

**San Jose Conservation Corps**  
(A California Nonprofit Public Benefit Corporation)

Annual Financial Report &  
Independent Auditor's Reports

June 30, 2024 and 2023



**Chavan & Associates, LLP**

Certified Public Accountants

16450 Monterey Road, Suite 5

Morgan Hill, CA 95037

**San Jose Conservation Corps**  
(A California Nonprofit Public Benefit Corporation)

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## *Financial Section*



## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
San Jose Conservation Corps  
San Jose, California

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of San Jose Conservation Corps (SJCC or the Organization) (a California Nonprofit Organization), which comprise the statement of financial position as of June 30, 2024 and 2023, the related statements of activities, functional expenses and cash flows for the years then ended, and the notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2024 and 2023 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.

#### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SJCC 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 the Organization's ability to continue as a going concern for one year after the date that the financial statements are issued.

#### *Auditor's 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 auditor's 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 and *Government*



*Auditing Standards* 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 and *Government Auditing Standards*, 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 the Organization'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 the Organization'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.

### ***Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information, as required by CalRecycle, is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits 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 GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2024, 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance



**Chavan and Associates, LLP**  
Certified Public Accountants

with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

*C & A UP*

November 6, 2024  
Morgan Hill, California

# *Financial Statements*

**San Jose Conservation Corps**  
(A California Nonprofit Public Benefit Corporation)  
Statement of Financial Position  
June 30, 2024 and 2023

<b>ASSETS</b>	<b>2024</b>	<b>2023</b>
Current Assets:		
Unrestricted cash and cash equivalents:		
Corps	\$ 3,927,232	\$ 3,991,242
Charter School	2,503,430	1,089,934
Accounts receivables	4,021,086	4,418,268
Prepaid expenses and other current assets	328,444	295,462
Total Current Assets	<u>10,780,192</u>	<u>9,794,906</u>
Noncurrent Assets:		
Operating lease right of use asset	80,126	115,737
Property and equipment - net	12,486,120	12,840,963
Total Noncurrent Assets	<u>12,566,246</u>	<u>12,956,700</u>
Total Assets	<u><u>\$ 23,346,438</u></u>	<u><u>\$ 22,751,606</u></u>
 <b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	\$ 1,993,486	\$ 1,509,817
Refundable advances	695,235	650,963
Accrued vacation	286,916	229,438
Operating lease liability - current	35,702	35,458
SBA Economic Injury Disaster Loan - current	3,790	3,687
Total Current Liabilities	<u>3,015,129</u>	<u>2,429,363</u>
Long-term Liabilities:		
Operating lease liability	44,973	80,675
SBA Economic Injury Disaster Loan	139,823	143,613
Total Long-term Liabilities	<u>184,796</u>	<u>224,288</u>
Total Liabilities	<u>3,199,925</u>	<u>2,653,651</u>
 <b>NET ASSETS</b>		
With donor restrictions	206,381	175,632
Without donor restrictions	19,940,132	19,922,323
Total Net Assets	<u>20,146,513</u>	<u>20,097,955</u>
Total Liabilities and Net Assets	<u><u>\$ 23,346,438</u></u>	<u><u>\$ 22,751,606</u></u>

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



**San Jose Conservation Corps**  
(A California Nonprofit Public Benefit Corporation)  
Statement of Activities  
For the Fiscal Years Ended June 30, 2024 and 2023

	<b>2024</b>			<b>2023</b>		
	Without Donor Restrictions	With Donor Restrictions	Total 2024	Without Donor Restrictions	With Donor Restrictions	Total 2023
<b>REVENUE AND SUPPORT</b>						
Government grants and contracts	\$ 14,425,884	\$ -	\$ 14,425,884	\$ 15,876,000	\$ -	\$ 15,876,000
Employee retention credit	-	-	-	3,805,421	-	3,805,421
Support and program revenues - charter school:						
LCFF sources	2,282,300	-	2,282,300	2,070,519	-	2,070,519
Federal grants	-	256,278	256,278	567	420,608	421,175
Employee retention credit	-	-	-	137,946	-	137,946
State revenue	681,552	169,047	850,599	507,139	139,851	646,990
Childcare pass-through grant	-	1,366,407	1,366,407	-	499,462	499,462
Subtotal charter school	2,963,852	1,791,732	4,755,584	2,716,171	1,059,921	3,776,092
Technology reimbursement income	84	-	84	18,142	-	18,142
Contributions of cash and finan. assets	10,150	605,667	615,817	472,160	169,958	642,118
Donated food	512,412	-	512,412	316,508	-	316,508
Donated equipment	12,325	-	12,325	85,935	-	85,935
Donated rent	88,431	-	88,431	88,431	-	88,431
Investment income	84,885	-	84,885	371,970	-	371,970
Rental income	375,863	-	375,863	396,990	-	396,990
Miscellaneous	239,444	-	239,444	20,972	-	20,972
Net assets released from restrictions						
Satisfaction of program restrictions	2,366,650	(2,366,650)	-	1,064,192	(1,064,192)	-
Total revenue and support	21,079,980	30,749	21,110,729	25,232,892	165,687	25,398,579
<b>EXPENSES</b>						
Program services:						
Corpsmember training	12,812,130	-	12,812,130	14,368,542	-	14,368,542
Charter school	4,071,369	-	4,071,369	3,212,592	-	3,212,592
Young Leader	277,413	-	277,413	220,878	-	220,878
Total program services	17,160,912	-	17,160,912	17,802,012	-	17,802,012
Management and general	3,500,761	-	3,500,761	3,571,518	-	3,571,518
Fundraising	400,498	-	400,498	324,537	-	324,537
Total support services	3,901,259	-	3,901,259	3,896,055	-	3,896,055
Total expenses	21,062,171	-	21,062,171	21,698,067	-	21,698,067
<b>Change in Net Assets</b>	17,809	30,749	48,558	3,534,825	165,687	3,700,512
<b>Total Net Assets - Beginning</b>	19,922,323	175,632	20,097,955	16,387,498	9,945	16,397,443
<b>Total Net Assets - Ending</b>	<u>\$ 19,940,132</u>	<u>\$ 206,381</u>	<u>\$ 20,146,513</u>	<u>\$ 19,922,323</u>	<u>\$ 175,632</u>	<u>\$ 20,097,955</u>

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

**San Jose Conservation Corps**  
(A California Nonprofit Public Benefit Corporation)  
Statement of Functional Expenses  
For the Fiscal Year Ended June 30, 2024

Description	Program Services				Management and General	Fundraising	Total Expenses 2024
	Corpsmember Training	Charter School	Young Leader	Total Program Services			
Personnel costs	\$ 9,128,160	\$ 1,960,675	\$ 100,729	\$ 11,189,564	\$ 2,186,133	\$ 301,494	\$ 13,677,191
Education and training	154,661	23,241	55,015	232,917	39,442	5,888	278,247
Professional services	343,949	1,550,463	82,646	1,977,058	291,792	15,648	2,284,498
Audit & accounting services	16,767	24,663	-	41,430	157,245	-	198,675
Office and other	39,423	33,645	1,130	74,198	173,261	10,712	258,171
Insurance	7,732	7,579	-	15,311	160,096	-	175,407
Equipment and related	14,312	62,567	460	77,339	19,569	3,373	100,281
Vehicle	591,765	4,232	8	596,005	14,014	1,067	611,086
Travel	181,292	26,938	33,071	241,301	68,237	21,993	331,531
Occupancy/Facilities	304,260	117,724	176	422,160	249,959	13,910	686,029
Donated rent	24,190	56,248	-	80,438	7,993	-	88,431
Donated food	512,412	-	-	512,412	-	-	512,412
Donated equipment	5,000	-	2,000	7,000	-	5,325	12,325
Marketing and communication	15,898	-	-	15,898	21,693	335	37,926
Field	591,868	1,138	2,178	595,184	14,738	7,303	617,225
Interest, fees and finance charges	-	11,004	-	11,004	4,505	-	15,509
Information Technology (IT)	124,431	72,013	-	196,444	56,378	6,415	259,237
Depreciation and amortization	756,010	119,239	-	875,249	35,706	7,035	917,990
Total Expenses	<u>\$ 12,812,130</u>	<u>\$ 4,071,369</u>	<u>\$ 277,413</u>	<u>\$ 17,160,912</u>	<u>\$ 3,500,761</u>	<u>\$ 400,498</u>	<u>\$ 21,062,171</u>

NOTE: The Young Leader program started in fiscal year 2021-2022 and SJCC is solely a pass through entity for funds.

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

**San Jose Conservation Corps**  
(A California Nonprofit Public Benefit Corporation)  
Statement of Functional Expenses  
For the Fiscal Year Ended June 30, 2023

Description	Program Services				Management and General	Fundraising	Total Expenses 2023
	Corpsmember Training	Charter School	Young Leader	Total Program Services			
Personnel costs	\$ 11,077,348	\$ 1,768,981	\$ 140,239	\$ 12,986,568	\$ 2,176,666	\$ 229,254	\$ 15,392,488
Education and training	196,801	24,049	26,661	247,511	40,321	2,387	290,219
Professional services	228,692	1,022,001	24,023	1,274,716	159,006	16,819	1,450,541
Audit & accounting services	11,465	17,550	-	29,015	201,935	-	230,950
Office and other	35,870	33,407	1,027	70,304	189,793	16,588	276,685
Insurance	8,715	401	-	9,116	133,269	-	142,385
Equipment and related	5,681	-	3,252	8,933	24,653	1,394	34,980
Vehicle	547,774	-	90	547,864	20,935	369	569,168
Travel	51,621	2,726	24,750	79,097	122,265	30,423	231,785
Occupancy/Facilities	250,760	136,961	-	387,721	283,196	9,876	680,793
Donated rent	24,992	58,115	-	83,107	5,324	-	88,431
Donated food	316,508	-	-	316,508	-	-	316,508
Donated equipment	85,935	-	-	85,935	-	-	85,935
Marketing and communication	46,501	-	-	46,501	13,046	1,288	60,835
Field	560,393	-	502	560,895	20,056	-	580,951
Interest	35,017	-	-	35,017	55,849	1,150	92,016
Loan closing costs amortization	-	-	-	-	13,138	-	13,138
Communication and IT	186,163	26,093	307	212,563	76,318	8,364	297,245
Depreciation and amortization	698,306	122,308	27	820,641	35,748	6,625	863,014
Total Expenses	<u>\$ 14,368,542</u>	<u>\$ 3,212,592</u>	<u>\$ 220,878</u>	<u>\$ 17,802,012</u>	<u>\$ 3,571,518</u>	<u>\$ 324,537</u>	<u>\$ 21,698,067</u>

NOTE: The Young Leader program started in fiscal year 2021-2022 and SJCC is solely a pass through entity for funds.

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**San Jose Conservation Corps**  
(A California Nonprofit Public Benefit Corporation)  
Statement of Cash Flows  
For the Fiscal Years Ended June 30, 2024 and 2023

	<b>2024</b>	<b>2023</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 48,558	\$ 3,700,512
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation and amortization expense	917,990	863,014
Noncash operating lease expense	686	-
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	397,182	(1,347,733)
(Increase) decrease in prepaid expenses and other current assets	(32,982)	91,270
(Increase) decrease in operating lease assets	35,611	(115,737)
Increase (decrease) in accounts payable	483,669	14,947
Increase (decrease) in refundable advances	44,272	10,124
Increase (decrease) in accrued vacation	57,478	20,298
Increase (decrease) in operating lease liabilities	(36,144)	116,133
Net cash provided by (used for) operating activities	<u>1,916,320</u>	<u>3,352,828</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Acquisition and construction of capital assets	<u>(563,147)</u>	<u>(487,225)</u>
Net cash provided by (used for) investing activities	<u>(563,147)</u>	<u>(487,225)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Principal payments on notes payable	<u>(3,687)</u>	<u>(1,999,524)</u>
Net cash provided by (used for) financing activities	<u>(3,687)</u>	<u>(1,999,524)</u>
Net increase (decrease) in cash and cash equivalents	1,349,486	866,079
Cash and cash equivalents - beginning of year	<u>5,081,176</u>	<u>4,215,097</u>
Cash and cash equivalents - end of year	<u>\$ 6,430,662</u>	<u>\$ 5,081,176</u>
<b>Supplemental Cash Flows Disclosures:</b>		
Cash paid for interest	<u>\$ 4,505</u>	<u>\$ 92,016</u>

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

**San Jose Conservation Corps**  
(A California Nonprofit Public Benefit Corporation)  
Notes to Financial Statements  
June 30, 2024 and 2023

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**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**

The San Jose Conservation Corps (the Organization or SJCC) was incorporated in May 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. SJCC 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. SJCC’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 (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 the state local control funding formula (state grants, attendance and categorical programs), federal grants, foundation grants, and 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 (the 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 may also have reporting requirements.

**Basis of Accounting**

The financial statements are presented in the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP), including guidance for not-for-profit entities under FASB Topic 958, ASU 2016-14.

**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, SJCC 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.

SJCC has investments in securities classified as cash equivalents. In accordance with FASB ASC 820-10, SJCC 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. SJCC had \$50,398 in

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Notes to Financial Statements  
June 30, 2024 and 2023

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investments as of June 30, 2024 and \$34,526 as of June 30, 2023, which were valued using level one inputs.

### **Investments and Fair Value Measurements**

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

### **Accounts Receivables**

Accounts receivable consist primarily of noninterest-bearing amounts due for program support services, contracts and grants. 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 and Equipment**

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 and amortization is computed based on the straight-line method over the estimated useful lives of the assets, except leasehold improvements and leases. 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. Right of use assets for leases are recorded at the net present value of the minimum lease payments and amortized over the term of the lease.

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

Management reviewed the carrying values of property and equipment for impairment and did not identify any material impairments as of June 30, 2024 or 2023.

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 a noncurrent asset, "construction in progress," and are not depreciated until the property is placed in service.

**San Jose Conservation Corps**  
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Notes to Financial Statements  
June 30, 2024 and 2023

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## **Leases**

SJCC determines if an arrangement is a lease at inception, which conveys SJCC's right to control the use of an identified asset for a period of time in exchange for consideration. SJCC determines whether the lease classification is an operating or financing lease at the commencement date. Operating leases are recorded as an operating right of use (ROU) asset and lease liability in the statement of financial position. ROU assets represent SJCC's right to use an underlying asset for the lease term and the corresponding lease liabilities represent its obligation to make lease payments arising from the lease. Lease ROU assets and liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. The lease ROU asset is reduced for any tenant incentives and excludes any initial direct costs incurred.

Lease payments are recognized in the statement of activities on a straight-line basis over the lease term. SJCC lease terms may include options to extend or terminate the lease. These options are reflected in the ROU asset and lease liability when it is reasonably certain that the option will be exercised. SJCC reassesses the lease term if and when a significant event or change in circumstances occurs within the control of SJCC.

If lease agreements do not state an implicit rate, the present value of the future minimum lease payments is determined using SJCC's incremental borrowing rate.

## **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. Net assets without donor restrictions also include the investment in property and equipment, net of accumulated depreciation.

*Net Assets With Donor Restrictions* – Net assets subject to donor-imposed (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 those resources be maintained in perpetuity. SJCC 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 a 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**

### *Contracts Accounted for in Accordance with ASC 606*

SJCC recognizes revenue when it satisfies a performance obligation by performing a service under a contract. The amount of revenue recognized reflects the consideration that SJCC expects to receive in exchange for satisfying distinct performance obligations. Performance obligations are satisfied as

**San Jose Conservation Corps**  
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Notes to Financial Statements  
June 30, 2024 and 2023

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performance requirements are met and/or the incurrence of allowable qualifying expenses and the related revenue is recognized as services are rendered. Management expects that the period between when SJCC provides services under contracts and when the services are paid will be one year or less. Therefore, SJCC elected the practical expedient not to adjust the promised amount of consideration for the effects of a significant financing component.

*Grants Accounted for in Accordance with ASC 605: Topic 958 Not for Profit Entities*

Grants awarded by federal, state, or local agencies, or passed through to SJCC from another donor that received similar grants, are generally considered nonreciprocal transactions. A significant portion of SJCC's revenue is derived from cost-reimbursable federal, state and local grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when SJCC has incurred expenditures in compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. SJCC received cost-reimbursable grants that have not been recognized at June 30, 2024 and 2023 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 \$695,235 and \$650,963 for 2024 and 2023.

*Grants and Contracts*

The following summarizes the SJCC's grant and contract revenue, including restricted charter school grants, for the fiscal year ended June 30, 2024 with comparable totals for June 30, 2023:

	2024	2023
Corps:		
Local Grants and Contracts	\$ 4,768,736	\$ 10,007,961
Federal Grants and Contracts	5,765,071	-
State Grants and Contracts	3,892,077	-
CalFresh Employment & Training	-	205,243
USDA, Forest Service	-	69,540
City of San Jose Resilience Corps	-	4,982,176
USDA-GCRCD	-	11,657
AmeriCorps	-	599,423
Subtotal Corps	<u>14,425,884</u>	<u>15,876,000</u>
Charter School:		
Title 1: Every Student Succeeds Act	182,001	198,468
Proposition 28 Arts & Music	29,031	-
Special Education	150,360	126,297
Child Care Pass-Through Grant	1,366,407	499,462
Learning Loss Mitigation	-	150,000
Expanded Learning Opportunity	63,933	56,726
Learning Recovery Emergency	-	28,968
Subtotal Charter School	<u>1,791,732</u>	<u>1,059,921</u>
Totals	<u>\$ 16,217,616</u>	<u>\$ 16,935,921</u>



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*Contribution of Cash and Other Financial Assets*

The Organization receives support from individuals, corporations, and other nonprofit organizations in support of its mission. Contribution revenue is recognized at fair value on the earlier of the receipt of cash or an unconditional promise to give. Contributions with donor restrictions received are recorded as increases in net assets with donor restrictions. Net assets with donor restrictions are released from restriction 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.

*Contributions of Nonfinancial Assets*

Nonfinancial asset donations, such as equipment, food, and rent, are recorded as contributions at their estimated fair values at the date of donation. Equipment donations are valued using resale values, food is valued at wholesale values, and rent is valued using comparable market rents. None of the nonfinancial assets donated during the year had donor restrictions and all were utilized in the corpsmember training program.

*Donated Services*

Contributions of services are recorded at fair value as revenue at the time the service is rendered when specialized skills are required and when SJCC would otherwise purchase the services. No significant amounts have been reflected in the accompanying financial statements for contributed goods or services during the year being reported because items did not meet this definition.

*Donated Rent*

SJCC entered into an agreement to lease their 2650 Senter Road 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. SJCC 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, 2024 and 2023, the City of San Jose has determined the fair value of the donated rent to be \$88,431.

**Advertising Costs**

Advertising costs are expensed as incurred and totaled \$26,170 and \$45,894, respectively, during the fiscal years ended June 30, 2024 and 2023.

**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

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Corporation (FDIC). The Organization manages deposit concentration risk by placing cash and money market accounts with financial institutions believed by us to be creditworthy.

The carrying amount of the Organization's total cash was \$6,430,662 as of June 30, 2024 and 5,081,176 as of June 30, 2023. The bank balances, before reconciling items, were \$6,310,695 as of June 30, 2024 and \$4,102,458 as of June 30, 2023. Of these amounts, \$5,749,735 and \$4,213,031 was not covered by Federal Depository Insurance (FDIC) as of June 30, 2024 and 2023, respectively. FDIC covers up to \$250,000 per bank, per entity. Management believes SJCC is not exposed to any significant risk related to cash. To date, the Organization has not experienced losses in any of these accounts.

Credit risk associated with accounts receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from organizations, individuals, and Organizations supportive of the SJCC's mission.

### **Income Tax Status**

The Organization is organized as a California nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as organizations described in IRC Section 501(c)(3) and Section 23701(d) of the California Code, qualifies for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and (viii), and has been determined not to be private Organizations under IRC Sections 509(a)(1) and (3). The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. Management has determined that the Organization's unrelated business income tax was minimal and immaterial to the financial statements as of June 30, 2024.

SJCC 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.

### **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.

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**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires the Organization to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

**Concentrations**

For the year ended June 30, 2024, local grants and contracts were 23% of total revenue, federal grants and contracts were 27% of total revenue, and state grants and contracts were 18% of total revenue. For the year ended June 30, 2023, local grants and contracts were 39% of total revenue.

**NOTE 2 - Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprised the following:

	2024	2023
Cash and cash equivalents	\$ 6,430,662	\$ 5,081,176
Accounts receivable	4,021,086	4,418,268
Less:		
Net assets with donor restrictions	(206,381)	(175,632)
Accounts payable	(1,993,486)	(1,509,817)
Accrued vacation	(286,916)	(229,438)
Total Available	<u>\$ 7,964,965</u>	<u>\$ 7,584,557</u>

As part of its liquidity management plan, the Organization maintains cash in insured checking and money market accounts.

**NOTE 3 - ACCOUNTS RECEIVABLE**

Accounts receivable consisted of the following as of June 30, 2024:

Sources	Corps	Charter	Total
Federal government	\$ 923,053	\$ 77,523	\$ 1,000,576
State government	1,502,939	93,576	1,596,515
Local government	1,095,379	-	1,095,379
Other local sources	328,616	-	328,616
Total accounts receivable	<u>\$ 3,849,987</u>	<u>\$ 171,099</u>	<u>\$ 4,021,086</u>

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Accounts receivable consisted of the following as of June 30, 2023:

Sources	Corps	Charter	Total
Federal government	\$ 261,271	\$ 135,768	\$ 397,039
State government	1,075,354	349,230	1,424,584
Local government	2,183,765	-	2,183,765
Other local sources	412,880	-	412,880
Total accounts receivable	<u>\$ 3,933,270</u>	<u>\$ 484,998</u>	<u>\$ 4,418,268</u>

**NOTE 4 - PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following as of June 30, 2024 and June 30, 2023:

Property and Equipment	Balance June 30, 2023	Additions	Adjustments & Deletions	Ending June 30, 2024
<b>Nondepreciable</b>				
Land	\$ 2,463,319	\$ -	\$ -	\$ 2,463,319
Construction in progress	157,437	121,313	-	278,750
<b>Total Nondepreciable Assets</b>	<u>2,620,756</u>	<u>121,313</u>	<u>-</u>	<u>2,742,069</u>
<b>Depreciable</b>				
Buildings and site improvements	13,716,524	-	(675)	13,715,849
Vehicles	3,073,227	291,015	(1,098,763)	2,265,479
Tiny Home Trailer	1,139,282	94,098	(57,197)	1,176,183
Recycling and Construction equipment	501,115	21,211	(359,738)	162,588
Computer equipment	60,484	-	(54,288)	6,196
Office and other equipment	584,892	48,614	(407,091)	226,415
<b>Total Depreciable Assets</b>	<u>19,075,524</u>	<u>454,938</u>	<u>(1,977,752)</u>	<u>17,552,710</u>
<b>Less: Accumulated Depreciation</b>	<u>(8,855,317)</u>	<u>(882,379)</u>	<u>1,929,037</u>	<u>(7,808,659)</u>
<b>Depreciable Assets - Net</b>	<u>10,220,207</u>	<u>(427,441)</u>	<u>(48,715)</u>	<u>9,744,051</u>
<b>Property and Equipment - Net</b>	<u>\$ 12,840,963</u>	<u>\$ (306,128)</u>	<u>\$ (48,715)</u>	<u>\$ 12,486,120</u>

Depreciation and amortization expense was \$917,990, including lease amortization expense of \$35,611, for the year ended June 30, 2024 and \$863,014 for the year ended June 30, 2023.

**NOTE 5 - LINE OF CREDIT**

SJCC has a \$2,000,000 revolving line of credit with California Bank of Commerce for short-term working capital. Advances on the line bear a fixed interest rate of 6% for a term not exceeding 12 months. There was no outstanding balance owed as of June 30, 2024 and June 30, 2023.

**NOTE 6 - SBA ECONOMIC INJURY DISASTER LOAN**

SJCC 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 SJCC.

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The following summarizes the changes in the loan during the fiscal year:

	2024	2023
Beginning Balance	\$ 147,300	\$ 150,000
Issued	-	-
Paid	(3,687)	(2,700)
Ending balance	143,613	147,300
Current	3,790	3,687
Long-term	<u>\$ 139,823</u>	<u>\$ 143,613</u>

The following summarizes the loan debt service requirements as of June 30, 2024:

Year Ending June 30	Principal	Interest	Total
2025	\$ 3,790	\$ 3,902	\$ 7,692
2026	3,896	3,796	7,692
2027	4,343	3,990	8,333
2028	4,125	3,567	7,692
2029	4,240	3,452	7,692
2030-2034	23,450	15,651	39,101
2035-2039	26,964	12,137	39,101
2040-2044	31,005	8,096	39,101
2045-2049	35,025	3,435	38,460
2050	6,775	91	6,866
Total Debt Service	<u>\$ 143,613</u>	<u>\$ 58,117</u>	<u>\$ 201,730</u>

The following summarizes the loan debt service requirements as of June 30, 2023:

Year Ending June 30	2023		
	Principal	Interest	Total
2024	\$ 3,687	\$ 4,005	\$ 7,692
2025	3,790	3,902	7,692
2026	3,896	3,796	7,692
2027	4,343	3,990	8,333
2028	4,125	3,567	7,692
2029-2033	22,815	16,286	39,101
2034-2038	25,773	12,687	38,460
2039-2043	30,096	9,005	39,101
2044-2048	34,606	4,495	39,101
2049-2050	14,169	388	14,557
Total Debt Service	<u>\$ 147,300</u>	<u>\$ 62,121</u>	<u>\$ 209,421</u>

**NOTE 7 - LEASES**

SJCC leases certain equipment at various terms under long-term non-cancelable operating lease and finance lease agreements. The leases expire at various dates through 2026. SJCC includes in the

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determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised. SJCC's operating leases provide for increases in future minimum annual rental payments.

The weighted-average discount rate is based on the discount rate implicit in the lease if stated. If the implicit rate is not readily determinable from the lease, SJCC estimates an applicable incremental borrowing rate. The incremental borrowing rate is estimated using SJCC's applicable borrowing rates and the contractual lease term. SJCC has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases.

The following summarizes the key lease components for the year ended June 30, 2024:

	2024	2023
Lease cost	\$ 36,144	\$ 36,144
Amortization	\$ 35,611	\$ 35,611
Cash paid amounts included in the measurement of lease liabilities:		
Operating cash flows	\$ 36,144	\$ 36,144
Right of use assets obtained in exchange for lease liabilities	\$ 151,348	\$ 151,348
Weighted-average remaining lease term in years	3.25	3.25
Weighted-average discount rate	0.69%	0.69%

The following summarizes the future minimum lease payments:

Fiscal Year	2024 Operating Lease Payments
2025	36,144
2026	36,144
2027	9,036
Total	81,324
Discount	(649)
Net	<u>\$ 80,675</u>

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**NOTE 8 - RESTRICTED NET ASSETS**

Restricted net assets consisted of the following as of June 30, 2024 and June 30, 2023:

**Net Assets with Donor Restrictions**

Subject to Expenditure for Specified Purpose:

Corps:	2024	2023
The SCHMIDT Family Foundation	\$ 9,644	\$ 9,644
Save the Redwoods	1,030	1,030
The San Francisco Foundation	-	31,625
Wells Fargo Foundation	100,000	-
Tipping Point Community	95,707	133,333
Total Net Assets with Donor Restrictions	<u>\$ 206,381</u>	<u>\$ 175,632</u>

**Net Assets Released from Restrictions**

Subject to Expenditure for Specified Purpose:

Corps:	2024	2023
Knight Foundation	\$ -	\$ 301
Save the Redwoods	-	3,970
The San Francisco Foundation	31,625	-
The Bank of America Charitable Foundation	100,000	-
Wells Fargo Foundation	50,000	-
Davidson Family Foundation	100,000	-
Kaiser Foundation Health Plan Inc	25,000	-
Rotary Club of San Jose Foundation	10,000	-
United Way Bay Area	25,000	-
Valley Health Foundation	10,000	-
Tipping Point Community	223,293	-
Charter School:		
Title 1: Every Student Succeed Act	182,001	198,468
Special education	150,360	126,297
Child care pass-through	1,366,407	499,462
Learning Loss Mitigation	-	150,000
Expanded Learning Opportunity	63,933	56,726
Learning Recovery Emergency	-	28,968
Prop. 28 Arts & Music	29,031	-
Total Net Assets Released from Restrictions	<u>\$ 2,366,650</u>	<u>\$ 1,064,192</u>

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**NOTE 9 - RENTAL INCOME**

The corps received rental income from various operating leases for buildings and housing. Most of the agreements do not exceed one year. The following summarizes the future rent to be received by the Corps for leases under contract as of June 30, 2024:

Fiscal Year	Amount
2025	\$ 330,294

**NOTE 10 - CHARTER SCHOOL SEGMENTED INFORMATION**

The Charter School is an education division 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, 2024 and 2023.

Description	June 30, 2024	June 30, 2023	Change
Total Assets	\$ 3,292,413	\$ 2,200,033	\$ 1,092,380
Total Liabilities	1,440,191	656,310	783,881
Total Net Assets	1,852,222	1,543,723	308,499
Total Revenues	4,764,099	3,787,781	976,318
Total Expenses	4,455,600	3,447,946	1,007,654

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.

Description	June 30, 2024	June 30, 2023
Expenses reported in the Charter school Statement of Activities	\$ 4,455,600	\$ 3,447,946
Expenses allocated by usage of shared facilities:		
Indirect cost transfers eliminated	(474,706)	(365,424)
Depreciation/amortization	34,228	71,955
Donated rent	56,248	58,115
Expenses reported in the Corps Statement of Activities	<u>\$ 4,071,370</u>	<u>\$ 3,212,592</u>



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**NOTE 11 - 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.

**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, 2023 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.

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The CalPERS provisions and benefits in effect as of June 30, 2024, are summarized as follows:

	School Employer Pool (CalPERS)	
	Classic	PEPRA
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	50	52
Monthly benefit as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate FY2024	7%	8%
Required employer contribution rate FY2024	26.68%	26.68%
Required employee contribution rate FY2023	7%	8%
Required employer contribution rate FY2023	25.37%	25.37%

### *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. SJCC 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, 2024 and 2023 are presented above and SJCC's contributions were \$57,285 and \$60,508, respectively.

### **CalSTRS**

#### *Plan Description*

The Organization 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, 2020, 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>.

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*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 STRP provisions and benefits in effect at June 30, 2024, are summarized as follows:

	STRP Defined Benefit Program	
	Tier 1	Tier 2
	On or before December 31, 2012	On or after January 1, 2013
Hire Date		
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 benefit as a percentage of eligible compensation	2% - 2.4%	2% - 2.4%
Required employee contribution rate FY2024	10.25%	10.25%
Required employer contribution rate FY2024	19.1%	19.1%
Required state contribution rate FY2024	10.828%	10.828%
Required employee contribution rate FY2023	10.25%	10.25%
Required employer contribution rate FY2023	19.1%	19.1%
Required state contribution rate FY2023	10.828%	10.828%

*Contributions*

As a required member, SJCC 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. The contribution rates for each plan for the year ended June 30, 2024 and June 30, 2023, are presented above and SJCC's total contributions were \$125,246 and \$125,090, respectively

**NOTE 12 - 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

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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.

### **Employee Retention Credits (ERCs)**

ERCs were established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, P.L. 116-136, in March 2020 to help businesses retain employees during the COVID-19 pandemic. Eligible businesses, both for-profit and not-for-profit, that experienced a full or partial government-ordered suspension of operations, or a "significant" decline in gross receipts in any quarter (more than 50% decrease in 2020 from 2019, and more than 20% in 2021), could receive a quarterly refundable payroll tax credit. ERCs are claimed primarily on federal payroll tax forms. The Organization conducted due diligence before applying for ERC funds to ensure that it met the eligibility requirements.

During the year ended June 30, 2023, the Organization recognized revenue of 3,805,451 for the Corps and \$137,946 for the Charter School from Employee Retention Credits, of which \$3,888,750 was received as of June 30, 2023. The remaining balance of \$54,647 was collected during the year ended June 30, 2024.

The Organization recognized ERC revenue under FASB Accounting Standards Codification (ASC) Subtopic 958-605 because management determined that all grant conditions were substantially met. The ERC regulations and eligibility requirements require the exercise of considerable judgment. Because the calculation of the ERC was not reviewed by the IRS before the payments were funded, management conducted due diligence to reach a high level of comfort that the eligibility criteria were met based on the assessment of our specific facts and circumstances. Management reevaluated its position as of the date of the issuance of the financial statements, considering new developments including ERC and other regulatory interpretations and case law, and again concluded that the conditions for the revenue recognition were properly met. ERC claims will be subject to IRS audit until the statute of limitation expires.

### **NOTE 13 - SUBSEQUENT EVENTS**

Management has reviewed subsequent events and transactions that occurred after the date of the financial statements through November 6, 2024, which is the date the 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 June 30, 2024 financial statements.

*Supplementary  
Information*

**San Jose Conservation Corps**  
(A California Nonprofit Public Benefit Corporation)  
Department of Resources Recycling and Recovery (CalRecycle)  
Schedule of Grant Expenditures  
Grant Number RLC-37-22-0003  
For the Fiscal Year Ended June 30, 2024

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Description	Claimed Costs	Audited Costs
Personnel Services:		
Corps members salaries and wages	\$ 148,418	\$ 148,418
Staff salaries and wages	181,943	181,943
Benefits	64,773	64,773
Total personnel services	<u>395,134</u>	<u>395,134</u>
Operating Expenses:		
Equipment	152,524	152,524
Office supplies	637	637
Program specific expenses	19,867	19,867
Program/CM training education	2,506	2,506
Travel	31	31
Uniforms	571	571
Facilities	14,979	14,979
Vehicle expenses	10,626	10,626
Contracts and services	18,063	18,063
Other operating costs	679	679
Total operating expenses	<u>220,483</u>	<u>220,483</u>
Indirect Costs	<u>117,469</u>	<u>117,469</u>
Total Local Corps Costs	<u>\$ 733,086</u>	<u>\$ 733,086</u>

**San Jose Conservation Corps**  
(A California Nonprofit Public Benefit Corporation)  
Department of Resources Recycling and Recovery (CalRecycle)  
Schedule of Grant Expenditures  
Grant Number RLC-38-23-0003  
For the Fiscal Year Ended June 30, 2024

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Description	Claimed Costs	Audited Costs
Personnel Services:		
Corps members salaries and wages	\$ 429,755	\$ 429,755
Staff salaries and wages	463,448	463,448
Benefits	171,320	171,320
Total personnel services	<u>1,064,523</u>	<u>1,064,523</u>
Operating Expenses:		
Office supplies	4,613	4,613
Program specific expenses	44,749	44,749
Program/CM training education	10,849	10,849
Travel	660	660
Uniforms	10,617	10,617
Facilities	63,095	63,095
Vehicle expenses	125,299	125,299
Contracts and services	76,183	76,183
Other operating costs	704	704
Total operating expenses	<u>336,769</u>	<u>336,769</u>
Indirect Costs	<u>327,856</u>	<u>327,856</u>
Total Local Corps Costs	<u>\$ 1,729,148</u>	<u>\$ 1,729,148</u>

**San Jose Conservation Corps**  
(A California Nonprofit Public Benefit Corporation)  
Department of Resources Recycling and Recovery (CalRecycle)  
Notes to CalRecycle Compliance Section  
For the Year Ended June 30, 2024

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**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 *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.



*Additional Independent  
Auditor's Reports*



**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 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, 2024 and 2023, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements and have issued our report thereon dated November 6, 2024.

**Report on 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 audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 entity'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 and significant deficiencies may exist that were not identified.

**Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



### Purpose of This Report

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

C & A LLP

November 6, 2024

Morgan Hill, California



**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**

***Unmodified Opinion***

We have audited the San Jose Conservation Corps' (SJCC or the Organization) compliance with the types of compliance requirements described 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.

In our opinion, SJCC complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2024.

***Basis for Opinion***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the *Standards and Procedures for Audits of Local conservation Corps Receiving Grant Funds from the Department of Resources Recycling and Recovery* (CalRecycle). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of SJCC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of SJCC's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to SJCC's compliance with the requirements listed in the table below.

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements listed below has occurred, whether due to fraud or error, and express an opinion on SJCC's compliance based on our audit. 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, *Government Auditing Standards*, and the *Standards and Procedures for Audits of Local*



conservation Corps receiving grant funds from the department of resources recycling and recovery (CalRecycle) will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about SJCC's compliance with the requirements listed in the table below.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *Standards and Procedures for Audits of Local conservation Corps Receiving Grant Funds from the Department of Resources Recycling and Recovery (CalRecycle)*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 SJCC's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of SJCC's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *Standards and Procedures for Audits of Local Conservation Corps Receiving Grant Funds from the Department of Resources Recycling and Recovery (CalRecycle)*, but not for the purpose of expressing an opinion on the effectiveness of SJCC's internal control over compliance. Accordingly, no such opinion is expressed.
- Select and test transactions and records to determine SJCC's compliance with the state laws and regulations applicable to the items noted below in the compliance requirements tested section.

### ***Compliance Requirements Tested***

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

<i>Description</i>	<i>No. of Audit Guide Procedures</i>	<i>Procedures Performed</i>
Internal Control	10	Yes
Subcontractors	1	Yes
Competitive Bids	4	Yes
Conflict of Interest	2	Yes
Allowable and Reasonable Costs	6	Yes
Travel	2	Yes



**Purpose of This Report**

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the *Standards and Procedures for Audits of Local Conservation Corps Receiving Grant Funds from the Department of Resources Recycling and Recovery (CalRecycle)*. Accordingly, this report is not suitable for any other purpose.

C & A LLP

November 6, 2024  
Morgan Hill, CA

## *Findings and Recommendations*

**San Jose Conservation Corps**  
(A California Nonprofit Public Benefit Corporation)  
Schedule of Findings and Questioned Costs  
For the Year ended June 30, 2024

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**Section I - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued:

**Unmodified**

Internal control over financial reporting:

Material weaknesses?

\_\_\_\_ Yes    X No

Significant deficiencies identified not

considered to be material weaknesses?

\_\_\_\_ Yes    X None

Noncompliance material to financial statements noted?

\_\_\_\_ Yes    X No

CalRecycle Grants

Internal control over CalRecycle Grants:

Material weaknesses?

\_\_\_\_ Yes    X No

Significant deficiencies identified not

considered to be material weaknesses?

\_\_\_\_ Yes    X None

Type of auditor's report issued on compliance:

**Unmodified**

Any audit findings disclosed that are required to be  
reported in accordance with standards issued by

the Department of Resources Recycling and Recovery

\_\_\_\_ Yes    X No

**Section II - Financial Statement Findings**

No findings noted.

**Section III - CalRecycle Findings and Questioned Costs**

No findings noted.



**San Jose Conservation Corps**  
(A California Nonprofit Public Benefit Corporation)  
Status of Prior Year Findings and Recommendations  
For the Year ended June 30, 2024

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No findings noted.