Annual Financial Report with Independent Auditor's Reports
June 30, 2021 and 2020

San Jose Conservation Corps

(A California Nonprofit Public Benefit Corporation)

EideBailly®

Independent Auditor's Report

Board of Directors
San Jose Conservation Corps
San Jose, California

Report on the Financial Statements
We have audited the accompanying financial statements of San Jose Conservation Corps (the Organization) (a California Nonprofit Public Benefit Corporation), which comprise the statement of financial position as of June 30, 2021 and 2020 and the related statement of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization, as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information as listed on the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

The accompanying supplementary information is the responsibility of management, and was derived from, and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other accompanying supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2021, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Eide Bailly LLP

Menlo Park, California
December 15, 2021

Assets	2021	2020
Current assets		
Unrestricted cash and cash equivalents		
Corps	$ 2,026,650	$ 1,111,908
Charter school	619,835	137,940
Accounts receivable	3,310,247	1,610,368
Prepaid expenses and other current assets	202,968	251,908
Total current assets	6,159,700	3,112,124
Non-current assets		
Construction in progress	159,108	317,215
Property and equipment, net	13,472,247	12,989,564
Total non-current assets	13,631,355	13,306,779
Total assets	$ 19,791,055	$ 16,418,903
Liabilities		
Current liabilities		
Accounts payable	$ 1,709,267	$ 756,315
Refundable advances	516,773	320,393
Current portion of notes payable	2,031,000	68,263
Accrued vacation	224,167	133,919
Refundable advance - Paycheck Protection Program (PPP)	-	915,510
Total current liabilities	4,481,207	2,194,400
Long-term liabilities		
Notes payable, less current portion	-	2,029,527
SBA Economic Injury Disaster Loan	150,000	150,000
Deferred revenue, less current portion	-	50,000
Total long-term liabilities	150,000	2,229,527
Total liabilities	4,631,207	4,423,927
Net Assets		
Without donor restrictions	$ 15,132,487	$ 11,977,735
With donor restrictions	27,361	17,241
Total net assets	15,159,848	11,994,976
Total liabilities and net assets	$ 19,791,055	$ 16,418,903

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues			
Government grant income	$ 17,422,669	$ -	$ 17,422,669
General and program revenues - charter school	1,729,358	841,381	2,570,739
Technology reimbursement income	12,096	-	12,096
Contributions	104,638	10,120	114,758
Donated rent	88,431	-	88,431
Donated food	97,356	-	97,356
Interest income	1,023	-	1,023
Rental income	372,362	-	372,362
Miscellaneous	4,815	-	4,815
Net assets released from restrictions	841,381	(841,381)	-
Total support and revenues	20,674,129	10,120	20,684,249
Expenses			
Program services			
Corpsmember training	13,139,856	-	13,139,856
Charter school	2,422,909	-	2,422,909
Total program services	15,562,765	-	15,562,765
Management and general	1,758,765	-	1,758,765
Fundraising and development	197,847	-	197,847
Total expenses	17,519,377	-	17,519,377
Change in Net Assets	3,154,752	10,120	3,164,872
Net Assets, Beginning of Year	11,977,735	17,241	11,994,976
Net Assets, End of Year	$ 15,132,487	$ 27,361	$ 15,159,848

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues			
Government grant income	$ 6,749,455	$ -	$ 6,749,455
General and program revenues - charter school	1,731,542	379,854	2,111,396
Technology reimbursement income	26,432	-	26,432
Contributions	147,422	128,240	275,662
Donated rent	88,431	-	88,431
Donated food	68,394	-	68,394
Interest income	535	-	535
Rental income	298,104	-	298,104
Miscellaneous	3,201	-	3,201
Net assets released from restrictions	533,964	(533,964)	-
Total support and revenues	9,647,480	(25,870)	9,621,610
Expenses			
Program services			
Corpsmember training	5,907,988	-	5,907,988
Charter school	1,925,409	-	1,925,409
Total program services	7,833,397	-	7,833,397
Management and general	1,146,531	-	1,146,531
Fundraising and development	81,917	-	81,917
Total expenses	9,061,845	-	9,061,845
Change in Net Assets	585,635	(25,870)	559,765
Net Assets, Beginning of Year	11,392,100	43,111	11,435,211
Net Assets, End of Year	$ 11,977,735	$ 17,241	$ 11,994,976

	Program Services					
	Corpsmember Training	Charter School	Total Program Expenses	Management and General	Fundraising and Development	Total Expenses
Personnel costs	$ 8,668,357	$ 1,410,061	$ 10,078,418	$ 915,627	$ 107,236	$ 11,101,281
Education and training	143,234	191,378	334,612	9,014	782	344,408
Professional services	1,867,995	465,866	2,333,861	190,836	31,512	2,556,209
Audit and accounting services	9,798	17,812	27,610	99,039	-	126,649
Office and other	38,499	10,745	49,244	56,066	50,703	156,013
Insurance	100	13,913	14,013	79,376	-	93,389
Equipment and related	107,290	-	107,290	17,548	834	125,672
Vehicle	349,235	-	349,235	7,651	70	356,956
Travel	87,059	1,914	88,973	7,676	2,874	99,523
Occupancy/facilities	314,918	104,770	419,688	235,633	8	655,329
Donated rent	20,359	62,384	82,743	5,688	-	88,431
Donated food	97,356	-	97,356	-	-	97,356
Marketing and comunication	27,562	-	27,562	13,511	402	41,475
Field expenses	531,796	-	531,796	10,752	-	542,548
Interest	88,357	-	88,357	5,980	-	94,337
Loan closing costs amortization	114,303	-	114,303	-	-	114,303
Loss from uncollectable receivable	6,603	-	6,603	-	-	6,603
Communication and IT	201,675	27,773	229,448	81,221	3,409	314,078
Depreciation	465,360	116,294	581,654	23,147	17	604,818
Total functional expenses	$ 13,139,856	$ 2,422,910	$ 15,562,766	$ 1,758,765	$ 197,847	$ 17,519,378

	Program Services					
	Corpsmember Training	Charter School	Total Program Expenses	Management and General	Fundraising and Development	Total Expenses
Personnel costs	$ 3,792,846	$ 1,241,850	$ 5,034,696	$ 582,561	$ -	$ 5,617,257
Education and training	79,142	37,267	116,409	9,165	-	125,574
Professional services	208,911	246,869	455,780	57,515	66,064	579,359
Audit and accounting services	3,196	13,216	16,412	49,010	-	65,422
Office and other	30,809	12,077	42,886	64,535	9,552	116,973
Insurance	100	17,726	17,826	51,992	-	69,818
Equipment and related	57,981	71	58,052	10,741	-	68,793
Vehicle	298,397	-	298,397	8,109	86	306,592
Travel	43,223	7,907	51,130	6,339	4,477	61,946
Occupancy / Facilities	127,758	151,868	279,626	201,530	19	481,175
Donated rent	41,359	62,384	103,743	5,688	-	109,431
Donated food	68,394	-	68,394	-	-	68,394
Marketing and comunication	2,625	-	2,625	403	99	3,127
Field expenses	602,805	-	602,805	10,373	-	613,178
Interest	88,415	-	88,415	9,145	-	97,560
Loan closing costs amortization	-	-	-	572	-	572
Loss from uncollectable receivable	11,972	-	11,972	-	500	12,472
Communication and IT	103,705	33,922	137,627	45,941	1,106	184,674
Depreciation	346,350	100,252	446,602	32,912	14	479,528
Total functional expenses	$ 5,907,988	$ 1,925,409	$ 7,833,397	$ 1,146,531	$ 81,917	$ 9,061,845

	2021	2020
Operating Activities		
Change in net assets	$ 3,164,872	$ 559,765
Adjustments to reconcile change in net assets		
to net cash from (used for) operating activities		
Depreciation expense	604,817	479,528
Paycheck Protection Program		
Loan Forgiveness	(915,510)	-
Changes in operating assets and liabilities		
Accounts receivable	(1,699,879)	(624,406)
Prepaid expenses	48,940	(66,199)
Accounts payable	952,952	27,501
Refundable advance	146,380	339,893
Refundable advance - Paycheck Protection Program	-	915,510
Line of credit	-	(150,980)
Accrued vacation	90,248	6,130
Net Cash from Operating Activities	2,392,820	1,486,742
Investing Activities		
Acquisition and construction of capital assets	(929,393)	(799,590)
Financing Activities		
Principal payments on notes	(66,790)	(63,568)
Borrowings under SBA Economic Disaster Loan	-	150,000
Net Cash from Financing Activities	(66,790)	86,432
Net Change in Cash, and Cash Equivalents	1,396,637	773,584
Cash, and Cash Equivalents, Beginning of Year	1,249,848	476,264
Cash, and Cash Equivalents, End of Year	$ 2,646,485	$ 1,249,848

Note 1 - Summary of Significant Accounting Policies

The San Jose Conservation Corps (the "Organization") was incorporated in May 1987 as an independent nonprofit organization formed to provide disadvantaged young men and women (mostly "people of color") with the academic education, hands-on learning, and development of basic skills such as leadership communication, computer literacy, and employment training needed to enter and succeed in the Silicon Valley skilled workforce. The Organization offers secondary education courses through its on-site charter high school, and vocational education and job training through its Projects and Recycling Departments. Another program, Youth Build San Jose, combines the mandatory academics with paid on-site job training in the high demand and high wage construction trades. The Organization's mission is to provide youth with a quality high school education and teach valuable work and life skills that empower them to become responsible, productive, and caring citizens.

The Organization operates the San Jose Conservation Corps Charter School (the "Charter School"), which was established on July 1, 2002, to provide vocational training as well as academic hands-on learning. The Charter School is a division of San Jose Conservation Corps. The governing board of the Charter School is also the governing board of the Organization.

The Charter School derives its separate income primarily from state Block Grants (attendance and categorical programs), other federal and foundation grants, as well as from independent donor contributions.

Oversight, beyond the internal review by the Charter School Board of Directors, is under the auspices of the local sponsoring education entity, East Side Union High School District (District). The Charter School is financially independent of the District. Reports are also made to the Santa Clara County Office of Education and the California Department of Education. Individual grants also have reporting requirements.

Accounting Principles

The accounting policies of the Organization conform to accounting principles generally accepted in the United States of America, as prescribed by the Financial Accounting Standards Board, which require the use of the accrual method of accounting. Under the accrual method of accounting, revenue is recognized when earned and expenses are recognized in the period incurred.

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 restrictions.

Net Assets with Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets with donor restrictions if they 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 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.

Revenue Recognition and Donated Rent

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. The Organization received cost-reimbursable grants that have not been recognized at June 30, 2021 and 2020 because qualifying expenditures have not yet been incurred, with an advance payment recognized in the statement of financial position as a refundable advance in the amount of $516,773 and $320,393 for 2021 and 2020 . Contributions of goods are recorded at fair value. Contributions of services are recorded at fair value as revenue at the time the service is rendered when specialized skills are required and when the Organization would otherwise purchase the services. No amounts have been reflected in the accompanying financial statements for contributed goods or services during the year being reported because items did not meet the definition above. Contributions with donor restrictions received are recorded as increases in net assets with donor restrictions. Net assets with donor restrictions received are recognized as revenue without donor restrictions when the terms of the restrictions are met, which may be in the same period if the revenue is received and the restriction satisfied during the same period. All contributions are considered to be available for use without donor restrictions unless specifically restricted by the donor.

The Organization entered into an agreement to lease their center office with the City of San Jose. The lease is for a 30-year period, retroactive to March 15, 2000, and requires monthly rental payments of $1, which is significantly less than fair value. The Organization intends to expand their office facility which, during the life of the lease, should significantly impact the value of the property. For the fiscal year ended June 30, 2021, the City of San Jose has determined the fair value of the donated rent to be $88,431.

The Organization was granted a $915,510 loan under the PPP administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The Organization has elected to account for the funding as a conditional contribution by applying ASC 958-605, *Not for-Profit – Revenue Recognition*. The Organization initially recorded the loan as a refundable advance and subsequently recognized contribution revenue in accordance with guidance for conditional contributions, that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed.

Donated Services and Items

A substantial number of individuals have donated significant amounts of time and inventory to the Organization's programs and supporting functions. However, these services do not meet the criteria for recognition in accordance with accounting principles generally accepted in the United States and, therefore, are not recorded in the consolidated financial statements.

Functional Allocation of Expenses

The financial statements report categories of expenses that are attributed to program service activities or supporting services activities. The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on management's estimates. The expenses that are allocated include occupancy, depreciation, and amortization, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of estimates of time and effort.

Concentrations of Credit Risk

Financial instruments which potentially subject the Organization to concentrations of credit risk include cash and investments. The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits as guaranteed by the Federal Depository Insurance Corporation (FDIC).

The carrying amount of the Organization's total cash was $2,646,485 at June 30, 2021. Cash balances held in banks are insured up to $250,000 by the Federal Depository Insurance Corporation (FDIC). The bank balance, before reconciling items, was $2,645,431 on June 30, 2021, of which $2,049,896 was in excess of FDIC insured limits. Management believes the Organization is not exposed to any significant risk related to cash.

The carrying amount of the Organization's total cash was $1,249,848 at June 30, 2020. The bank balance, before reconciling items, was $1,220,257 on June 30, 2020, of which $725,201was in excess of FDIC insured limits. Management believes the Organization is not exposed to any significant risk related to cash.

Cash and Cash Equivalents

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and investments so near their maturity that the risk of changes in value due to changes in interest rates is negligible. For financial statement purposes, the Organization considers investments with maturity of three months or less on the date of purchase to be cash equivalents. Funds with use restrictions are not included as cash, regardless of their liquidity.

Restricted Cash

Restricted cash represents contributions received with donor-imposed restrictions that have not been fulfilled at year-end and those amounted to $0 and $0 at June 30, 2021 and 2020, respectively.

Investments and Fair Value Measurements

In accordance with FASB ASC 820-10, the Corps has characterized its investments in securities, based on the priority of the inputs used to value the investments, into a three-level fair value hierarchy. If the inputs used to measure the investments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the investment. The Organization has $23,753 investments as of June 30, 2021 and $13,894 investments as of June 30, 2020. The investment is valued using level one inputs as of June 30, 2021 and June 30, 2020.

Accounts Receivable

Management has elected to record bad debts using the direct write-off method. Accounting principles generally accepted in the United States of America require that the allowance method be used to reflect bad debts. However, the effect of the use of the direct write-off method is not materially different from the result that would have been obtained had the allowance method been followed.

Property, Equipment, and Improvements

Property and equipment are stated at cost of acquisition or construction, or fair value if donated. The costs of maintenance and repairs are charged to expense as incurred. Costs of improvement or betterment that increase the value of the property or extend its useful life are capitalized. Depreciation is computed based on the straight-line method over the estimated useful lives of the assets, except leasehold improvements. Leasehold improvements are stated at cost and are amortized over the shorter of the life of the asset or the terms of the underlying leases.

The useful lives of the assets are estimated as follows:

Buildings and site improvements	5 to 40 years
Leasehold improvements	10 to 40 years
Vehicles	2 to 5 years
Furniture and equipment	2 to 7 years

Construction in Progress

Construction in progress is stated at cost and generally consists of governmental fees, consulting and professional fees as well as construction costs. These costs are recorded as construction in progress and are not depreciated until the property is placed in service.

Income Tax Status

The Organization is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code and classified by the Internal Revenue service as other than a private foundation. It is also exempt from state franchise and income taxes under Section 23701 (d) of the California Revenue and Taxation Code. Accordingly, no provision for income taxes has been reflected in these financial statements. The Organization's Federal Form 990, Return of Organization Exempt From Income Tax, and State Form 109, California Exempt Organization Business Income Tax Return, are subject to examination by the IRS for three years, and by the State Franchise Tax Board for four years, after they were filed. The Organization is not aware of any such examinations at this time.

The Organization has adopted FASB ASC Topic 740 that clarifies the accounting for uncertainty in tax positions taken or expected to be taken on a tax return and provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if, based on its merits, the position is more likely than not to be sustained on audit by the taxing authorities. Management believes that all tax positions taken to date are highly certain, and, accordingly, no accounting adjustment has been made to the financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates and differences could be material.

Change in Accounting Policies

As of July 1, 2020 the Organization adopted Accounting Standards Update (ASU) No. 2014-09 - *Revenue from Contracts with Customers (Topic 606), as amended*, which provides a comprehensive revenue recognition model for all contracts with customers. The guidance provides a principles-based approach for determining revenue recognition and supersedes all existing guidance. The core principal of Topic 606 is that an entity will recognize revenue to depict the transfer of goods and services to customers in amounts that reflect the consideration (payment) to which the entity expects to be entitled in exchange for those goods or services. The Organization applied the standard on the modified retrospective basis. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no change to net assets was required. The presentation and disclosures of revenue have been enhanced in accordance with the standard’s requirements.

Recent Accounting Pronouncements

In February 2016, FASB issued Accounting Standards Update (ASU) 2016-02, Leases. ASU 2016-02 requires a lessee to recognize a lease asset representing its right to use the underlying asset for the lease term, and a lease liability for the payments to be made to lessor, on its statement of financial position for all operating leases greater than 12 months. Although the full impact of this update on the Organization's financial statements has not yet been determined, the future adoption of this guidance will require the Organization to record assets and liabilities on its statement of financial position relating to facility and other leases currently being accounted for as operating leases.

The ASU is effective for the Organization for the year ending on June 30, 2022. Management is evaluating the impact of the adoption of this standard.

Note 2 - Property and Equipment

Property and equipment consisted of the following as of June 30, 2021 and 2020:

	2021	2020
Land	$ 2,463,319	$ 2,463,319
Building improvements	899,844	866,772
Building	12,805,780	12,805,780
Vehicles	2,674,295	2,236,459
Tiny home trailer	823,539	351,813
Recycling and construction equipment	481,985	413,242
Computer equipment	57,860	56,060
Office and other equipment	549,067	474,744
Construction in progress	159,108	317,215
	20,914,797	19,985,404
Less accumulated depreciation	(7,283,442)	(6,678,625)
	$ 13,631,355	$ 13,306,779

Depreciation expense was $604,817 for the year ended June 30, 2021 and $479,529 for the year ended June 30, 2020.

Note 3 - Accounts Receivable

Contracts and grants receivable consisted of the following as of June 30, 2021:

	Corps	Charter	Total
Sources			
Federal government	$ 261,545	$ 103,113	$ 364,658
State government	712,506	31,899	744,405
Local government	2,062,858	77,378	2,140,236
Other local sources	60,948	-	60,948
Total Contracts and Grants Receivable	$ 3,097,857	$ 212,390	$ 3,310,247

Contracts and grants receivable consisted of the following as of June 30, 2020:

	Corps	Charter	Total
Sources			
Federal government	$ 127,060	$ 148,875	$ 275,935
State government	328,280	212,010	540,290
Local government	682,036	-	682,036
Other local sources	112,001	106	112,107
Total Contracts and Grants Receivable	$ 1,249,377	$ 360,991	$ 1,610,368

Note 4 - Notes Payable

On October 19, 2016, the Organization refinanced its Heritage Bank Note with a $2,400,000 loan from California Bank of Commerce. The balance of the Heritage Bank loan was $2,222,347. The new loan with California Bank of Commerce is a commercial real estate loan bearing interest at 4.5% over 5 years. The loan matures in 5 years with annual payments amortized over 5 years and a lump sum payment on the remaining balance at the end of the loan term. The balance in California Bank of Commerce was $2,031,000 as of June 30, 2021 and $2,097,790 as of June 30, 2020. The notes payable is secured by the buildings of the Organization.

The loan repayment schedule through the fiscal year ending June 30, 2022, is as follows:

Year Ending June 30,	Principal
2022	$ 2,031,000
	$ 2,031,000

Note 5 - SBA Economic Injury Disaster Loan

The Organization received a $150,000 Economic Injury Disaster Loan administered by a Small Business Administration (SBA) approved partner bearing interest at 2.75% over 30 years. The loan matures and amortizes with the annual payments over 30 years. The loan is collateralized with the buildings of the Organization.

The Loan repayment schedule through the fiscal year ending June 30, 2049, is as follows:

Year Ending June 30,	Principal
2022	$ 3,908
2023	3,713
2024	3,816
2025	3,922
2026	4,031
2027-2031	21,897
2032-2036	25,113
2037-2041	28,801
2042-2046	33,031
2047-2049	21,768
	$ 150,000

Note 6 - Liquidity and Availability

Financial assets available for general expenditure within one year of the statements of financial position date comprise the following:

	2021	2020
Cash and cash equivalents	$ 2,646,485	$ 1,249,848
Accounts receivable and other assets	3,310,247	1,610,368
	$ 5,956,732	$ 2,860,216

Note 7 - Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following programs, as of June 30, 2021 and 2020:

	2021			
Program	June 30, 2020	Contribution	Released from Restrictions	June 30, 2021
The Schmidt Family Foundation	$ 9,644	$ -	$ -	$ 9,644
Knight Foundation	-	10,120	-	10,120
Wells Fargo Foundation	7,597	-	-	7,597
Charter School	-	841,381	(841,381)	-
	$ 17,241	$ 851,501	$ (841,381)	$ 27,361

	2020			
Program	June 30, 2019	Contribution	Released from Restrictions	June 30, 2020
The Schmidt Family Foundation	$ -	$ 100,000	$ (90,356)	$ 9,644
Knight Foundation	-	10,000	(10,000)	-
Wells Fargo Foundation	-	18,240	(10,643)	7,597
Charter School	43,111	379,854	(422,965)	-
	$ 43,111	$ 508,094	$ (533,964)	$ 17,241

Note 8 - Charter School Segmented Information

The Charter School is an education program within the Corps and is a state sponsored entity for reporting purposes. As such, separate charter school financial statements are prepared and submitted to the California Department of Education and the State Controller's Office each year. The Charter School's assets can only be used for the intended purposes of the school. However, the use of these assets for school operations is not restricted unless a specific third party restriction exists. The following is a summary of the Charter School's financial information as of June 30, 2021 and 2020.

Description	June 30, 2021	June 30, 2020	Change
Total Assets	$ 1,568,047	$ 1,361,918	$ 206,129
Total Liabilities	364,352	434,952	(70,600)
Total Net Assets	1,203,695	926,966	276,729
Total Revenues	2,571,315	2,111,674	459,641
Total Expenditures	2,294,586	1,813,129	481,457

The following schedule is to reconcile the program services expense reported on the statement of activities in the Charter School's financial statements to expenses reported in this statement of activities.

	June 30, 2021	June 30, 2020
Reported on the statement of activities in the charter school's financial statements	$ 2,294,586	$ 1,813,129
Expenses paid by the organization that were allocated to the charter school by the usage of the shared facilities:		
Depreciation expenses	65,939	49,896
Donated rental expense	62,384	62,384
Reported on the San Jose Conservation Corps statement of activities	$ 2,422,909	$ 1,925,409

Note 9 - Retirement Plans

The Organization sponsors a 403(b) retirement plan covering eligible employees. The employer is not required to make contributions to the plan.

Qualified Charter School employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Classified Charter School employees are members of the California Public Employees' Retirement System (CalPERS), and certified employees are members of the State Teachers' Retirement system (STRS). Benefit provisions of the plans are established by state statutes within the Public Employees' Retirement Law and State Teachers' Retirement Law.

California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) under the CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019 annual actuarial valuation report, Schools Pool Actuarial Valuation. These reports and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2021, are summarized as follows:

	School Employer Pool (CalPERS)	
Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	20.700%	20.700%

The CalPERS provisions and benefits in effect at June 30, 2020, are summarized as follows:

	School Employer Pool (CalPERS)	
Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	19.721%	19.721%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2021 and 2020, are presented above and the total District contributions were $68,613 and $62,182, respectively.

California State Teachers' Retirement System (CalSTRS)

Plan Description

The Charter School contributes to the State Teachers Retirement Plan (STRP) administered by the CalSTRS. STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age, and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP.

The Organization contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans. The STRP provisions and benefits in effect at June 30, 2021, are summarized as follows:

	STRP Defined Benefit Program	
Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	16.15%	16.15%
Required state contribution rate	10.328%	10.328%

The STRP provisions and benefits in effect at June 30, 2020, are summarized as follows:

	STRP Defined Benefit Program	
Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	17.10%	17.10%
Required state contribution rate	10.328%	10.328%

Contributions

Required member, Organization and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2021 and 2020, are presented above and the Organization's total contributions were $83,794 and $74,356, respectively.

Note 10 - Commitments and Contingencies

Federal and State Awards and Grants

The Organization receives a substantial amount of its support from federal, state, city and county governments. A significant reduction in the level of this support, if this were to occur, may have an effect on the Organization's program and activities.

Grant and contract awards require the fulfillment of certain conditions as set forth in the agreements. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and contracts and their terms, it has accommodated the objectives of the Organization to the provisions of the grants. The Organization's management is of the opinion that the Organization has complied with the terms of all grants.

Operating Lease

As of June 30, 2021, the Organization had ten trucks leased from Ryder Truck Rental, Inc. through truck lease and service agreements and eight vehicles leased from Enterprise, Inc. through the lease agreement. The Total future scheduled lease payments for eighteen trucks are as follows:

Year Ending June 30,	Lease Payment
2022	$ 119,382
2023	39,860
2024	31,788
2025	737
	$ 191,767

Note 11 - Subsequent Events

Management has reviewed subsequent events and transactions that occurred after the date of the consolidated financial statements through December 15, 2021, which is the date the consolidated financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial statements.

Supplementary Information
June 30, 2021

San Jose Conservation Corps

(A California Nonprofit Public Benefit Corporation)

Description	Claimed Costs	Audited Costs
Personnel Services		
Corps members salaries and wages	$ 125,213	$ 125,213
Staff salaries and wages	167,901	167,901
Benefits	43,686	43,686
Total personnel services	336,800	336,800
Operating Expenses		
Program specific expenses	57,427	57,427
Office supplies	708	708
Program CM training education	2,538	2,538
Professional services	17,309	17,309
Vehicle expenses	4,240	4,240
Facilities	8,467	8,467
Total operating expenses	90,689	90,689
Indirect Costs	70,887	70,887
Total Local Corps Costs	$ 498,376	$ 498,376

Description	Claimed Costs	Audited Costs
Personnel Services		
Corps members salaries and wages	$ 68,827	$ 68,827
Staff salaries and wages	172,156	172,156
Benefits	39,216	39,216
Total personnel services	280,199	280,199
Operating Expenses		
Program specific expenses	62,046	62,046
Office supplies	3,572	3,572
Program CM training education	9,825	9,825
Travel	51	51
Professional services	92,498	92,498
Vehicle expenses	15,339	15,339
Facilities	21,768	21,768
Total operating expenses	205,099	205,099
Indirect Costs	46,756	46,756
Total Local Corps Costs	$ 532,054	$ 532,054

Note 1 - Schedule of Grant Expenditures

Basis of Presentation

The schedules of grant expenditures include the grant activity of the Organization under programs of the *California Department of Resources Recycling and Recovery* for the year ended. The information in these schedules is presented in accordance with accounting principles generally accepted in the United States of America.

Summary of Significant Accounting Policies

Expenditures reported in the Schedules are reported on the accrual basis of accounting.

Independent Auditor's Reports
June 30, 2021

San Jose Conservation Corps

(A California Nonprofit Public Benefit Corporation)

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
San Jose Conservation Corps
San Jose, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of San Jose Conservation Corps (the Organization) which comprise the statement of financial position as of June 30, 2021, and the related statement of activities, functional expenses, and cash flows for the fiscal year then ended, and the related notes to the financial statements, and have issued our report thereon dated REPORT DATE.

Internal Control over Financial Reporting
In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters
As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the of financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eide Bailly LLP

Menlo Park, California
December 15, 2021

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Independent Auditor's Report on Compliance with Requirements that Could Have a Direct and Material Effect on Grants from the Department of Resources Recycling and Recovery

Board of Directors
San Jose Conservation Corps
San Jose, California

Report on Compliance for Each CalRecycle Grant
We have audited the San Jose Conservation Corps' (the Organization) compliance with the types of compliance requirements describe in the *Standards and Procedures for Audits of Local conservation Corps receiving grant funds from the department of resources recycling and recovery* (CalRecycle), issued by the California Department of Resources Recycling and Recovery.

Management's Responsibility
Management is responsible for compliance with the requirement of laws, regulations, contracts, and grants applicable to its programs.

Auditor's Responsibility
Our responsibility is to express an opinion on the Organization's compliance with the applicable requirements. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government auditing Standards*, issued by the Comptroller General of the United States; and the audit guide of *Local Conservation Corps Receiving Grant Funds from the California Department of Resources Recycling and Recovery* (CalRecycle). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a CalRecycle grant occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each CalRecycle grant. However, our audit does not provide a legal determination of the Organization's compliance.

Unmodified Opinion
In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above for the fiscal year ended June 30, 2021.

Other Information – Compliance Procedures

Description	No of Audit Guide Procedures	Procedures Performed
Internal Control	11	Yes
Subcontractors	1	Yes
Competitive Bids	3	Yes
Conflict of Interest	2	Yes
Allowable and Reasonable Costs	7	Yes
Travel	3	Yes

Report on Internal Control Over Compliance

Management of San Jose Conservation Corps is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each of the Organization's CalRecycle grants to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each CalRecycle grants and to test and report on internal control over compliance in accordance with the audit guide for *Local Conservation Corps Receiving Grant Funds from the California Department of Resources Recycling and Recovery*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a CalRecycle grant on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a CalRecycle grant will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a CalRecycle grant that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance, and the results of that testing based on the requirement of the audit guide of the Local Conservation Corps Receiving Grant Funds from the California Department of Resources Recycling and Recovery. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Menlo Park, California
December 15, 2021

Schedule of Findings and Questioned Costs
June 30, 2021

San Jose Conservation Corps

(A California Nonprofit Public Benefit Corporation)

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None Reported
Noncompliance material to financial statements noted?	No

Calrecycle Grants

Internal control over CalRecycle Grants:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None Reported
Type of auditor's report issued on compliance for CalRecycle Grants:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with standards issued by the Department of Resources Recycling and Recovery?	No

Section II – Financial Statement Findings

None reported.

Section III – CalRecycle Findings and Questioned Costs

None reported.

There were no audit findings reported in the prior year's schedule of financial statement findings.