

ConXion to Community
(a non-profit corporation)

Financial Statements
and
Independent Auditors' Report

For the Years Ended
June 30, 2021 and 2020



ConXion to Community

For the Years Ended June 30, 2021 and 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
ConXion to Community
San Jose, California

Report on the Financial Statements

We have audited the accompanying financial statements of Center for Training and Careers, Inc. dba ConXion to Community, a California nonprofit corporation (the Organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and changes in net assets, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 of 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 Center for Training and Careers, Inc. dba ConXion to Community, 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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, is presented for 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 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 Schedule of Federal Awards 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 9, 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 Center for Training and Careers, Inc., dba ConXion to Community'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 Center for Training and Careers, Inc., dba ConXion to Community's internal control over financial reporting and compliance.



San Jose, CA

November 9, 2021

ConXion to Community
Statements of Financial Position
As of June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 304,973	\$ 504,379
Grants receivable	284,745	329,427
Prepaid expenses	<u>20,684</u>	<u>13,478</u>
TOTAL CURRENT ASSETS	<u>610,402</u>	<u>847,284</u>
Property and equipment, net	<u>4,089,756</u>	<u>4,036,962</u>
Intangible assets		
Loan fees, net	<u>5,254</u>	<u>7,356</u>
TOTAL OTHER ASSETS	<u>4,095,010</u>	<u>4,044,318</u>
TOTAL ASSETS	<u><u>\$ 4,705,412</u></u>	<u><u>\$ 4,891,602</u></u>
 LIABILITIES		
Accounts payable	\$ 24,633	\$ 13,197
Payroll liabilities	36,973	41,996
Other current liabilities	10,487	26,145
Line of credit	-	34,533
Current portion of notes payable	48,552	45,943
Paycheck Protection Program loan	<u>305,270</u>	<u>284,600</u>
TOTAL CURRENT LIABILITIES	<u>425,915</u>	<u>446,414</u>
Rental deposits	19,150	18,000
Retirement benefits	67,053	49,288
Notes payable, net	<u>2,555,834</u>	<u>2,608,039</u>
TOTAL NON-CURRENT LIABILITIES	<u>2,642,037</u>	<u>2,675,327</u>
TOTAL LIABILITIES	<u>3,067,952</u>	<u>3,121,741</u>
 NET ASSETS		
Net assets without donor restriction	1,581,990	1,658,740
Net assets with donor restriction	<u>55,470</u>	<u>111,121</u>
TOTAL NET ASSETS	<u>1,637,460</u>	<u>1,769,861</u>
TOTAL LIABILITIES & NET ASSETS	<u><u>\$ 4,705,412</u></u>	<u><u>\$ 4,891,602</u></u>

See notes to financial statements.

ConXion to Community
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2021

	Without Donor Restriction	With Donor Restriction	Total
SUPPORT & REVENUE			
Grants and contracts	\$ 1,400,573	\$ 579,358	\$ 1,979,931
Tuition income	27,350	-	27,350
In-kind revenue	1,051,212	-	1,051,212
Contributions	33,514	-	33,514
Rental income	290,308	-	290,308
Total Support & Revenue	2,802,957	579,358	3,382,315
ADJUSTMENTS			
Net assets released from restrictions	635,009	(635,009)	-
EXPENSES			
Program services	3,570,374	-	3,570,374
Supporting services			
Management and general	88,457	-	88,457
Direct building services	142,555	-	142,555
Total supporting services	231,012	-	231,012
Total Expenses	3,801,386	-	3,801,386
OTHER INCOME & EXPENSES			
Miscellaneous income	1,391	-	1,391
Interest income	679	-	679
Extinguishment on debt	284,600	-	284,600
Total Other Income & Expenses	286,670	-	286,670
INCREASE (DECREASE) IN NET ASSETS	(76,750)	(55,651)	(132,401)
NET ASSETS AT BEGINNING OF YEAR	1,658,740	111,121	1,769,861
NET ASSETS AT END OF YEAR	\$ 1,581,990	\$ 55,470	\$ 1,637,460

See notes to financial statements.

ConXion to Community
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2020

	Without donor Restriction	With Donor Restriction	Total
SUPPORT & REVENUE			
Grants and contracts	\$ 1,849,972	\$ 113,594	\$ 1,963,566
Tuition income	112,090	-	112,090
In-kind revenue	447,877	-	447,877
Contributions	53,659	-	53,659
Rental income	276,613	-	276,613
Total Support and Revenue	2,740,211	113,594	2,853,805
Events, net			
Event income	11,216	-	11,216
Event expenses	(12,352)	-	(12,352)
Total events, net	(1,136)	-	(1,136)
Total support and events, net	2,739,075	113,594	2,852,669
ADJUSTMENTS			
Net assets released from restrictions	26,750	(26,750)	-
EXPENSES			
Program services	2,788,450	-	2,788,450
Supporting services			
Management and general	83,339	-	83,339
Direct building services	150,936	-	150,936
Total supporting services	234,275	-	234,275
Total Expenses	3,022,725	-	3,022,725
OTHER INCOME AND EXPENSES			
Miscellaneous income	1,015	-	1,015
Interest income	1,015	-	1,015
Total Other Income & Expenses	2,030	-	2,030
INCREASE (DECREASE) IN NET ASSETS	(254,870)	86,844	(168,026)
NET ASSETS AT BEGINNING OF YEAR	1,913,610	24,277	1,937,887
NET ASSETS AT END OF YEAR	\$ 1,658,740	\$ 111,121	\$ 1,769,861

See notes to financial statements.

ConXion to Community
Statement of Functional Expenses
For the Year Ended June 30, 2021

	Program Services	Supporting Services			Total Expenses
		Management & General	Direct Building Services	Total	
Salaries and wages	\$ 1,558,414	\$ 49,660	\$ -	\$ 49,660	\$ 1,608,074
Employer Taxes	128,726	4,102	-	4,102	132,828
Employee benefits	180,190	5,742	-	5,742	185,932
Compensation and related expenses	1,867,330	59,504	-	59,504	1,926,834
In-kind expenses	1,051,212	-	-	-	1,051,212
Conferences and training	2,826	202	-	202	3,028
Dues and subscriptions	2,848	-	-	-	2,848
Test fees	1,231	-	-	-	1,231
Contract services	127,845	-	-	-	127,845
Support services	118,285	-	-	-	118,285
Occupancy	134,776	11,586	103,311	114,897	249,673
Insurance	12,462	1,679	-	1,679	14,141
Bank fees	2,628	354	-	354	2,982
Printing/adv/postage	8,049	1,085	-	1,085	9,134
Property taxes	5,200	-	4,800	4,800	10,000
Professional fees	1,256	169	-	169	1,425
Supplies	43,433	3,102	-	3,102	46,535
Equipment & tools	46,345	3,310	-	3,310	49,655
Incentives	12,797	-	-	-	12,797
Telephone and comm.	41,808	2,986	-	2,986	44,794
Travel and meals	24,246	1,732	-	1,732	25,978
Miscellaneous	26,772	2,626	-	2,626	29,398
Depreciation	37,313	-	32,342	32,342	69,655
Amortization	-	-	2,102	2,102	2,102
Loan expense	1,712	122	-	122	1,834
Total Expenses	\$ 3,570,374	\$ 88,457	\$ 142,555	\$ 231,012	\$ 3,801,386

See notes to financial statements.

ConXion to Community
Statement of Functional Expenses
For the Year Ended June 30, 2020

	Program Services	Supporting Services			Total Expenses
		Management & General	Direct Building Services	Total	
Salaries and wages	\$ 1,392,551	\$ 48,065	\$ -	\$ 48,065	\$ 1,440,616
Employer Taxes	116,479	4,020	-	4,020	120,499
Employee benefits	154,622	5,337	-	5,337	159,959
Compansation and related expenses	1,663,652	57,422	-	57,422	1,721,074
In-kind expenses	447,877	-	-	-	447,877
Dues and subscriptions	3,594	-	-	-	3,594
Test fees	1,726	-	-	-	1,726
Contract services	138,497	-	-	-	138,497
Support services	105,221	-	-	-	105,221
Occupancy	166,600	11,469	113,501	124,970	291,570
Insurance	10,915	1,471	-	1,471	12,386
Bank fees	8,937	1,204	-	1,204	10,141
Printing/adv/postage	14,653	1,975	-	1,975	16,628
Property taxes	5,413	-	4,997	4,997	10,410
Professional fees	106	14	-	14	120
Supplies	30,197	2,157	-	2,157	32,354
Equipment & tools	29,798	2,128	-	2,128	31,926
Incentives	21,965	-	-	-	21,965
Telephone and comm.	42,283	3,020	-	3,020	45,303
Travel and meals	57,732	2,183	-	2,183	59,915
Miscellaneous	555	40	-	40	595
Depreciation	35,141	-	30,337	30,337	65,478
Amortization	-	-	2,101	2,101	2,101
Loan expense	3,588	256	-	256	3,844
Total Expenses	\$ 2,788,450	\$ 83,339	\$ 150,936	\$ 234,275	\$ 3,022,725

See notes to financial statements.

**ConXion to Community
Statements of Cash Flows
For the Years Ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<u>Cash Flows from Operating Activities:</u>		
Change in Net Assets	\$ (132,401)	\$ (168,026)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	69,656	65,478
Amortization	2,101	2,101
Extinguishment on debt	(284,600)	-
(Increase) decrease in Operating Assets:		
Grants receivable	44,682	(30,507)
Prepaid expenses	(7,206)	(6,278)
Increase (decrease) in Operating Liabilities:		
Accounts payable	11,436	(35,453)
Payroll liabilities	(5,023)	13,963
Rental deposits	1,150	-
Other current liabilities	(15,658)	(40,612)
Retirement benefits	17,765	18,572
	<u>(165,697)</u>	<u>(12,736)</u>
Total Adjustments	<u>(165,697)</u>	<u>(12,736)</u>
Net Cash Provided by (Used in) by Operating Activities	<u>(298,098)</u>	<u>(180,762)</u>
<u>Cash Flows from Investing Activities</u>		
Purchase of property and equipment	<u>(122,449)</u>	<u>(93,382)</u>
Net Cash (Used in) Investing Activities	<u>(122,449)</u>	<u>(93,382)</u>
<u>Cash Flows from Financing Activities</u>		
Loan proceeds	305,270	284,600
Principal repayments on note payable	(49,596)	(42,804)
Proceeds (payments) on line of credit	<u>(34,533)</u>	<u>(9,858)</u>
Net Cash (Used in) Financing Activities	<u>221,141</u>	<u>231,938</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(199,406)	(42,206)
Cash and Cash Equivalents at beginning of year	<u>504,379</u>	<u>546,585</u>
Cash and Cash Equivalents at end of year	<u>\$ 304,973</u>	<u>\$ 504,379</u>
<u>Supplemental Disclosures</u>		
Cash paid for interest	\$ 124,713	\$ 100,987
Noncash operating activities:		
In-kind contributions	\$ (1,051,212)	\$ (447,877)
In-kind expenses	\$ 1,051,212	\$ 447,877

See notes to financial statements.

ConXion to Community
Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020

1. NATURE OF OPERATIONS

Center for Training and Careers, Inc., a California nonprofit corporation dba ConXion to Community, (the Organization) is a nonprofit vocational skills training organization founded in 1977 to provide vocational training to residents of Santa Clara County.

Programs:

Vision & Bright Futures

Funding from the City of San Jose's BEST (Bringing Everyone's Strengths Together) provides education, job placement, and after school life skills coaching with mentoring for out of school youth ages 13-24 for high-risk, gang impacted and gang intentional youth.

Trauma to Triumph

CalGRIP (California Gang Reduction Intervention Program) is a partnership among the City of San Jose, Valley Medical Hospital, Hope for Youth, and ConXión to provide services for victims of gang violence. Services begin at the hospital.

Day Worker Center

Funded through Santa Clara County, Office of Supportive Housing. CTC provides transitional employment by connecting small businesses and homeowners with day laborers for a variety of services insuring fair wages and good working conditions while making the hiring process easy for the employers.

Escuela Popular Charter School

An agreement between CTC, the City of San Jose and Escuela Popular to deliver vocational services to adults 18 years old and over. The program is dedicated to pupils who are also WIA eligible.

Safe Summer Grant Initiative

This City of San Jose BEST program provides structured activity during the summer months for at risk youth.

Pro-social Violence Reduction Program

Santa Clara County Probation program to engage justice involved youth who have been referred by their Probation officer to participate in positive community activities. These activities improve their ability to redirect their energy and time towards more positive activities and experiences that will help develop pro-social skills to thrive in their schools and communities.

COVID Community Support Services

Assisting immigrants with financial support. Provide personal protective equipment such as masks, gloves, sanitizers, and gowns. Added two additional hand washing stations to care for the homeless. To keep staff and participants safe, had signs and floor marking developed for display.

ConXion to Community
Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020

1. NATURE OF OPERATIONS (continued)

Cultural Supporters

County of Santa Clara Department of Family and Children Services pilot program that works on disproportionality of children in the child welfare system. ConXión staff meets social worker on CPS calls and is the bridge between family and County during the investigative period.

Opportunity Court

Superior Court held once monthly for juvenile treatment court; held on-site here.

Bright Pathways

The goal of the Bright Pathways Mentoring Program is to provide rich and diverse mentoring for youth at-risk and/or engaged in the juvenile justice system. We engage or reengage them in community support systems that will help them build resiliency and avoid future criminal involvement. Youth must also participate in NCN's rites of passage workshops. The program was discontinued in 2021.

NSU Fellowship, Gilroy and San Jose

Neighborhood Safety Unit (NSU) engages 10-15 high risk youth per site in activities to deter them from the criminal justice system. The cohort of 15 receives mentoring, rites of passage training, digital literacy, and service learning/civic engagement. Successful completion is rewarded with a brand new laptop.

RESET

UnidosUS Re-Entry Initiative funded through funds received from the US Department of Labor. CTC leads the local initiative, which includes recruitment and outreach, case management, training, placement, data collection and reporting. The purpose of this initiative is to enroll 150 youth, ages 18-24, who are justice involved so they can receive education and training and be gainfully employed.

GENERATIONS: Family Resource Center (FRC)

The FRC provides families with children prenatal through age 5, promotion, prevention and early intervention information, resources, support and activities to ensure they have the skills and capacity to promote their children's development.

THRIVE Program

Works with students to address specific behaviors that may jeopardize a student's ability to attain academic success and high school graduation, help build resiliency and pro-social skills at home, school and in the community.

Project EVOLVE

Reduces suspension/expulsion rates in South County Schools. The goal is to provide youth with skills needed to succeed academically, identify career path, provide work readiness workshops, flourish within their community, and enhance their life skills.

ConXion to Community
Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020

1. NATURE OF OPERATIONS (continued)

Bright Futures Title II

Bright Futures is an after-school culturally relevant mentoring and counseling/intervention program that will provide 50 high-risk/gang impacted high school youth who have prior arrests/citations or a parent previously or currently incarcerated with support to help them understand they have the ability to make new life choices regardless of their past/current life circumstances.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Accounting

The Organization prepares its financial statements using the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Under the accrual basis of accounting, revenues are recorded as earned and expenses are recorded at the time liabilities are incurred.

b. Fiscal Year

The Organization's fiscal year begins on July 1 and ends on June 30.

c. Basis of Presentation

In accordance with GAAP, where applicable, the financial statements report amounts separately by class of net assets:

- 1) *Net assets without donor restrictions* consist of net assets that are for use in general operations and are not subject to donor (or certain grantor) restrictions. The governing board has not designated any amounts from net assets without donor restrictions.
- 2) *Net assets with donor restrictions* represent contributions whose use has imposed restrictions. The 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. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource has been fulfilled, or both.

d. Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid investments with initial maturity dates of less than three months.

ConXion to Community
Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Grants Receivable

All receivables are deemed collectible by management. Based on management's assessment of the grantors having outstanding balances and their past history, they concluded that losses on balances outstanding at year-end are unlikely. Management believes that all receivables will be collected within one year, therefore no allowance for doubtful accounts has been recorded.

f. Prepaid Expenses

Prepaid expenses consist of expenses that are paid in advance of when they are incurred.

g. Property and Equipment

Property and equipment acquired by the Organization are considered to be owned by the Organization. However, State funding sources may maintain an equitable interest in the property purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets. The State has a reversionary interest in those assets purchased with its funds that have a cost of \$500 or more and estimated useful lives of at least three years.

Furniture and equipment exceeding \$1,000 are recorded at cost if purchased or at estimated fair market value at date of gift, if donated. In 2021, the Organization increased the fixed asset capitalization policy to \$1,500. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Building	30-39 years
Building and improvements	10-20 years
Furniture and equipment	5-10 years

h. Accounts Payable

Accounts payable consists of amounts due for expenses incurred but not paid until the subsequent year.

i. Payroll Liabilities

Accrued unpaid employee vacation benefits are recognized as liabilities of the Organization.

Sick leave benefits are accumulated for each employee. Accumulated employee sick leave benefits are not recognized as liabilities since payment of such benefits are recorded as expenditures in the period sick leave is taken.

ConXion to Community
Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j. Refundable Deposits

The Organization collects deposits on leases of portions of the property. It is anticipated that the deposit will be refunded at the end of the lease less any incidental charges.

k. Other Current Liabilities

There are other liabilities including credit card liabilities and other miscellaneous liabilities that are reported as other current liabilities.

l. Notes Payable

Notes payable consists of notes owed for loans outstanding at year end. The notes relate to the loans on the buildings and loans from the city of San Jose.

m. Recognition of Contribution Income

The Organization recognizes revenue in accordance with Accounting Standards Codification ("ASC") 606, Revenue from Contracts with Customers, as amended. ASC 606 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition.

The Organization receives a substantial portion of its operating funds from government grants and contracts. The grants are reimbursed either on a cost reimbursable basis or on a fee for service basis. These funds are considered earned and reported as revenue when expenses are incurred for cost reimbursable grants and when services are provided for fee for service grants. Grants are recognized as revenue over the period specified in the related grant agreements and classified as net assets without donor restrictions. Donor restricted contributions will be classified as net assets with donor restrictions if the restrictions are not fulfilled in the same year the contribution was recognized.

n. Special events revenue

The Organization conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event - the exchange component, and a portion represents a contribution to the Organization. Unless a verifiable objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to the Organization. The contribution component is the excess of the gross proceeds over the fair value of the direct donor benefit. The performance obligation is delivery of the event. The event fee is set by the Organization. FASB ASC 606 requires allocation of the transaction price to the performance obligation(s). Accordingly, the Organization separately presents in its notes to financial statements, the exchange and contribution components of the gross proceeds from special events. For special event fees received before year-end for an event to occur after year-end, the Organization follows the American Institute of Certified Public

ConXion to Community
Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n. Special events revenue (continued)

Accountants ("AICPA") guidance where the inherent contribution is conditioned on the event taking place and is therefore treated as a refundable advance along with the exchange component. Special event fees collected by the Organization in advance of its delivery are initially recognized as deferred revenue and recognized as special event revenue after delivery of the event.

o. Recognition of Tuition Income

Tuition income is made up of tuition earned during the year. The tuition revenue is recognized when it is earned.

p. Recognition of Rental Income

Rental income is made up of rents earned during the year. The rental revenue is recognized when it is earned.

q. Contribution of Services

The Organization receives services donated by members of the community. These services do not meet the criteria for recognition as contributed services under GAAP.

r. In-Kind Revenue

The Organization records in-kind support including contributed assets and professional services. Contributed professional services are recognized if the services received (a) create or enhance a non-financial asset or (b) require specialized skills, provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received. The amounts reflected in the accompanying financial statements as in-kind support are offset by like amounts included in expense.

s. Advertising Expenses

There are expenses incurred to advertise the various program offerings, and are expensed as incurred. Advertising expenses for the years ended June 30, 2021 and 2020 were \$3,822 and \$5,780, respectively.

t. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

ConXion to Community
Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

u. Use of Estimates

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

v. Supporting Services

Supporting services include functions necessary to maintain an equitable employment program; ensure an adequate working environment; provide coordination and articulation of the Organization's program strategy through the Office of the President; secure proper administrative functioning of the Board of Directors; maintain competent legal services for the program administration of the Organization; and manage financial and budgetary responsibilities.

w. Tax Exemption Status

The Organization is exempt from Federal and State income taxes under Sections 501(c)(3) of the Internal Revenue Code (IRC) and 23701d of the California Revenue and Taxation Code, respectively. The Organization has no unrelated business income for the years ended June 30, 2021 and 2020. Accordingly, no provision is made for income taxes in these financial statements.

x. Changing Standards

Leases

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-02, Leases (Topic 842) ("ASU 2016-02"). ASU 2016-02 requires entities to recognize right-of-use assets and lease liabilities on the statement of financial position for the rights and obligations created by all leases, including operating leases, with terms of more than 12 months. The new standard also requires additional disclosures on the amount, timing, and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative information. The effective date was July 1, 2021, however, in June 2020, FASB issued ASU 2020-05 which pushed out the effective date out by one year. The new standard will be effective for the Organization on July 1, 2022. Early adoption is permitted. The Organization is in the process of evaluating the impact the adoption of this standard will have on its financial statements and related disclosures.

ConXion to Community
Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

In June 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. ASU 2018-08 improves existing guidance on revenue recognition of grants and contracts to reduce diversity in accounting practice. The amendments in the ASU provide clarified guidance on evaluating whether a transaction should be accounted for as a contribution or an exchange transaction, based on whether a resource provider is receiving corresponding value in return for the resources transferred. ASU 2018-08 also includes an improved framework to determine whether a contribution is conditional and to better distinguish a donor-imposed condition from a donor-imposed restriction. The ASU also modifies the simultaneous release option currently in GAAP which allows a not-for-profit organization to recognize a restricted contribution directly in unrestricted net assets/net assets without donor restrictions if the restriction is met in the same period that the revenue is recognized. This election may now be made for all restricted contributions that were initially classified as conditional without having to elect it for all other restricted contributions and investment returns. The guidance in ASU 2018-08 is effective as follows: transactions in which the Organization is the resource recipient in years beginning after December 15, 2018, and interim periods within years beginning after December 15, 2019; transactions in which the Organization is the resource provider in years beginning after December 15, 2019, and interim periods within years beginning after December 15, 2020. Early adoption is permitted. The Organization adopted ASU 2018-08 for year ended June 30, 2020. The adoption of the new guidance did not have a material impact on the Organization's financial statements.

3. CONCENTRATION OF RISK

Financial instruments that potentially subject the Organization to credit risk consist primarily of cash, and receivables. The Organization maintains cash with commercial banks and other major financial institutions. At times, cash balances may be in excess of the Federal Deposit Insurance ("FDIC") limits of \$250,000.

The credit risk associated with receivables is mitigated by the fact that the receivables are due from Organization members, local donors and governments.

For the years ended June 30, 2021 and June 30, 2020, there were one and two contributors, respectively, that provided more than 10% of support and revenue, excluding in-kind contributions.

ConXion to Community
Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020

4. GRANTS RECEIVABLE

Grants receivable as of June 30, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
BSCC	\$ 42,098	\$ 99,283
City of Gilroy	-	21,407
City of San Jose	51,473	42,630
Escuela Popular	20,000	5,000
Santa Clara County	112,071	121,292
Work2Future	-	11,550
Unidos US	59,103	28,265
	<u>\$ 284,745</u>	<u>\$ 329,427</u>

5. PROPERTY AND EQUIPMENT

At June 30, 2021 and 2020, the value of the property and equipment and related accumulated depreciation is as follows:

	<u>2021</u>	<u>2020</u>
Land	\$ 2,900,000	\$ 2,900,000
Building	454,269	454,269
Building improvements	1,306,034	1,186,198
Furniture and equipment	76,090	85,460
Total Property and Equipment	4,736,393	4,625,927
Less Accumulated Depreciation	<u>(646,637)</u>	<u>(588,965)</u>
Net Property and Equipment	<u>\$ 4,089,756</u>	<u>\$ 4,036,962</u>

Depreciation expense for the years ended June 30, 2021 and 2020 was \$69,655 and \$65,478, respectively.

ConXion to Community
Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020

6. NET ASSETS WITH DONOR RESTRICTION

Net assets with donor restriction are required to be disbursed by explicit grant requirement. The net assets with donor restriction held as of June 30 consisted of the following:

	2020	Increases	Releases	2021
Bright Futures	\$ 30,321	\$ 162,483	\$ 144,286	\$ 48,518
Day Worker Center	10,000	358,375	368,375	-
Comcast- Tiny House	70,800	50,000	120,800	-
Staff Wellness	-	8,500	1,548	6,952
	<u>\$ 111,121</u>	<u>\$ 579,358</u>	<u>\$ 635,009</u>	<u>\$ 55,470</u>

	2019	Increases	Releases	2020
Bright Futures	\$ 14,277	\$ 16,044	\$ -	\$ 30,321
Day Worker Center	10,000	-	-	10,000
Comcast – Tiny House	-	70,800	-	70,800
VMC Foundation	-	14,250	14,250	-
SVCF Grant	-	12,500	12,500	-
	<u>\$ 24,277</u>	<u>\$ 113,594</u>	<u>\$ 26,750</u>	<u>\$ 111,121</u>

7. LIQUIDITY AND AVAILABILITY

The Organization strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures.

The Organization considers investment income without donor restrictions, appropriated earnings from donor-restricted and contributions without donor restrictions to be available to meet cash needs for general expenditures. General expenditures include administrative and general expenses, program expenses, and fundraising expenses to be paid in the subsequent year.

The Organization manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets, and
- Maintaining sufficient reserves to provide reasonable assurance that mission fulfillment will continue to be met, ensuring the sustainability of the Organization.

The following table reflects the Organization’s financial assets as of June 30, 2021 and 2020, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions or internal board designations. Amounts not available include board-designated special projects fund that is intended to fund special board initiatives not considered in the annual operating budget. In the event the need arises to utilize the

ConXion to Community
Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020

7. LIQUIDITY AND AVAILABILITY (continued)

board-designated funds for liquidity purposes, the reserves could be drawn upon through board resolution. Amounts not available to meet general expenditures within one year also include net assets with donor restrictions.

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 304,973	\$ 504,379
Grants receivable	<u>284,745</u>	<u>329,427</u>
Total financial assets	589,718	833,806
Less amounts not available to be used within one year:		
Net assets with donor restrictions	<u>55,470</u>	<u>111,121</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 534,048</u>	<u>\$ 722,285</u>

8. LINE OF CREDIT

The Organization has a line of credit with credit limit of \$100,000, and no outstanding balance as of June 30, 2021 and \$34,533 as of June, 31, 2020. The interest rate as of June 30, 2020 was 6.0%.

9. PAYCHECK PROTECTION PROGRAM LOAN

In May 2020, the Organization received a \$284,600 loan through Paycheck Protection Program (PPP), provided by the Small Business Administration (SBA). This loan helps small business pay for payroll and other expenses during COVID-19. The PPP loans and accrued interest are forgivable after the covered period has ended as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the full time equivalent or salary was reduced without restoring by a specified period. The unforgiven portion of the PPP loan has an interest rate of 1% with a maturity of two years. In February 2021, the Organization received full forgiveness from the SBA and has reported the forgiveness as an extinguishment of debt in the Statements of Activities and Changes in Net Assets.

In February 2021, the Organization obtained a second round loan of \$305,270 through the PPP provided by the SBA. The PPP loans and accrued interest are forgivable after the covered period has ended as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the full time equivalent or salary was reduced without restoring by a specified period. The unforgiven portion of the PPP loan has an interest rate of 1% with a maturity of two years. The loan is classified as short-term as forgiveness was received on October 29, 2021. The SBA determined that the Organization used proceeds for purposes consistent with the PPP requirements.

ConXion to Community
Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020

10. RETIREMENT BENEFITS

In 2018, the Organization approved the payout of any unused vacation accumulation for two executives on the date of their retirement. The Organization had \$67,053 and \$49,288 in retirement liabilities for years ended June 30, 2021 and 2020, respectively. The expected payout date is uncertain at this time. The Organization does not expect any payout for this liability within a year.

11. NOTES PAYABLE

The Organization assumed two notes during 2003, secured by deeds of trusts, in the total amount of \$1,550,000, payable to the City of San Jose. The notes do not bear interest. The entire balance of principal shall be due and payable in the event of a default as provided for in the grant agreement occurring by the 10th anniversary of the recording of the deed of trust for the City of San Jose's requirements or occurring by a subsequent five-year period for U.S. Department of Housing and Urban Development requirements, for a total period of 15 years, or as extended by an amendment to the grant agreement. If a default has not occurred by this date, the loan shall convert to a grant.

In May 2018, the San Jose City Council approved the forgiveness of the \$1,000,000 Healthy Neighborhood Venture Loan to the Organization, for the acquisition and rehabilitation of the property at 749 Story Road, for fulfilling the conditions of its contract. The Organization recognized \$1 million loan forgiveness during the fiscal year ending June 30, 2019.

The Organization was also obligated on a note dated December 10, 2008, secured by a deed of trust, in the original amount of \$1,975,777, payable to the Heritage Bank of Commerce. The note bore an initial interest rate of 5.5%, reset monthly. The note was initially due December 10, 2008 with the option to extend annually for ten consecutive periods to December 10, 2018. The Organization paid off this loan by refinancing a new loan in the original amount of \$2,175,000 at a fixed rate 5.46% in August 2018 with Heritage Bank of Commerce. This new loan is due on August 7, 2023. The outstanding balances as of June 30, 2021 and 2020 were \$2,054,386 and \$2,103,982, respectively. The cost to refinance was \$10,508. The loan cost will be amortized over the loan term. Loan amortization expense for the years ended June 30, 2021 and 2020 was \$2,101.

The minimum principal obligations for fiscal years ended June 30th are due are as follows:

2022	\$ 48,552
2023	51,309
2024	<u>2,504,525</u>
Total	<u><u>\$ 2,604,386</u></u>

ConXion to Community
Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020

12. IN-KIND CONTRIBUTIONS

During the years ended June 30, 2021 and 2020, the Organization recognized the following in-kind donations received as follows:

	<u>2021</u>	<u>2020</u>
Food Contribution	\$ 1,051,212	\$ 419,081
Instructional Staff	-	28,796
	<u>\$ 1,051,212</u>	<u>\$ 447,877</u>

13. GRANTS AND CONTRACTS

The Organization was primarily funded through the following grants and contracts:

	<u>2021</u>	<u>2020</u>
BSCC	\$ 223,416	\$ 99,283
Bright Futures	109,613	124,448
Bright Pathways	-	31,275
CalOES	41,153	40,003
CALVIP- City of Gilroy	13,201	79,131
CALVIP – City of San Jose	15,067	-
Casa Code-Unidos	-	5,000
Comcast	50,000	70,800
Cultural Supporters	266,277	211,553
Day Employment Center	343,712	358,375
Escuela Popular	100,000	100,000
First 5 Santa Clara County	225,595	85,498
Parent Hub	-	89,662
ProSocial	108,893	138,639
Reset DOL	180,628	224,025
Unidos Hope	-	25,000
San Jose Best	53,453	58,799
San Jose Best – Shortino	40,000	40,000
Project Evolve	12,335	18,735
SCC Covid Outreach	30,000	-
Silicon Valley CF	24,040	25,000
SJ Peace	41,605	14,250
Staff Wellness	8,500	-
Youth Fellowship	92,443	124,090
	<u>\$ 1,979,931</u>	<u>\$ 1,963,566</u>

ConXion to Community
Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020

14. RENTAL INCOME

The Organization's leases space to outside entities. These rental agreements range from month to month to multiyear leases and are operating leases.

Rental income is reported as earned over the term of the lease. Future minimum rental income under these leases is as follows:

2022	<u>\$ 162,581</u>
Total	<u><u>\$ 162,581</u></u>

15. FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The Organization allocates all expenses based on a time allocation of the employees per month and this is done for all expense other than grant expense. Grant expense is directly allocated to grant making. Facility related expenses are allocated based on estimated use of square footage.

16. CONTINGENT LIABILITIES

Conditions contained within the various contracts awarded to the Organization are subject to the funding agencies' criteria and regulations under which expenditures may be charged and are subject to audit under such regulations and criteria. Occasionally, such audits may determine that costs incurred against the grants may not comply with the established criteria that govern them. The Organization's management does not anticipate any questioned costs for the contracts and grants administered during the period.

In recent days, the COVID-19 outbreak in the United States has resulted in economic uncertainties. The Organization's income is made up of contributions and grants, as such, other financial impact could occur, though such potential impact is unknown at this time.

17. PROPERTY TAXES

Due to the Organization's involvement in the community and nonprofit status, the California Board of Equalization and the Tax Assessor for the County of Santa Clara awarded a property tax exemption to the Organization for the years ended June 30, 2021 and 2020.

ConXion to Community
Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020

18. INCOME TAXES

GAAP require an organization to recognize the tax benefit or liability associated with a tax position taken for the tax return purposes when it is more likely than not the position will be sustained. The Organization does not believe there are any material uncertain tax positions and accordingly, they will not recognize any liability for unrecognized tax benefits. For the years ended June 30, 2021 and 2020, there were no tax related interest or penalties recorded or included in the financial statements. The Organization is subject to potential examination by taxing authorities for income tax returns filed in the U.S. federal jurisdiction and the State of California. The tax years that remain subject to potential examinations for the U.S. federal jurisdiction are June 30, 2018 and forward. The State of California tax jurisdiction is subject to potential examination for tax years June 30, 2017 and forward.

19. SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the statement of financial position date but before financial statements are issued. The Organization recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The Organization's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position, but arose after the statement of financial position date and before financial statements are available to be issued.

Management evaluates events occurring subsequent to June 30, 2021 in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through the date of the independent auditor's report which is the date the financial statements were available to be issued.

In October 2021, the Organization's second round PPP loan was fully forgiven.

No other events have occurred that required recognition or disclosure for the year ended June 30, 2021.

Supplementary Information



INDEPENDENT AUDITORS' 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

To the Board of Directors
ConXion to Community
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 Center for Training and Careers, Inc., a California nonprofit corporation, dba ConXion to Community (the Organization), which comprise the statement of financial position as of June 30, 2021, and the related statement of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report dated November 9, 2021.

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) to determine the 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 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 determination of financial statement amounts. 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.

A handwritten signature in blue ink that reads "Wheeler". The signature is written in a cursive style with a large initial "W".

San Jose, CA

November 9, 2021



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
ConXion to Community
San Jose, California

Report on Compliance for Each Major Federal Program

We have audited the Center for Training and Careers, Inc., dba ConXion to Community's (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2021. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. 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 requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 major federal program 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 major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Organization 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 the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 federal program 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 federal program 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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 requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



San Jose, CA

November 9, 2021

ConXion to Community
Schedule of Expenditures of Federal Awards
As of June 30, 2021

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Federal Assistance Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Housing and Urban Development Pass-through program from: City of San Jose - Community Development Block Grant Program Building Acquisition Project	14.218	N/A	\$ 550,000 *
Total U.S. Department of Housing and Urban Development			<u>550,000</u>
U.S. Department of Labor Employment and Training Administration Pass-through program from: National Council La Raza - Reentry Project	17.270	N/A	180,628
Total U.S. Department of Labor Employment and Training Administration			<u>180,628</u>
U.S. Department of Justice and Delinquency Prevention Pass-through program from: CA Board of State and Community Corrections - Title II Program	16.540	N/A	223,416
Total U.S. Department of Justice and Delinquency Prevention			<u>223,416</u>
U.S. Department of Agriculture Pass-through program from: Second Harvest of Silicon Valley - Emergency Food Assistance (CFAP) Second Harvest of Silicon Valley - Emergency Food Assistance (TEFAP and CARES)	10.130 10.569	N/A N/A	157,012 76,807
Total U.S. Department of of Agriculture			<u>233,819</u>
U.S. Department of Treasury Pass-through program from: City of San Jose - Coronavirus Relief Fund (Nonprofit Organization) Second Harvest of Silicon Valley - Coronavirus Relief Fund - Emergency Food Assistance	21.019 21.019	N/A N/A	24,040 15,244
Total U.S. Department of Treasury			<u>39,284</u>
U.S. Department of Homeland Security Pass-through program from: Second Harvest of Silicon Valley Emergency Food Assistance	97.024	N/A	650
Total U.S. Department of Homeland Security			<u>650</u>
Total Expenditures of Federal Awards			<u>\$ 1,227,797</u>

Note 1: Basis of Presentation

The above schedule of expenditures of federal awards includes the federal grant activity of the Organization and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Note 2: The Organization does not elect to use the 10% de minimus cost rate.

Note 3: Notes Outstanding

Center for Training and Careers, Inc. had the following notes payable outstanding as of June 30, 2021. These notes are also included in the federal expenditures.

Federal Grantor / Pass-Through Grantor/Program or Cluster Title	Federal Assistance Number	Amount Outstanding
City of San Jose - Community Development Block Grant Program Building Acquisition Project	14.218	\$ 550,000

N/A Not Available

See notes to financial statements.

**ConXion to Community
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditors’ 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? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs

- Material weaknesses identified? No
- Significant deficiencies identified? No

Types of auditors’ report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a) No

Identification of major federal programs:

<u>Assistance Number</u>	<u>Name of Federal Program or Cluster</u>	
14.218	City of San Jose – Community Development Block Grant Program – CTC Acquisition Project	\$ 550,000
	Dollar threshold used to distinguish between type A and type B program	\$ 750,000
	Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Awards Findings and Questioned Costs

No matters were reported.

**ConXion to Community
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2021**

Prior Year Finding Number: 2020-001

Fiscal Year in Which the Finding Initially Occurred: 2020

Federal Program: Title II program

Federal Assistance Number: 16.540

Original Finding Description: The Schedule of Expenditures of Federal Awards was inaccurate and incomplete.

Status of Corrective Action: Fully corrected