

**THE PENINSULA BRIDGE PROGRAM**

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**AUDITED FINANCIAL STATEMENTS**

For the eighteen-month period ended June 30, 2021



# 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 for the eighteen-month period ended June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the eighteen-months period ended June 30, 2021, 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 for the eighteen-month period ended June 30, 2021, and the changes in its net assets and its cash flows for the eighteen-month period ended June 30, 2021 in accordance with accounting principles generally accepted in the United States of America.

### **Correction of Error**

As discussed in Note 9 to the financial statements, certain errors resulting in the overstatement of amounts previously reported for promises to give and contributions as of December 31, 2019, were discovered during the current year. Accordingly, an adjustment has been made to net assets as of December 31, 2019, to correct the errors. Our opinion is not modified with respect to the matter.

BPM LLP

San Jose, California  
February 7, 2022

# THE PENINSULA BRIDGE PROGRAM

## STATEMENT OF FINANCIAL POSITION

As of June 30, 2021

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### ASSETS

Current assets:		
Cash and cash equivalents	\$	3,037,705
Certificates of deposit		244,967
Investments		10,208
Promise to give receivable, net, current portion		36,550
Prepaid expenses and other assets		65,242
Total current assets		<u>3,394,672</u>
Promise to give receivable, less current portion		484,334
Property and equipment, net		59,555
Total assets	\$	<u><u>3,938,561</u></u>

### LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$	78,446
Accrued expenses		102,978
Total current liabilities		<u>181,424</u>
Note payable from Paycheck Protection Program		317,282
Total liabilities		<u>498,706</u>
Commitments and contingencies (Note 6)		
Net assets:		
Without donor restrictions		2,825,223
With donor restrictions		614,632
Total net assets		<u>3,439,855</u>
Total liabilities and net assets	\$	<u><u>3,938,561</u></u>

# THE PENINSULA BRIDGE PROGRAM

## STATEMENT OF ACTIVITIES

For the eighteen-month period ended June 30, 2021

	Without Donor Restriction	With Donor Restriction	Total
Revenue and other support:			
Contributions	\$ 1,494,378	\$ 1,190,105	\$ 2,684,483
Special event, net	1,481,337	-	1,481,337
Gifts-in-kind	2,157	-	2,157
Other income	134,691	-	134,691
Restrictions satisfied by payments	1,497,696	(1,497,696)	-
Total revenue and other support with restrictions satisfied by payments	<u>4,610,259</u>	<u>(307,591)</u>	<u>4,302,668</u>
Expenses:			
Program services:			
Summer School	636,841	-	636,841
Middle School Academy	946,935	-	946,935
High School Academy	1,204,581	-	1,204,581
College	634,773	-	634,773
Total program services	<u>3,423,130</u>	<u>-</u>	<u>3,423,130</u>
Supporting services:			
Administration	290,155	-	290,155
Fund development	627,053	-	627,053
Total supporting services	<u>917,208</u>	<u>-</u>	<u>917,208</u>
Total expenses	<u>4,340,338</u>	<u>-</u>	<u>4,340,338</u>
Change in net assets from operations	269,921	(307,591)	(37,670)
Other non-operating income:			
Gain on forgiveness of Paycheck Protection Program note payable	356,337	-	356,337
Change in net assets	626,258	(307,591)	318,667
Net assets, beginning of year, as previously stated	2,230,965	1,646,507	3,877,472
Correction of error- prior period adjustment (Note 9)	(32,000)	(724,284)	(756,284)
Net assets, beginning of year, as restated	<u>2,198,965</u>	<u>922,223</u>	<u>3,121,188</u>
Net assets, end of year	<u>\$ 2,825,223</u>	<u>\$ 614,632</u>	<u>\$ 3,439,855</u>

**THE PENINSULA BRIDGE PROGRAM**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the eighteen-month period ended June 30, 2021

	Program Services				Supporting Services				Total
	Summer School	Middle School Academy	High School Academy	College Mentoring	Total Program Services	Administration	Fund Development	Total Supporting Services	
Functional expenses:									
Salaries	\$ 268,458	\$ 645,213	\$ 893,320	\$ 466,392	\$ 2,273,383	\$ 143,351	\$ 302,642	\$ 445,993	\$ 2,719,376
Payroll taxes	20,088	54,300	67,782	35,307	177,477	9,972	22,907	32,879	210,356
Total salaries and related expenses	288,546	699,513	961,102	501,699	2,450,860	153,323	325,549	478,872	2,929,732
Contract services	4,700	70,550	125,279	19,069	219,598	89,372	121,227	210,599	430,197
Summer school and student transportation	289,510	62,353	8,030	40,202	400,095	-	-	-	400,095
Occupancy	38,741	52,023	69,112	53,197	213,073	15,409	39,017	54,426	267,499
Emergency fund	-	-	-	-	-	-	103,878	103,878	103,878
Supplies	3,054	29,569	17,792	2,956	53,371	5,537	139	5,676	59,047
Insurance	5,174	6,899	6,899	6,899	25,871	3,853	5,128	8,981	34,852
Printing and publications	1,546	4,342	5,611	7,438	18,937	3,963	10,403	14,366	33,303
Miscellaneous	-	274	384	61	719	12,482	14,566	27,048	27,767
Meals and entertainment	3,522	492	377	833	5,224	4,169	5,157	9,326	14,550
Telephone and telecommunications	1,772	2,363	2,396	2,363	8,894	1,826	1,666	3,492	12,386
Conferences, conventions, meetings	-	-	7,332	(780)	6,552	-	-	-	6,552
Travel	-	601	135	836	1,572	13	-	13	1,585
Postage and delivery	276	415	132	-	823	208	323	531	1,354
Total expenses before depreciation	636,841	929,394	1,204,581	634,773	3,405,589	290,155	627,053	917,208	4,322,797
Depreciation	-	17,541	-	-	17,541	-	-	-	17,541
Total functional expenses	\$ 636,841	\$ 946,935	\$ 1,204,581	\$ 634,773	\$ 3,423,130	\$ 290,155	\$ 627,053	\$ 917,208	\$ 4,340,338

# THE PENINSULA BRIDGE PROGRAM

## STATEMENT OF CASH FLOWS

For the eighteen-month period ended June 30, 2021

	<u>2021</u>
Cash flows from operating activities:	
Change in net assets	\$ 318,667
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation	17,541
Gain from forgiveness from Paycheck Protection Program note payable	(356,337)
Net realized and unrealized gain on certificates of deposit	10,869
Net realized and unrealized gain on investments	4,775
Allowance for doubtful accounts	(4,700)
Discount on pledges receivables	(30,316)
Changes in operating assets and liabilities:	
Promise to give receivable	239,883
Prepaid expenses and other assets	(4,268)
Accounts payable	64,127
Accrued expenses	10,587
Net cash provided by operating activities	<u>270,828</u>
Cash flows from investing activities:	
Proceeds received from redemption of certificates of deposit	1,835,000
Purchases of property and equipment	(50,951)
Purchases of certificates of deposit	(1,305,000)
Net cash provided by investing activities	<u>479,049</u>
Cash flows from financing activities:	
Proceeds from note payable from Paycheck Protection Program	673,619
Net cash provided by financing activities	<u>673,619</u>
Net increase in cash and cash equivalents	1,423,496
Cash and cash equivalents, beginning of year	1,614,209
Cash and cash equivalents, end of year	<u>\$ 3,037,705</u>

# THE PENINSULA BRIDGE PROGRAM

## NOTES TO FINANCIAL STATEMENTS

For the eighteen-month period ended June 30, 2021

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### 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 13-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 4<sup>th</sup> 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.

#### *Change in Fiscal Year*

During 2021, the Organization changed its fiscal year from one ending on December 31 to one ending on June 30. Accordingly, the Organization’s transition period that ended on June 30, 2021, includes the 18 months from January 1, 2020 to June 30, 2021.

#### *Nature of Activities*

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

##### **(1) Summer School**

Our middle school students in grades four 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.



# THE PENINSULA BRIDGE PROGRAM

## NOTES TO FINANCIAL STATEMENTS

For the eighteen-month period ended June 30, 2021

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### 1. Summary of Significant Accounting Policies, continued

#### *Nature of Activities*, continued

#### (2) 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 4<sup>th</sup>, 5<sup>th</sup>, 6<sup>th</sup> and 7<sup>th</sup> 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.

8<sup>th</sup> 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.

#### (3) High School Academy

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 11<sup>th</sup> and 12<sup>th</sup> grades, the team offers personalized college counseling that includes SAT test prep, interview skills, college research, application essays, and financial aid.

#### (4) College Mentoring

College advising workshops and college counseling are offered to all high school students. Students are also offered mentoring. College students have workshops and are offered mentors and career counseling.

#### *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 did not hold any funds in perpetuity as of June 30, 2021. 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.

**THE PENINSULA BRIDGE PROGRAM**  
**NOTES TO FINANCIAL STATEMENTS**  
For the eighteen-month period ended June 30, 2021

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**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***

For the eighteen-month period ended June 30, 2021, there were eighteen Board member contributions that accounted for 12% 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 June 30, 2021, the Organization holds certificates of deposit of \$244,967 which bears interest at 0.02% and matures in February 2022.

***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.

**THE PENINSULA BRIDGE PROGRAM**  
**NOTES TO FINANCIAL STATEMENTS**  
For the eighteen-month period ended June 30, 2021

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**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.

***Promise to Give Receivable***

Promises to give receivable 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 promises to give receivable in the amount of \$3,253 as of June 30, 2021, 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.

***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 \$103,742 for the eighteen-month period ended June 30, 2021. The Organization held investments of donated marketable securities of \$10,208 as of June 30, 2021.

# THE PENINSULA BRIDGE PROGRAM

## NOTES TO FINANCIAL STATEMENTS

For the eighteen-month period ended June 30, 2021

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### 1. Summary of Significant Accounting Policies, continued

#### *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 record it as deferred revenue. There was no deferred revenue as of June 30, 2021. 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*

The costs of providing the Organization's program and other activities have been summarized on a functional basis in the statement of functional expenses. The statement of functional expenses presents natural classification detail of expenses by function. The major functional expense classifications are program services and supporting services. Program services include expenses that are directly related to providing educational access and support, while fostering the personal confidence, sense of belonging and self-esteem needed to pursue educational and lifetime dreams. Program expenses are allocated between summer school, middle school academy, high school academy and college mentoring. Supporting services are all activities of the Organization other than program services. Supporting services consist of administration, and fund development activities. Administration includes expenses for general oversight and management of the Organization, recordkeeping, and budgeting. Fund development activities include conducting fundraising events, preparing and distributing fundraising materials, and solicitation of contributions from individuals and corporations.

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.

# THE PENINSULA BRIDGE PROGRAM

## NOTES TO FINANCIAL STATEMENTS

For the eighteen-month period ended June 30, 2021

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### 1. Summary of Significant Accounting Policies, continued

#### *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.

#### *Measure of Operations*

The Organization includes in its measure of operations all revenue and expenses that are an integral part of its programs and supporting activities. The measure of operations does not include proceeds received from the forgiven liability for government Paycheck Protection Program (“PPP”) loans.

#### *Recent Accounting Pronouncements*

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-02, *Leases* (“ASU 2016-02”). The objective of ASU 2016-02 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, ASU 2016-02 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. ASU 2016-02 will be effective for fiscal years beginning after December 15, 2021, with early adoption permitted. The Organization is currently evaluating the impact of the adoption of ASU 2016-02 and the various subsequent amendments that were issued by the FASB on its financial statements.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958) (“ASU 2020-07”). ASU 2020-07 requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. The FASB issued the update in an effort to improve transparency in reporting nonprofit gifts-in-kind. ASU 2020-07 requires the new standard to be applied retrospectively, with amendments taking effect for annual reporting periods beginning after June 15, 2021, and interim periods within annual reporting periods beginning after June 15, 2022. ASU 2020-07 does allow for early adoption. The Organization is currently evaluating the impact of adopting ASU 2020-07 on its financial statements.

# THE PENINSULA BRIDGE PROGRAM

## NOTES TO FINANCIAL STATEMENTS

For the eighteen-month period ended June 30, 2021

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### 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 for the eighteen-month period ended June 30, 2021:

Cash and cash equivalents	\$	3,037,705
Certificates of deposit		244,967
Promise to give receivable, net, current		36,550
Total financial assets		<u>3,319,222</u>
Less: amounts not available to be used within one year:		
Restricted by donor with time or purpose restrictions		<u>(148,000)</u>
Financial assets available to meet general expenditures within one year	\$	<u><u>3,171,222</u></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. Promises to Give Receivable, Net

Promises to give receivable, net consisted of the following as of June 30, 2021:

Receivable in less than one year	\$	49,706
Receivable in one to five years		484,334
Less: discount to present value		(9,903)
Less: allowance for uncollectible accounts		<u>(3,253)</u>
	\$	<u><u>520,884</u></u>

### 4. Property and Equipment, Net

Property and equipment, net consisted of the following as of June 30, 2021:

Computers and equipment	\$	153,714
Less: accumulated depreciation		<u>(111,367)</u>
	\$	<u><u>42,347</u></u>

Depreciation expense was \$17,541 for the eighteen-month period ended June 30, 2021.

# THE PENINSULA BRIDGE PROGRAM

## NOTES TO FINANCIAL STATEMENTS

For the eighteen-month period ended June 30, 2021

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### 5. Note Payable from Paycheck Protection Program

In April 2020, the Organization received loan proceeds in the amount of \$356,337 under the PPP. The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying entities for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The Organization has accounted for the PPP loan as debt. The loan and accrued interest are eligible for forgiveness after 24 weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The Organization received full loan forgiveness on March 9, 2021 by the Small Business Administration for the loan amount of \$356,337 and interest of \$3,017. The gain from forgiveness of PPP loan was recorded as non-operating income for the year ended June 30, 2021.

In February 2021, the Organization received a second loan proceeds in the amount of \$317,282 under the PPP. The terms of the second PPP loan are consistent with the first loan. The unforgiven portion of the PPP loan is payable in five years at an interest rate of 1%. The Organization intends to use the proceeds for purposes consistent with the PPP.

### 6. Commitments and Contingencies

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 \$267,499 for the eighteen-month period ended June 30, 2021.

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

Year ending June 30:

2022	\$	163,638
2023		153,611
2024		77,940
	\$	<u>395,189</u>

### *COVID-19 Pandemic*

In March 2020, the World Health Organization declared the novel coronavirus (“COVID-19”) a global pandemic and recommended containment and mitigation measures worldwide. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, have adversely affected workforces, customers, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Organization to predict the duration or magnitude of the adverse results of the outbreak and its disruptive effects on its operations and financial results at this time.

# THE PENINSULA BRIDGE PROGRAM

## NOTES TO FINANCIAL STATEMENTS

For the eighteen-month period ended June 30, 2021

### 7. Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purpose for the eighteen-month period ended June 30, 2021:

Time restricted - general operations	\$	499,641
Purpose restricted:		
College Access		25,000
Middle School Academy		4,500
Mental Health		20,000
Scholarships		65,491
	\$	<u>614,632</u>

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 June 30, 2021:

Purpose and time restrictions accomplished:

Time restricted - general operations	\$	995,674
Middle School Academy		7,500
College Access		130,000
Mental Health		71,000
Scholarships		44,750
Summer School		125,000
Middle School STEM		20,000
Emergency Fund		103,772
	\$	<u>1,497,696</u>

### 8. Fair Value Measurement

The following table summarizes the Organization's financial assets measured at fair value on a recurring basis for the eighteen-month period ended June 30, 2021 as follows:

	Level 1	Level 2	Level 3	Total
Money market	\$ 808,436	\$ -	\$ -	\$ 808,436
Marketable securities	10,208	-	-	10,208
Certificates of deposit	-	244,967	-	244,967
	<u>\$ 818,644</u>	<u>\$ 244,967</u>	<u>\$ -</u>	<u>\$ 1,063,611</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 for the eighteen-month period ended June 30, 2021.



# THE PENINSULA BRIDGE PROGRAM

## NOTES TO FINANCIAL STATEMENTS

January 1, 2020 to June 30, 2021

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### 9. Correction of Error

During the eighteen-month period ended June 30, 2021, an adjustment was made to correct the accounting treatment of contributions made through donor advised funds (“DAF”) in the prior year. Contributions made through a DAF are advised by the donor to be paid to the Organization through a third party. Since there is no certainty that the third party will pay on behalf of the donor until the funds are received, the contribution revenue and pledge receivable cannot be recorded at the time the pledge is made, but when the funds are received. The correction resulted in a restatement of balances for the year ended December 31, 2019, as follows:

	Balance Previously Reported	Adjustment	Balance Corrected and Restated
Net assets, beginning of year (without donor restriction)	<u>\$ 2,230,965</u>	<u>\$ (32,000)</u>	<u>\$ 2,198,965</u>
Net assets, beginning of year (with donor restriction)	<u>\$ 1,646,507</u>	<u>\$ (724,284)</u>	<u>\$ 922,223</u>
Promise to give receivable, net, current	<u>\$ 915,873</u>	<u>\$ (431,284)</u>	<u>\$ 484,589</u>
Promise to give receivable, less current portion	<u>\$ 566,162</u>	<u>\$ (325,000)</u>	<u>\$ 241,162</u>
Contributions (with donor restriction)	<u>\$ 1,670,000</u>	<u>\$ (756,284)</u>	<u>\$ 913,716</u>

### 10. Subsequent Events

On October 29, 2021, the Organization received full forgiveness of the second SBA loan as described in Note 5 in the amount of \$317,282 including any interest accrued.

The Organization evaluated subsequent events for recognition and disclosure through February 7, 2022, the date which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2021 that require recognition or disclosure in these financial statements.