

BRIDGES ACADEMY
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025
(WITH SUMMARIZED COMPARATIVE INFORMATION
FOR YEAR ENDED JUNE 30, 2024)



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAAconnect.com

**BRIDGES ACADEMY
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2025**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	4
STATEMENT OF ACTIVITIES	5
STATEMENT OF FUNCTIONAL EXPENSES	6
STATEMENT OF CASH FLOWS	7
NOTES TO FINANCIAL STATEMENTS	8



INDEPENDENT AUDITORS' REPORT

Board of Trustees
Bridges Academy
Studio City, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Bridges Academy which comprise the statement of financial position as of June 30, 2025, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Bridges Academy as of June 30, 2025, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Bridges Academy and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Bridges Academy's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

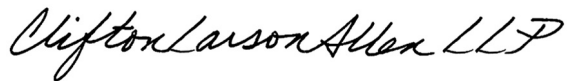
In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Bridges Academy's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Bridges Academy's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

The June 30, 2024, summarized comparative information has been derived from Bridges Academy's consolidated financial statements and in our report dated June 10, 2025, we expressed an unmodified opinion on those consolidated financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent in all material respects, with the audited consolidated financial statements from which it has been derived.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Irvine, California
February 26, 2026

BRIDGES ACADEMY
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2025
(WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2024)

	<u>2025</u>	<u>2024</u>
ASSETS		
Cash and Cash Equivalents	\$ 2,283,792	\$ 1,384,941
Accounts Receivable, Net of Allowance for Credit Losses of \$185,179 for 2025 and \$181,438 for 2024	3,232,130	440,910
Investments, at Fair Value	-	1,062,449
Prepaid Expenses and Other Assets	42,040	145,109
Notes Receivable from Trustee	20,906	22,906
Property and Equipment, Net	10,987,641	11,159,482
Operating Right-of-Use Asset	-	410,198
Finance Right-of-Use Asset	60,476	44,041
	<u> </u>	<u> </u>
Total Assets	<u>\$ 16,626,985</u>	<u>\$ 14,670,036</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 46,791	\$ 66,796
Accrued Salaries and Expenses	680,894	443,417
Deferred Revenue	5,963,051	3,256,633
Debt, Net of Debt Issuance Costs of \$79,685 for 2025 and \$106,202 for 2024	10,883,331	11,032,334
Operating Lease Liability	-	410,198
Finance Lease Liability	62,956	45,241
	<u> </u>	<u> </u>
Total Liabilities	17,637,023	15,254,619
NET ASSETS (DEFICIT)		
Without Donor Restrictions		
Undesignated Deficit	(1,128,952)	(1,775,948)
Investment in Property and Equipment	104,310	127,148
Total Net Assets Without Donor Restrictions	<u>(1,024,642)</u>	<u>(1,648,800)</u>
With Donor Restrictions	14,604	1,064,217
Total Net Assets (Deficit)	<u>(1,010,038)</u>	<u>(584,583)</u>
	<u> </u>	<u> </u>
Total Liabilities and Net Assets	<u>\$ 16,626,985</u>	<u>\$ 14,670,036</u>

See accompanying Notes to Financial Statements.

BRIDGES ACADEMY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025
(WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2024)

	Without Donor Restrictions	With Donor Restrictions	2025 Total	2024 Total
OPERATING REVENUES				
Educational and General Revenues				
Tuition and Fees, Net of Financial Aid of \$953,752	\$ 9,100,381	\$ -	\$ 9,100,381	\$ 10,381,829
Contributions	224,745	300,464	525,209	764,211
Auxiliary Income	-	-	-	29,150
Rental and Other Income	165,366	-	165,366	709,688
Fundraising Activities, Net	69,544	-	69,544	64,924
Graduate School Income	32,000	-	32,000	48,035
	<u>9,592,036</u>	<u>300,464</u>	<u>9,892,500</u>	<u>11,997,837</u>
Total Educational and General Revenues	9,592,036	300,464	9,892,500	11,997,837
Net Assets Released from Restrictions	<u>287,628</u>	<u>(287,628)</u>	<u>-</u>	<u>-</u>
Total Operating Revenues	<u>9,879,664</u>	<u>12,836</u>	<u>9,892,500</u>	<u>11,997,837</u>
OPERATING EXPENSES				
Educational and General Expenses				
Program	7,541,664	-	7,541,664	10,157,470
Management and General	<u>1,322,883</u>	<u>-</u>	<u>1,322,883</u>	<u>1,623,201</u>
Total Educational and General Expenses	8,864,547	-	8,864,547	11,780,671
Fundraising	<u>315,059</u>	<u>-</u>	<u>315,059</u>	<u>429,237</u>
Total Operating Expenses	<u>9,179,606</u>	<u>-</u>	<u>9,179,606</u>	<u>12,209,908</u>
Net Operating Results	<u>700,058</u>	<u>12,836</u>	<u>712,894</u>	<u>(212,071)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment Income	566	-	566	86,641
Net Assets Released for Transfer	1,062,449	(1,062,449)	-	-
Transfer of Endowment from Deconsolidation	(1,062,449)	-	(1,062,449)	-
Loss from Deconsolidation	<u>(76,466)</u>	<u>-</u>	<u>(76,466)</u>	<u>-</u>
Change in Net Assets from Nonoperating Revenues (Expenses)	<u>(75,900)</u>	<u>(1,062,449)</u>	<u>(1,138,349)</u>	<u>86,641</u>
CHANGE IN NET ASSETS	<u>624,158</u>	<u>(1,049,613)</u>	<u>(425,455)</u>	<u>(125,430)</u>
Net Assets (Deficit) - Beginning of Year	<u>(1,648,800)</u>	<u>1,064,217</u>	<u>(584,583)</u>	<u>(459,153)</u>
NET ASSETS (DEFICIT) - END OF YEAR	<u><u>\$ (1,024,642)</u></u>	<u><u>\$ 14,604</u></u>	<u><u>\$ (1,010,038)</u></u>	<u><u>\$ (584,583)</u></u>

See accompanying Notes to Financial Statements.

BRIDGES ACADEMY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2025
(WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2024)

	Program	Management and General	Fundraising	2025 Total	2024 Total
Salaries and Wages	\$ 4,848,195	\$ 715,241	\$ 199,991	\$ 5,763,427	7,732,132
Employee Benefits	574,342	84,731	23,692	682,765	831,775
Payroll Taxes	370,450	54,651	15,281	440,382	633,738
Building and Grounds	262,751	38,762	10,839	312,352	610,444
Interest	360,923	53,246	14,888	429,057	433,354
Retirement	202,651	29,897	8,359	240,907	305,195
Miscellaneous	39,213	5,785	1,618	46,616	446,792
Depreciation and Amortization	147,957	21,828	6,103	175,888	208,035
Curriculum	197,366	-	-	197,366	197,421
Summer School	-	-	-	-	146,185
Security	33,820	4,989	1,395	40,204	128,883
Utilities	79,663	11,753	3,286	94,702	109,808
Insurance	97,945	14,450	4,040	116,435	97,145
Accounting	-	239,399	-	239,399	55,931
Telephone/ Internet	51,651	7,620	2,131	61,402	49,656
Bank Charges	21,144	3,119	872	25,135	42,423
Payroll Processing Fees	14,077	2,077	580	16,734	38,058
Meals and Entertainment	26,661	3,933	1,100	31,694	35,406
Custodial Services	-	-	-	-	27,318
Office Equipment Lease	8,096	1,194	334	9,624	23,897
Legal	10,642	1,570	439	12,651	21,842
Professional Development	33,080	4,880	1,365	39,325	20,400
Fire Life Safety	23,691	3,495	977	28,163	14,391
Board	2,283	337	94	2,714	14,346
Professional Memberships	18,983	2,801	783	22,567	14,300
Office Supplies	5,200	767	215	6,182	12,695
Marketing	16,359	2,413	675	19,447	8,122
Taxes-Property	6,462	953	267	7,682	7,605
Printing	5,379	794	222	6,395	6,933
Postage and Shipping	804	119	33	956	5,932
Fundraising Expense	-	-	12,102	12,102	2,664
Conferences	2,733	403	113	3,249	2,009
Recruitment	3,091	456	128	3,675	538
Reserve for Bad Debts	76,052	11,220	3,137	90,409	-
Total Expenses by Function	7,541,664	1,322,883	315,059	9,179,606	12,285,373
Fundraising Expenses Netted Against Fundraising Revenue	-	-	-	-	(75,465)
Total Expenses	<u>\$ 7,541,664</u>	<u>\$ 1,322,883</u>	<u>\$ 315,059</u>	<u>\$ 9,179,606</u>	<u>12,209,908</u>

See accompanying Notes to Financial Statements.

BRIDGES ACADEMY
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2025
(WITH SUMMARIZED COMPARATIVE TOTALS FOR JUNE 30, 2024)

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (425,455)	\$ (125,430)
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided (Used) by Operating Activities:		
Noncash Contribution Expense (Transfer of Investments)	1,062,449	-
Loss from Deconsolidation	76,466	-
Investment (Gain) Loss	-	5,323
Depreciation and Amortization	148,094	208,035
Interest Expense from Amortization of Debt Issuance Costs	30,712	-
Amortization of Right-of-Use Assets	27,794	31,147
Credit Loss Expense	22,110	67,224
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(2,828,032)	(303,469)
Receivable from Graduate School	-	3,685
Prepaid Expenses and Other Assets	103,069	48,670
Notes Receivable	-	2,000
Notes Receivable from Trustee	2,000	19,331
Accounts Payable	(20,005)	(59,234)
Accrued Salaries and Expenses	237,477	(13,687)
Deferred Revenue	<u>2,706,418</u>	<u>(1,273,445)</u>
Net Cash Provided (Used) by Operating Activities	1,143,097	(1,389,850)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	-	(37,204)
Purchases of Property and Equipment	<u>(36,886)</u>	<u>(282,915)</u>
Net Cash Used by Investing Activities	(36,886)	(320,119)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Note Payable	-	11,800
Principal Payments on Note Payable	(175,426)	(3,825)
Payments on Financing Leases	<u>(31,934)</u>	<u>(30,917)</u>
Net Cash Used by Financing Activities	<u>(207,360)</u>	<u>(22,942)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	898,851	(1,732,911)
Cash and Cash Equivalents - Beginning of Year	<u>1,384,941</u>	<u>3,117,852</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,283,792</u>	<u>\$ 1,384,941</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest for the Year	<u>\$ 398,345</u>	<u>\$ 433,354</u>

See accompanying Notes to Financial Statements.

BRIDGES ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 ORGANIZATION

The financial statements consist of the accounts of Bridges Academy (the School). Bridges Academy Seattle, LLC is Bridges Academy's wholly owned subsidiary. The LLC was formed during April 2021 under the laws of the state of Delaware for the purpose of acquiring, operating, and transferring properties on behalf of the School.

In September 2022, the School formed Bridges Academy Endowment LLC, a single-member LLC, which was organized to operate an endowment fund. The endowment was established to fund scholarships and other tuition assistance with tuition, fees, and expenses for students attending Bridges Academy; wraparound educational supports; faculty positions; infrastructure and/or capital projects; or other Bridges programs.

Effective July 1, 2024, Bridges Academy Seattle ceased operations. In connection with the cessation of operations, substantially all related assets, including the assets of Bridges Academy Endowment LLC, were transferred to an unrelated nonprofit school, Amber Academy, which assumed operations of the campus and the existing lease with the landlord.

Bridges Academy is a college preparatory school for grades 4-12, with an enrollment of approximately 165 students with a campus located in Studio City, California and an online campus. The School empowers its students to thrive academically and socially through small classes and differentiated instruction, creating an environment in which gifts are recognized and developed and learning differences and disabilities are accepted. Many students come to Bridges Academy defined by their challenges, but graduate defined by their strengths and talents.

The School is dedicated to understanding and educating gifted and highly gifted students with learning differences (twice-exceptional or 2e students) and to fostering a successful academic and social experience for students and the broader community through the work of two divisions: Bridges Academy and The Center for Twice-Exceptional Research and Professional Development (The 2e Center).

The Center for Twice-Exceptional Research and Professional Development educates and supports educators and the broader community in the identification, understanding, and education of twice-exceptional students. By seeking out and developing best practices through research, curriculum development, outreach, and teacher training, the 2e Center allows development and sharing of knowledge to benefit this underserved population.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

BRIDGES ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Comparative Financial Information

The accompanying financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with our audited financial statements for the year ended June 30, 2024, from which the summarized information was derived.

Cash and Cash Equivalents

Cash and cash equivalents include all funds in banks and highly liquid investments in other financial institutions, with initial maturity of three months or less.

Investments

Investments consisting of debt and equity securities traded on a national exchange are stated at fair market value.

Accounts Receivable and Allowance for Credit Losses

The School records accounts receivable for tuition contracts. An allowance for credit losses related to receivables is established based upon historical collection rates by age of receivable and adjusted for reasonable expectations of future collection performance, net of estimated recoveries. The School periodically assesses its methodologies for estimating credit losses in consideration of actual experience, trends, and changes in the overall economic environment.

Property and Equipment

Property and equipment are stated at cost, if purchased, or, if donated, at their fair market value at the date of donation. Items with a cost of \$500 or greater are capitalized. Depreciation is computed on the straight-line method over the following useful lives:

Buildings and Improvements	30 Years
Computers	5 Years
Furniture and Equipment	3 to 7 Years

Debt Issuance Costs

Debt issuance costs are amortized over the period the related obligation is outstanding using the effective interest method. Debt issuance costs are included within long-term debt in the consolidated statements of financial position. Amortization of debt issuance costs is included in interest expense in the accompanying financial statements

BRIDGES ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue and Revenue Recognition

Revenues is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively.

Tuition and Fees

Tuition and fee revenue is recognized ratably in the fiscal year as students receive educational services over the academic term. Financial aid awarded to students reduce the amount of revenue recognized. Refunds issued reduce the amount of revenue recognized. The School serves approximately 240 students who reside in California and Seattle. Student tuition and fees received in advance of services to be rendered are recorded as deferred tuition and fees.

The School also provides auxiliary services, such as summer school and online courses. Revenue from these services is recognized ratably in the fiscal year in which the goods and services are provided.

Contributions and Promises to Give

The School accounts for contributions in accordance with U.S. GAAP. Contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor limitations on the use of the support. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as Net Assets Released from Restrictions.

The School recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. There are no conditional promises to give at June 30, 2025.

Contract Liabilities

Enrollment agreements are uniform and stipulate that on June 30 students receive no refunds or deductions for the upcoming academic year and are required to pay the full annual tuition, which begins in August, regardless of whether a student withdraws or is dismissed. Therefore, on June 30, 2025, the School's right to consideration is unconditional.

Tuition and fees, net of financial aid, for contracts executed on or before June 30, 2025 for the 2025-2026 academic term are approximately \$6,012,000 in aggregate. Of this amount, approximately \$516,000 of credits were applied and \$2,577,000 of payments were collected prior to June 30, 2025. The remaining \$2,919,000 represents accounts receivable and deferred revenue (contract liability) at June 30, 2025, which is presented in the statement of financial position.

BRIDGES ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contract Liabilities (Continued)

The balance of deferred revenue at June 30, 2025, will be recognized as revenue over the academic term as services are rendered. The School applies the practical expedient in paragraph 606-10-50-14 of the Accounting Standards Codification and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

Receivables from contracts with customers are reported as accounts receivable, net in the accompanying statement of financial position. Contract liabilities are reported as deferred revenue in the accompanying statement of financial position. The beginning and ending balances for accounts receivable and deferred revenue were as follows:

	<u>July 1, 2024</u>	<u>June 30, 2025</u>
Accounts Receivable, Net of Allowance for Credit Losses	\$ 440,910	\$ 3,232,130
Contract Liabilities	3,256,633	5,963,051

Leases

The School determines if an arrangement is a lease at inception. Operating leases are included in Operating Right-of-Use (ROU) Assets and Operating Lease Liability, and finance leases are included in Financing Right-of-Use Assets and Finance Lease Liability in the statement of financial position.

ROU assets represent the School's right to use an underlying asset for the lease term and lease liabilities represent The School's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the School will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The School has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or ROU assets on the statement of financial position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, Bridges Academy has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of all lease liabilities.

The School has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

BRIDGES ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

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 reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Operating Measurement

The School divides its statement of activities into operating and nonoperating activities. Operating activities include all income and expenses related to carrying out the School's educational mission, including net assets released from donor restrictions to support operating expenditures. Nonoperating activities include investment income, net assets released from donor restrictions to support nonoperating expenditures, as well as other expenses and losses from events outside normal, recurring operations.

Functional Expense Allocation Methodology

The cost allocation methods used to allocate the School's expenses to the appropriate functional classification as program services, management and general, and fundraising are properly supported by the School's books and records. The cost allocation methods used are rational, systematic, and consistently applied using factors such as direct expenses, estimates of time, and estimates of square footage.

BRIDGES ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Credit Concentration

Financial instruments that potentially subject the School to concentration of credit risk are cash and equivalents and receivables. The School maintains its cash in bank deposit and money market accounts with recognized financial institutions which, at times, may exceed insured limits provided by the Federal Deposit Insurance Corporation. The School has not experienced any losses in such accounts. The School believes it is not exposed to any significant credit risk on its cash and cash equivalent accounts. Concentration of credit risk for student receivables is limited due to the contractual arrangement requirement that tuition be paid in advance or in installment plans. The School continually monitors its receivables and establishes valuation reserves as considered appropriate.

Income Taxes

The School has received favorable determination letters indicating it is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and California franchise taxes under Section 23701 of the California Revenue Taxation Code.

U.S. GAAP provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes all of the positions taken by the School are more likely than not to be sustained upon examination

Use of Estimates

The preparation of financial statements in conformity U.S. GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Reclassification

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The Reclassifications had no impact on previously reported net assets.

Subsequent Events

In preparing these financial statements, the School has evaluated events through February 26, 2026, the date the financial statements were available to be issued.

BRIDGES ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following:

Cash and Cash Equivalents	\$ 2,283,792
Accounts Receivable	3,232,130
Less: Net Assets with Donor Restrictions	<u>(14,604)</u>
Total	<u><u>\$ 5,501,318</u></u>

The School regularly monitors cash and liquidity to meet its operating needs. The School operates a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment are as follows as of June 30:

Land	\$ 8,047,743
Buildings and Improvements	4,388,054
Computers	314,194
Furniture and Equipment	<u>264,405</u>
Subtotal	13,014,396
Accumulated Depreciation	<u>(2,026,755)</u>
Total	<u><u>\$ 10,987,641</u></u>

NOTE 5 DEBT

Pacific Premier Bank Loan

In August 2021, the School refinanced an existing loan agreement with a new lender for \$11,000,000 at an interest rate of 3.875%. Current monthly payments of \$57,645 with one final principal and interest payment of \$8,971,407 on October 1, 2031. This loan agreement, is secured by the School's real property, and is subject to various financial and nonfinancial covenants, and prepayment penalties.

BRIDGES ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 5 DEBT (CONTINUED)

The following table summarizes the scheduled principal amounts due annually:

<u>Year Ending June 30,</u>	<u>Amount</u>
2026	\$ 271,286
2027	282,138
2028	292,329
2029	305,119
2030	317,324
Thereafter	<u>9,360,062</u>
Total	10,828,258
Less: Debt Issuance Cost	<u>(79,685)</u>
Net Amount	<u><u>\$ 10,748,573</u></u>

Economic Injury Disaster Loan

In June 2020, the School received an economic injury disaster loan (EIDL) from the U.S. Small Business Administration (SBA) in the amount of \$150,000. The loan bears interest at a fixed rate of 2.75% per annum, with the first 12 months of interest deferred, has a term of 30 years, and is secured and guaranteed by the SBA. Interest and principal payment of \$641 commenced in June 2021. The following table summarizes the scheduled payments due annually:

<u>Year Ending June 30,</u>	<u>Amount</u>
2026	\$ 3,652
2027	3,753
2028	3,858
2029	3,965
2030	4,076
Thereafter	<u>115,454</u>
Total	<u><u>\$ 134,758</u></u>

NOTE 6 RETIREMENT PLAN

The School sponsors a 403(b) defined contribution retirement plan available for all employees after one year of service. Upon meeting the eligibility requirements, employees may elect to contribute a percentage of their salary to the maximum permitted by law, while the School contributes an amount equal to 5% of the employees' salary. Employees are fully vested in all plan contributions. Plan contributions by the School for the year ended June 30, 2025 was \$240,907.

BRIDGES ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS

At June 30, 2025, the School had net assets with donor restrictions as follows:

Purpose Restrictions:

Science Lab	\$ 9,604
Website	<u>5,000</u>
Total Net Assets with Donor Restrictions	<u><u>\$ 14,604</u></u>

During the year ended June 30, 2025, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors, as follows:

Satisfaction of Purpose Restrictions:

Field	\$ 15,000
CEO Salary	223,015
Curriculum Support Stipend	13,400
Middle School Programs	21,684
Walk-A-Palooza	580
Equipment	5,577
Tribute Picnic Tables	844
Set It Up!	<u>7,528</u>
Total	287,628

Endowment Transferred:

Seattle Campus Endowment	<u>1,062,449</u>
--------------------------	------------------

Total Net Assets Released from Restrictions	<u><u>\$ 1,350,077</u></u>
---	-------------------------------

NOTE 8 LEASES

The School leases certain office equipment for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through June 2028.

BRIDGES ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 8 LEASES (CONTINUED)

The following tables provide quantitative information concerning Bridges Academy's leases for the year ended June 30, 2025:

Finance Lease Cost:	
Amortization of Right-of-Use Assets	\$ 27,794
Interest on Lease Liabilities	6,339
Operating Lease Cost	-
Total Lease Cost	<u>\$ 34,133</u>

Other Information

Cash Paid for Amounts Included in the

Measurement of Lease Liabilities:

Operating Cash Flows from Finance Leases	\$ 2,926
Operating Cash Flows from Operating Leases	\$ -
Financing Cash Flows from Finance Leases	\$ 19,728
Right-of-Use Assets Obtained in Exchange for New Finance Lease Liabilities	\$ -
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	\$ -
Weighted-Average Remaining Lease Term - Finance Leases	3.0 Years
Weighted-Average Remaining Lease Term - Operating Leases	N/A
Weighted-Average Discount Rate - Finance Leases	4.08%
Weighted-Average Discount Rate - Operating Leases	N/A

A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2025 is as follows:

<u>Year Ending June 30,</u>	<u>Finance</u>
2026	\$ 22,654
2027	22,654
2028	21,420
2029	-
2030	-
Thereafter	-
Undiscounted Cash Flows	<u>66,728</u>
(Less) Imputed Interest	<u>(3,772)</u>
Total Present Value	<u>\$ 62,956</u>
Short-Term Lease Liabilities	\$ (20,543)
Long-Term Lease Liabilities	<u>(42,413)</u>
Total	<u>\$ (62,956)</u>

BRIDGES ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 9 RELATED PARTY TRANSACTIONS

Management Services

The School entered into a management services agreement with Bridges Graduate School of Cognitive Diversity in Education (the Graduate School), a related party. The agreement provides the Graduate School with management services, access to various School resources and instruction personnel for a monthly service fee of \$4,000. The agreement was terminated in February 2025.

Note Receivable

The School has an outstanding note receivable with a trustee. During the year ended June 30, 2025, the balance on the note receivable was \$20,906. Payments are being made regularly, and the balance is due upon demand.

NOTE 10 DECONSOLIDATION RELATED TO SEATTLE CAMPUS CLOSURE

During the year ended June 30, 2025, the School deconsolidated the Seattle campus operations as a result of the cessation of campus operations. The Seattle campus had previously been included in the School's consolidated financial statements but ceased operating during the year.

In connection with the campus closure, the School assigned its existing facilities lease and transferred an endowment with a carrying value of approximately \$1,062,449 to an unrelated nonprofit school that assumed responsibility for continuing educational operations at the Seattle location. This amount is included in the statement of activities.

The Seattle campus operations were not material to the School's financial statements, and the closure did not represent a strategic shift or have a major effect on the School's overall operations or financial results. Accordingly, the results of the Seattle campus are included within continuing operations and discontinued-operations presentation and disclosure are not required.

As a result of the deconsolidation, the School derecognized the assets and liabilities associated with the Seattle campus, and recognized a loss of \$76,466, which is included in the statement of activities.

The deconsolidation of the Seattle campus represents a nonrecurring transaction related to the cessation of operations at that location. Management does not expect similar transactions to recur in future periods.

