 3,324 | 1,526 | 4,850 | 12,220 |
| Miscellaneous | - | 2,053 | 2,965 | 5,735 | 10,753 | (2,698) | 9,202 | 6,504 | 17,257 |
| Postage and delivery | 320 | 734 | 66 | 28 | 1,148 | 513 | 1,183 | 1,696 | 2,844 |
| Printing and publications | 17 | 5,403 | 2,755 | 1,250 | 9,425 | 3,427 | 5,765 | 9,192 | 18,617 |
| Contract services | 4,707 | 38,156 | 82,868 | 8,735 | 134,466 | 72,720 | 62,667 | 135,387 | 269,853 |
| Occupancy | 29,232 | 29,232 | 71,756 | 33,604 | 163,824 | 16,033 | 23,387 | 39,420 | 203,244 |
| Supplies | 22,413 | 28,612 | 14,511 | 13,401 | 78,937 | 8,088 | 497 | 8,585 | 87,522 |
| Telephone and telecommunications | 1,163 | 1,163 | 1,163 | 1,163 | 4,652 | 995 | 931 | 1,926 | 6,578 |
| Travel | 172 | 3,860 | 4,805 | 27,151 | 35,988 | 601 | 152 | 753 | 36,741 |
| Total expenses before depreciation | 681,160 | 795,152 | 774,029 | 473,446 | 2,723,787 | 216,150 | 338,345 | 554,495 | 3,278,282 |
| Depreciation | - | 25,814 | - | - | 25,814 | - | - | - | 25,814 |
| Total functional expenses | \$ 681,160 | \$ 820,966 | \$ 774,029 | \$ 473,446 | \$ 2,749,601 | \$ 216,150 | \$ 338,345 | \$ 554,495 | \$ 3,304,096 |
| | | | | | | | | | \$ 2,870,735 |

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

THE PENINSULA BRIDGE PROGRAM

STATEMENT OF CASH FLOWS

For the years ended December 31, 2019
(with summarized comparative totals for the year ended December 31, 2018)

| | 2019 | 2018 |
|---|--------------|--------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ 460,477 | \$ 350,616 |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: | | |
| Depreciation | 25,814 | 25,402 |
| Net realized and unrealized gain on certificates of deposit | (3,176) | (6,055) |
| Net realized and unrealized gain on marketable securities | (1,042) | - |
| Allowance for doubtful accounts | - | (1,282) |
| Discount on unconditional promises to give receivables | 19,265 | 13,001 |
| Donated property and equipment | (29,412) | - |
| Donated investment securities | (92,600) | (124,546) |
| Changes in operating assets and liabilities: | | |
| Unconditional promises to give receivable | (320,182) | (313,408) |
| Prepaid expenses and other assets | (7,763) | (26,400) |
| Accounts payable | (27,024) | 28,259 |
| Accrued expenses | 3,327 | 3,778 |
| Net cash provided by (used in) operating activities | 27,684 | (50,635) |
| Cash flows from investing activities: | | |
| Proceeds received from redemption of certificates of deposit | 979,000 | 1,361,537 |
| Proceeds received from sale of marketable securities | 78,659 | - |
| Purchases of certificates of deposit | (775,000) | (979,000) |
| Net cash provided by investing activities | 282,659 | 382,537 |
| Net increase in cash and cash equivalents | 310,343 | 331,902 |
| Cash and cash equivalents, beginning of year | 1,303,866 | 971,964 |
| Cash and cash equivalents, end of year | \$ 1,614,209 | \$ 1,303,866 |

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

THE PENINSULA BRIDGE PROGRAM

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

1. Summary of Significant Accounting Policies

The Organization

The Peninsula Bridge Program (the “Organization”) was incorporated on October 4, 1995, as a nonprofit corporation.

The Organization is a 12-year college access and completion program for high-achieving, low-income students living on the Peninsula. The Organization has provided hundreds of first-generation students with year-round academic and social emotional support from 5th grade through college graduation. The Organization is helping to break the cycle of poverty and greatly increase students’ chances for success in school, life and career.

All the Organization’s programs are rigorous and engaging. The primary goal is to provide educational access and support, while fostering the personal confidence, sense of belonging and self-esteem needed to pursue educational and lifetime dreams. With a high-quality teaching staff, mentoring and tutoring, an innovative curriculum, and long-term commitment from participants, the Organization prepares students to meet the challenges of academic success.

Partnering and engaging parents is critical to the success of their students, so the Organization offers parent education workshops and community-building opportunities during the school year. The staff maintains ongoing communications with parents, students and schools in both the middle and high school programs.

During 2019, the Organization served 632 students: 388 middle school students, 198 high school students, and 46 college students.

Nature of Activities

The following three programs are included in the accompanying financial statements:

(1) Middle School Academy

The Organization partners with the San Mateo, Redwood City, Ravenswood and Mountain View Whisman school districts to provide expanded learning day programs for 5th, 6th and 7th grade students also enrolled in the summer program. The after-school program runs for two and one half hours, two days a week and includes small group, engaging instruction using a blended learning, inquiry-based model.

8th grade students attend Saturday workshops during the school year to prepare for high school. Students develop skills in advocacy, public speaking, leadership, critical thinking, problem solving, collaboration, study skills and time management. Parents also attend workshops in financial planning, the teenage brain, and technology.

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THE PENINSULA BRIDGE PROGRAM

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

1. Summary of Significant Accounting Policies, continued

Nature of Activities, continued

(2) High School Academy and College Mentoring

The High School Academy provides students with year-round academic counseling, mentoring, tutoring, workshops and field trips focused on high school success and college and career readiness. Academic Counselors at the Organization partner closely with students, parents and high schools to ensure all students stay on the college path. As students move into 11th and 12th grades, the team offers personalized college counseling that includes SAT test prep, interview skills, college research, application essays, and financial aid.

College advising and workshops will be offered to all students attending college, to help them stay on track for graduation and career. The first cohort of 18 seniors being supported during the 2017-18 school year will all be entering college in the fall of 2018. Prior to this, the Organization has supported 10 or fewer college students through a volunteer mentoring program and staff support.

(3) Summer School

Our middle school students in grades five through eight participate in a five-week summer program at six independent Bay Area school locations that include Castilleja, Crystal Springs Uplands, Menlo School, Sacred Heart Schools, St. Matthews Episcopal Day School, and Woodside Priory.

Experienced teachers lead Algebra and English classes that are aligned with Common Core Standards. Students develop critical thinking skills and a love of learning through an engaging, hands-on curriculum and electives ranging from nutrition to art and robotics. STEM classes in coding, robotics, and 3-D design and printing show students real world applications of computer science.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America (“U.S. GAAP”).

Basis of Presentation

Net assets are classified based on the existence or absence of donor imposed restrictions. Accordingly, the Organization classified its net assets and changes in net assets as follows:

- **Net Assets Without Donor Restrictions** – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization.
- **Net Assets With Donor Restrictions** – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by passage of time. Other donor restrictions may be perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Organization does not hold any funds in perpetuity as of December 31, 2019. 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.

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THE PENINSULA BRIDGE PROGRAM

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

1. Summary of Significant Accounting Policies, continued

Concentration of Credit Risk

The Organization maintains its cash and cash equivalents in commercial checking and savings accounts. Periodically throughout the year, cash is maintained at the bank in excess of the insured (FDIC) amount of \$250,000.

Board Member Contributions

As of December 31, 2019, there were twenty Board member contributions that accounted for 15% of total contributions.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be “cash equivalents.”

Certificates of Deposit

As of December 31, 2019, the Organization holds certificates of deposit of \$785,836, which bear interest at 1.50% to 2.49% and mature through June 2020.

Investments

The Organization carries investments in marketable securities with readily determinable fair values at fair value. Unrealized gains and losses are included in the change in net assets. The investments are primarily in common stock which have a readily determinable fair value.

Investment securities are exposed to various risks, such as interest rate, market fluctuations and credit risks. Due to the level of risk associated with certain investments securities, it is at least reasonably possible that changes in risks in the near term would materially affect fair value and the amounts reported in the Statement of Financial Position and the Statement of Activities.

Fair Value Measurement

Fair value is defined as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.”

U.S. GAAP established a hierarchy to prioritize the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest ranking to fair value determined using unadjusted quoted prices in active markets for identical assets (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). Observable inputs are those that market participants would use in pricing the asset based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the Organization’s assumption about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

Continued

THE PENINSULA BRIDGE PROGRAM

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

1. Summary of Significant Accounting Policies, continued

Fair Value Measurement, continued

The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.

Level 2 – Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves.

Level 3 – Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Organization's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

Prior Year Summarized Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total, but not by functional classification or net asset classification. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

The Organization uses the allowance method to determine uncollectible, unconditional promises to give receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. An allowance for uncollectible, unconditional promises to give receivable in the amount of \$7,953 as of December 31, 2019, has been provided for all estimated uncollectible amounts at the financial statement date.

Property and Equipment, Net

Property and equipment are stated at cost of acquisition or construction, or at fair value if donated. The cost of maintenance and repairs are charged to expense as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The useful lives of computers and equipment are estimated at three years.

The Organization capitalizes and depreciates significant assets with values of \$7,500 or more.

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THE PENINSULA BRIDGE PROGRAM

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

1. Summary of Significant Accounting Policies, continued

Donated Assets

Donated marketable securities and other noncash donations are recorded as contributions at the fair value realized upon their sale. Included in contribution revenues are donated marketable securities of \$92,600 as of December 31, 2019. The Organization held investments of donated marketable securities of \$14,983 as of December 31, 2019. The donated marketable securities held at year-end were received in late December 2019 and were sold subsequent to year-end.

Contributions

Contribution revenue is recognized when contributions are received. All contributions are considered available for general operations unless specifically restricted by the donor.

The Organization reports contributions as donor restricted if such contributions are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, donor restricted net assets are reclassified as without donor restricted net assets and reported as net assets released from restrictions.

Special Events

The Organization conducts one special event per year – Peninsula Bridge Benefit Dinner. The donation revenue is recognized when the money is received for the current year's event. If the money is for the future year's event, the Organization will book it as deferred revenue. There was no deferred revenue at December 31, 2019. The event is conducted solely as a fundraising activity, direct benefits received by donors or attendees are reported as special event costs. All other direct and indirect costs are reported as fundraising expenses when incurred.

Functional Expense Allocation

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of facility square footage or estimates of time devoted by staff to the related functions. Management and general expenses include those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the Organization.

Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

No provision has been made for income taxes, as the Organization is exempt from federal income tax under Internal Revenue Code Section 501(c)(3) and state income taxes under Section 23701(d) of the California Revenue Taxation Code.

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THE PENINSULA BRIDGE PROGRAM

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

1. Summary of Significant Accounting Policies, continued

Recently Adopted Accounting Pronouncements

On January 1, 2019, the Organization adopted Accounting Standards Update (“ASU”) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), using the modified retrospective approach. Under this method, the guidance is applied only to the most current period presented in the financial statements. Topic 606 outlines a single comprehensive revenue recognition model for revenue arising from contracts with customers and superseded most of the previous revenue recognition guidance, including industry-specific guidance. Under Topic 606, an entity recognizes revenue for the transfer of promised goods or services to customers in an amount that reflects the consideration for which the entity expects to be entitled in exchange for those goods or services. The adoption of Topic 606 had no significant impact to the Organization’s net assets as of January 1, 2019, and no material impact to the Organization’s revenue recognition policies as of and for the year ended December 31, 2019.

On January 1, 2019, the Organization adopted ASU No. 2018-08, *Not-for-Profit Entities* (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The accounting for contributions has been modified to clarify distinguishing whether grants or contracts should be accounted for as non-reciprocal contributions, or as exchange transactions that follow revenue recognition accounting. For exchange transactions, the standard clarifies when each party directly receives commensurate value in the transaction, and how to deal with third party payers to a transaction. Additionally, the criteria for determining whether a contribution is conditional have been changed from a probability-based approach to one focused on barriers in an arrangement. The adoption of Topic 958 had no significant impact to the Organization’s contributions received as of and for the year ended December 31, 2019.

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standard Board (“FASB”) issued ASU 2016-02, *Leases*. The objective of the update is to increase transparency and comparability among organizations by recognizing lease assets and liabilities on the balance sheet for leases with a lease term of more than 12 months. In addition, the update will require additional disclosures regarding key information about leasing arrangements. Under existing guidance, operating leases are not recorded as lease assets and lease liabilities on the balance sheet. The update will be effective for fiscal years after December 15, 2020, with early adoption permitted. The Organization is currently evaluating the impact of the adoption of this accounting guidance on its financial statements.

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THE PENINSULA BRIDGE PROGRAM

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

2. Liquidity and Availability

The Organization's financial assets available for general expenditures within one year of the statement of financial position date are as follows as of December 31, 2019:

| | | |
|---|----|------------------|
| Cash and cash equivalents | \$ | 1,614,209 |
| Certificates of deposit | | 785,836 |
| Unconditional promises to give receivable, net, current | | 915,873 |
| Total financial assets | | <u>3,315,918</u> |
| Less: amounts not available to be used within one year: | | |
| Restricted by donor with time or purpose restrictions | | <u>(730,634)</u> |
| Financial assets available to meet general expenditures within one year | \$ | <u>2,585,284</u> |

The Organization receives significant contributions and promises to give restricted by donors, and considers contributions restricted for programs, which are ongoing, major, and central to its annual operations, to be available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability; maintaining adequate liquid assets to fund near-term operating needs; and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. On an annual basis, the Organization generates some excess cash after covering all funding needs. The excess cash is deposited into money market funds or certificates of deposit to maximize returns while ensuring the Organization has access to funds at all times to meet liquidity needs. Excess cash deposited in money market accounts and certificates of deposit are available within one-year.

3. Unconditional Promises to Give Receivable, Net

Unconditional promises to give receivable, net consisted of the following as of December 31, 2019:

| | | |
|--|----|------------------|
| Receivable in less than one year | \$ | 915,873 |
| Receivable in one to five years | | 614,334 |
| Less: discount to present value | | (40,219) |
| Less: allowance for uncollectible accounts | | <u>(7,953)</u> |
| | \$ | <u>1,482,035</u> |

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THE PENINSULA BRIDGE PROGRAM

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

4. Property and Equipment, Net

Property and equipment, net consisted of the following as of December 31, 2019:

| | | |
|--------------------------------|----|----------------------|
| Computers and equipment | \$ | 102,763 |
| Less: accumulated depreciation | | <u>(76,618)</u> |
| | \$ | <u><u>26,145</u></u> |

Depreciation expense was \$25,814 for the year ended December 31, 2019.

5. Lease

The Organization has a facility lease agreement through December 2023. In addition, the Organization rents classrooms on a month-to-month basis. Total rent expense was \$203,244 for the year ended December 31, 2019.

A schedule of future lease commitments under the lease obligation is as follows:

Year ending December 31,

| | | |
|------|----|-----------------------|
| 2020 | \$ | 170,277 |
| 2021 | | 146,933 |
| 2022 | | 151,341 |
| 2023 | | <u>155,881</u> |
| | \$ | <u><u>624,432</u></u> |

6. Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purpose as of December 31, 2019:

| | | |
|--------------------------------------|----|-------------------------|
| Time restricted - general operations | \$ | 1,355,257 |
| Purpose restricted: | | |
| College Access | | 130,000 |
| Mental Health | | 30,000 |
| Scholarships | | 81,250 |
| Summer School | | 20,000 |
| Middle School STEM | | 20,000 |
| Staff Capacity Building | | <u>10,000</u> |
| | \$ | <u><u>1,646,507</u></u> |

Continued

THE PENINSULA BRIDGE PROGRAM

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

6. Net Assets With Donor Restrictions, continued

Net assets with donor restrictions released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors were as follows during the year ended December 31, 2019:

Purpose and time restrictions accomplished:

| | | |
|--------------------------------------|----|------------------|
| Time restricted - general operations | \$ | 1,048,318 |
| College Access | | 50,000 |
| 5th Grade Academy | | 20,000 |
| Mental Health | | 30,000 |
| Scholarships | | 15,791 |
| | \$ | <u>1,164,109</u> |

7. Fair Value Measurement

The following table summarizes the Organization's financial assets measured at fair value on a recurring basis as of December 31, 2019 as follows:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|-------------------------|------------------|-------------------|----------------|-------------------|
| Money market | \$ 6,884 | \$ - | \$ - | \$ 6,884 |
| Marketable securities | 14,983 | - | - | 14,983 |
| Certificates of deposit | - | 785,836 | - | 785,836 |
| | <u>\$ 21,867</u> | <u>\$ 785,836</u> | <u>\$ -</u> | <u>\$ 807,703</u> |

All assets have been measured at fair value. Fair value for assets in Level 2 are calculated using amortized cost, which approximates fair value. There were no changes in the valuation methodologies used as of December 31, 2019.

8. Subsequent Events

Subsequent to year end, COVID-19 has become a global pandemic and resulted in unprecedented actions by governments around the world to curtail the spread of the disease. These events have resulted in a high level of uncertainty and volatility in the financial markets, and have had an enormous impact on business and consumers in all sectors. The outcome and timeframe is highly unpredictable and, as such, the financial impact to operations cannot be estimated.

Continued

THE PENINSULA BRIDGE PROGRAM

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

8. Subsequent Events, continued

On April 19, 2020, the Organization successfully secured a \$356,337 Small Business Association (“SBA”) loan under the Payroll Protection Program (“PPP”) to secure payroll expenses for otherwise furloughed employees impacted by government imposed shelter in place orders. Per the terms of the loan, the full amount will be forgiven as long as loan proceeds are used to cover payroll costs and other specified non-payroll costs (provided any non-payroll costs do not exceed 25% of the forgiven amount) over an 8-week period after the loan is made; and employee and compensation levels are maintained. The Organization fully intends to comply with the above terms in order to qualify for loan forgiveness. In the event the Organization is required to repay the loan, all payments are deferred for six months with accrued interest over this period. Amounts outstanding under the loan will bear a fixed interest rate of 1.00% per annum with a maturity date of April 19, 2022 (or two years from the commencement date).

The Organization evaluated subsequent events for recognition and disclosure through May 8, 2020, the date which these financial statements were available to be issued. Management concluded that, other than above, no material subsequent events have occurred since December 31, 2019 that require recognition or disclosure in these financial statements.