

**AGENDA FOR ANNUAL MEETING AND MEETING OF BOARD OF DIRECTORS
OF
SAN BERNARDINO VALLEY CONSERVATION TRUST,
a California Nonprofit Public Benefit Corporation**

Monday, October 04, 2021 – 1:30 P.M.

This meeting is being conducted via teleconference/Zoom. Anyone wishing to join the meeting can join via Zoom: Call in (669) 900-6833, Meeting ID: 823-8009-9552

To join the Zoom Meeting online: <https://us06web.zoom.us/j/82380099552>

Note: Copies of staff reports and other documents relating to the items on this agenda are on file at the San Bernardino Valley Water Conservation District office and are available for public review during regular District business hours. New information relating to agenda topics listed, received, or generated by the District after the posting of this agenda, but before the meeting, will be made available upon request. The San Bernardino Valley Conservation Trust intends to follow California Open Meeting laws and the Americans with Disabilities Act (ADA) in all respects. If you need special assistance with respect to the agenda or other written materials forwarded to the members of the Board for consideration at the Board meeting, or if as an attendee or a participant at this meeting you will need special assistance, the District will attempt to accommodate you in every reasonable manner. Please contact Athena Monge at (909) 793-2503 at least 48 hours prior to the meeting to inform her of your particular needs and to determine if accommodation is feasible. Please advise us at that time if you will need accommodations to attend or participate in meetings on a regular basis.

CALL TO ORDER

ROLL CALL

1. PUBLIC PARTICIPATION

Members of the public may address the Board of Directors on any item that is within the jurisdiction of the Board; however, no action may be taken on any item not appearing on the agenda unless the action is otherwise authorized by Subdivision (b) Section 54954.2 of the Government Code.

2. APPROVAL OF MINUTES FROM JULY 19, 2021.....pg. 3

Presenter: Daniel Cozad

Recommendation: Review and approve minutes from July 19, 2021, as presented.

3. DESIGNATION OF BOARD OF DIRECTORS

Presenter: Daniel Cozad

Recommendation: Re-designate John Longville and Paul Williams to a subsequent three-year term of office. Approve correction to March 15, 2018 minutes, Agenda Item 2: Board of Directors term approved incorrectly indicated two years and should have been for three years as indicated in the Trust Bylaws.

4. APPOINTMENT OF OFFICERS

Presenter: Daniel Cozad

Recommendation: Appoint officers

Current officers: David Raley, President
John Longville, Vice President
Daniel Cozad, Secretary

5. REVIEW DRAFT AUDIT REPORT AND CONSIDER APPROVAL.....pg. 7

Presenter: Daniel Cozad/Scott Manno, RAMS

Action: Approve FY 2020/2021 audit report as presented.

6. FINANCIAL STATUS UPDATE.....pg. 25

Presenter: Daniel Cozad

Recommendation: Review and approve quarterly financial report

7. WASH PLAN IMPLEMENTATION PROGRESS UPDATE

Presenter: Betsy Miller

Recommendation: Receive update on Wash Plan

8. SAN BERNARDINO COUNTY TRANSPORTATION AUTHORITY’S COMMUNITY MITIGATION UPDATE

Presenter: Betsy Miller

Recommendation: Receive update on SBCTA status

9. QUARTERLY MEETING DATE REVIEW

Presenter: Daniel Cozad

Recommendation: Review and consider changing the quarterly meeting date to avoid meeting overlap

ADJOURN MEETING

The next regular scheduled Board of Directors Meeting will be on _____, 2022 at _____, at 1630 W. Redlands Blvd., Redlands, CA.

**MINUTES FOR MEETING OF BOARD OF DIRECTORS
OF
SAN BERNARDINO VALLEY CONSERVATION TRUST,
a California Nonprofit Public Benefit Corporation**

Tuesday, January 19, 2021 – 1:30 pm

CALL TO ORDER –1:47 p.m. (Via teleconference and Zoom)

ROLL CALL

David E. Raley, SBV Water Conservation District (District)
John Longville, SBV Water Conservation District
Paul Williams, Inland Empire Resource Conservation District (Absent)
T. Milford Harrison, SBV Municipal Water District (Tentative Board Member)

Daniel Cozad, SBV Water Conservation District
Betsy Miller, SBV Water Conservation District
Angie Quiroga, SBV Water Conservation District
David Cosgrove, Rutan & Tucker, LLP

1. PUBLIC PARTICIPATION -None
2. APPROVAL OF MINUTES FROM OCTOBER 07, 2020

Action: Motion was made by President Raley and seconded by Vice President Longville to approve the meeting minutes from October 07, 2020, as presented. T. Milford Harrison’s qualifications as Director have been recognized pending confirmation by the appointing agency. The motion carried 3-0, with all Board members present voting in the affirmative.

Ayes: Raley, Longville, Harrison

Noes:

Absent: Williams

Abstain:

3. FINANCIAL STATUS UPDATE

Mr. Cozad directed the Board to package pages 8-9. He stated the financial status is as of December 31, 2020. On this date, \$741,560 was held in cash at California Credit Union with \$3.13 million held in investments at US Bank. Accounts receivable are approximately \$8.1 million due from Cemex and Robertson’s related to their mining area. They will likely pay over time unless they decide to permit their mine holdings all at once. Liabilities owed to others include payments owed to the District for issuance/land buy-in costs received from Wash Plan participants. Earned mitigation credits due to the District are for District staff time, consultants, and legal fees incurred related to development interest deposits paid by S-P Deerfield, Highland-Fifth Orange Partners and SB County Transportation Authority. President

Raley inquired as to why the District has not been reimbursed. Mr. Cozad stated the District may request repayment at any time, but interest is earned on District funds that are held by the Trust. It also helps spread the cost of management fees.

Action: Motion was made by Vice President Longville and seconded by Director Harrison to approve the financial status as presented. The motion carried 3-0, with all Board members present voting in the affirmative.

Ayes: Raley, Longville, Harrison

Noes:

Absent: Williams

Abstain:

4. WASH PLAN IMPLEMENTATION UPDATE

Betsy Miller stated under our Incidental Take Permit (ITP) we have a requirement to conduct monitoring for both California gnatcatcher and San Bernardino kangaroo rat (SBKR) this year. Gnatcatcher monitoring is planned and we expect the contract for this work to be completed this month. We are continuing to work with both wildlife agencies, USFW and CDFW, regarding SBKR monitoring, including revising the protocols to be used for Wash Plan implementation. Based on that, we are working to secure appropriate partners in that effort and confirm everyone is comfortable with the direction we are working toward before efforts get underway. Required management actions for 2021 include invasive species management. We have purchased a new gator with a spray attachment, and a new trailer to move it with. This new equipment will allow our field staff to treat invasive species in a much more efficient manner.

IERCD will be supporting some of our management actions as well. We have an existing MOU with IERCD currently and are discussing if we will work under that MOU this year or if another MOU is needed. This will be finalized by month-end. Regarding the BLM land exchange, we expect to see some movement soon. Mr. Cosgrove advised that senior BLM staff are working with their solicitors to 1) clarify exceptions to title and clear those that do not apply and 2) determine the nature of rights-of-way. They need to review and solidify rights-of-way that have been used and exercised over the last hundred years but not necessarily thoroughly documented. Work is still being completed to make sure BLM has everything they need to finalize the exchange. Ms. Miller noted that work to obtain state and waters permits for Wash Plan projects is on-going.

We submitted our application for our California Endangered Species Act (CESA) permits at the end of last year. CDFW has stated they have dedicated staff for at least part of the year to work with us through this process. Project descriptions have been sent out to all Wash Plan participants who need both state and federal waters permits in order for them to confirm, update, or remove their project from the process. Once this list is updated, the permit application process can begin. This item was received and filed.

5. WASH PLAN SUPPORT MOU WITH SB COUNTY FLOOD CONTROL DISTRICT UPDATE

Ms. Miller stated SBCFCD has its own ITP under the Wash Plan, but there is interest to coordinate and support one another during Wash Plan implementation. Mr. Cosgrove has

drafted an agreement to manage conservation easements, funding for conservation activities, and an MOU for the habitat management activities between our two agencies. It will allow the Trust to hold the conservation easements specifically on SBCFCD's lands set aside under their Wash Plan ITP. It also supports integrating our monitoring, land management, and annual reporting as they take place. We should be able to recognize some efficiencies of scale, and it will also support robust data analysis. The agreement allows us to convey the conservation easement, specifies escrow requirements, discusses the review and approval for property title, obligations of the Trust for managing the endowment, invoicing and payment procedures, and an amendment option for non-Wash Plan projects. The District Board reviewed the agreement in December and expects to bring it to the Trust Board at the next meeting. Discussion ensued. This item was received and filed.

6. SAN BERNARDINO COUNTY TRANSPORTATION AUTHORITY'S COMMUNITY MITIGATION UPDATE

Ms. Miller advised there is some good news with our coordination with SBCTA. They are purchasing land through our community mitigation program, and they have hired the Trust to support fulfilling the obligations in their state CDFW ITP. We currently have ready for approval our conservation easement, conservation easement transfer agreement, and our endowment agreement. We are waiting on our escrow agreement. We hope to have all these documents together as a package as soon as we have the escrow agreement complete. In parallel, CDFW has to review and approve the exact location of the acreage necessary for this project. We have said we will set aside 4.2 acres "within the lands owned by the District." Since the ITP requires a full biological assessment on this land, which is quite expensive, we are trying to provide only the amount of information CDFW needs to do the assessment at this time. A biological letter report will be used for Blossom Trails, and we will use this as a test run for SBCTA's project. About 44% of the budget for this project has been spent so far, primarily for biological services. Discussion ensued. This item was received and filed.

7. BLOSSOM TRAILS COMMUNITY MITIGATION AGREEMENT UPDATE

Ms. Miller explained, like SBCTA, we are working to define precisely where the acreage is located on the ground for Blossom Trails mitigation. Staff is preparing maps and other items necessary for the process. We have provided comments on two drafts of a biological letter report and hope to get back to the Blossom Trails consultants this week and then to CDFW to get the ball rolling. Mr. Cozad stated one of the elements we are working on from the District's perspective is to help Blossom Trails find a possible way to fund the 20.85 acres they need through Community Facilities District. They are working through the financial proformas. This is new to the District and will be our first test case. They fund development needs, and those values accrue to the development over time. Otherwise, it may be difficult for the developer to support that directly. It would be a note secured by a stream of income from the owners of the homes built there collected on the property tax. This item was received and filed.

8. GRANT OPPORTUNITIES

Ms. Miller stated non-profits have some opportunities for grants that are not available to certain government agencies. Our top priority right now is the first-year Wash Plan roll-out, but we are keeping an eye out for well-fitting grant opportunities. We had one opportunity through the Mt Dew Outdoors program in which we were specifically looking at environmental

education and interpretive opportunities associated with trails in the preserve. Our field supervisor Manuel Colunga assisted in completing the application, but unfortunately, we were not selected. REI and other local stores sometimes provide grant opportunities associated with trails. She requested the Board to advise if they become aware of any opportunities in the future. This item was received and filed.

9. ADJOURN MEETING – 2:23 pm.

Action: A motion was made by Vice President Longville and seconded by President Raley to adjourn the meeting. The next regular Board of Director’s meeting will be held on Monday, April 05, 2021, at 1:30 pm via teleconference and Zoom. The motion carried 2-0, with all Directors present voting in the affirmative.

Ayes: Raley, Longville

Noes:

Absent: Williams, Harrison

Abstain:

Daniel B. Cozad
Secretary/CFO



ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

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To the Board of Directors
San Bernardino Valley Conservation Trust
Redlands, California

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Scott W. Manno, CPA, CGMA
Leena Shanbhag, CPA, MST, CGMA
Bradferd A. Welebir, CPA, MBA, CGMA
Jenny W. Liu, CPA, MST

MANAGERS / STAFF

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Gardenya Duran, CPA, CGMA
Brianna Schultz, CPA
Seong-Hyea Lee, CPA, MBA
Evelyn Morentin-Barcena, CPA
Veronica Hernandez, CPA
Laura Arvizu, CPA
Xinlu Zoe Zhang, CPA, MSA
John Maldonado, CPA, MSA
Thao Le, CPA, MBA
Julia Rodriguez Fuentes, CPA, MSA

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Certified Public Accountants

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Quality Center*

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California Society of
Certified Public Accountants

We have audited the financial statements of San Bernardino Valley Conservation Trust (the Trust) as of and for the year ended June 30, 2021, and have issued our report thereon dated September 29, 2021. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated May 5, 2021, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust’s internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Trust solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.



Compliance with All Ethics Requirements Regarding Independence

The engagement team and others in our firm, as appropriate, have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Trust is included in Note 1 to the financial statements. The Trust did not adopt any new accounting standards.. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

Management's estimate of accounts receivable and unearned revenue. We evaluated the key factors and assumptions used to develop the estimate in determining that they are reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the Trust's financial statements relate to:

The disclosure of investment fair value amounts in the notes to the financial statements are based on inputs from active markets.

The disclosure related to the possible effects of the COVID-19 pandemic in the notes.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. There were no such misstatements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Trust's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated September 29, 2021.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the Trust, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Trust's auditors.

This report is intended solely for the information and use of the Board of Directors and management of the Trust and is not intended to be and should not be used by anyone other than these specified parties.

Rogers, Anderson, Malody & Scott, LLP.

September 29, 2021
San Bernardino, California



SAN BERNARDINO VALLEY CONSERVATION TRUST

Established 2016

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(909) 793-2503
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Email: sbvct@sbvwcd.org
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Rogers, Anderson, Malody & Scott, LLP
735 E Carnegie Drive, Suite 100
San Bernardino, CA 92408

This representation letter is provided in connection with your audit of the financial statements of the San Bernardino Valley Conservation Trust (the Trust) as of June 30, 2021 and for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, of the various opinion units of the Trust in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of September 29, 2021:

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated May 5, 2021, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- We acknowledge our responsibility 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.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements and donor restrictions.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.

BOARD
OF
DIRECTORS

President
David E. Raley

Vice President
John Longville

Director
Paul Williams
Director
T. Milford Harrison

SECRETARY/CFO

Daniel B. Cozad



SAN BERNARDINO VALLEY CONSERVATION TRUST

Established 2016

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- We have maintained an appropriate composition of assets in amounts needed to comply with all donor restrictions.
- We have accurately presented the entity's position regarding taxation and tax-exempt status.
- We have included in the financial statements all assets and liabilities under the entity's control.
- Reclassifications between net asset classes are proper.
- Methods and significant assumptions used by management to determine fair values, their consistency in application, and the completeness and adequacy of fair value information for financial statement measurement and disclosure purposes are appropriate.
- With respect to the nonattest services provided, we have performed the following:
 - Made all management decisions and performed all management functions;
 - Assigned a competent individual to oversee the services;
 - Evaluated the adequacy of the services performed;
 - Evaluated and accepted responsibility for the result of the service performed; and
 - Established and maintained internal controls, including monitoring ongoing activities.

Information Provided

- We have provided you with:
 - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - Management;
 - Employees who have significant roles in internal control; or
 - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the Trust's financial statements communicated by employees, former employees, vendors, regulators, or others.
- We are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial statements and we have not consulted legal counsel concerning significant litigation, claims, or assessments.
- We have disclosed to you the identity of the Trust's related parties and all the related party relationships and transactions of which we are aware.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.

BOARD
OF
DIRECTORS

President
David E. Raley

Vice President
John Longville

Director
Paul Williams
Director
T. Milford Harrison

SECRETARY/CFO

Daniel B. Cozad



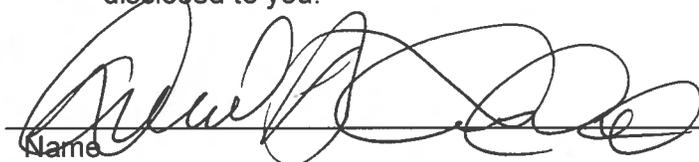
SAN BERNARDINO VALLEY CONSERVATION TRUST

Established 2016

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- The Trust has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all guarantees, whether written or oral, under which the Trust is contingently liable.
- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- The Trust has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.


Name _____

Secretary / CFO
Title _____

BOARD
OF
DIRECTORS

President
David E. Raley

Vice President
John Longville

Director
Paul Williams
Director
T. Milford Harrison

SECRETARY/CFO

Daniel B. Cozad

San Bernardino Valley Conservation Trust

**Financial Statements and
Independent Auditor's Report**

Year ended June 30, 2021

San Bernardino Valley Conservation Trust

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Independent Auditor's Report

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California Society of
Certified Public Accountants



To the Board of Directors
San Bernardino Valley Conservation Trust
Redlands, California

Opinion

We have audited the financial statements of San Bernardino Valley Conservation Trust (a nonprofit organization) (the Trust), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 the Trust 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 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 Trust'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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust'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 Trust'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.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
September 29, 2021

San Bernardino Valley Conservation Trust
Statement of Financial Position
June 30, 2021

Assets

Current Assets:

Cash and cash equivalents	\$ 899,332
Investments	3,438,513
Accounts receivable	<u>7,988,873</u>
Total current assets	<u>12,326,718</u>
Total assets	<u>\$ 12,326,718</u>

Liabilities

Current Liabilities:

Due to San Bernardino Valley Water Conservation District	\$ 1,941,550
Unearned revenue	<u>8,189,672</u>
Total current liabilities	<u>10,131,222</u>
Total liabilities	<u>10,131,222</u>

Net assets (deficit)

Without donor restrictions	(486,087)
With donor restrictions	<u>2,681,583</u>
Total net assets	<u>2,195,496</u>
Total liabilities and net assets	<u>\$ 12,326,718</u>

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

San Bernardino Valley Conservation Trust
Statement of Activities
For the year ended June 30, 2021

	Without donor restrictions	With donor restrictions	Total
Revenues			
Contributions	\$ 360,475	\$ -	\$ 360,475
Realized gain on investments	89,737	159,533	249,270
Unrealized gain on investments	181,687	322,999	504,686
Interest and dividends, net	14,873	26,440	41,313
	<u>646,772</u>	<u>508,972</u>	<u>1,155,744</u>
Expenses			
Wash Plan	559,668	-	559,668
Insurance	1,351	-	1,351
Bank fees	3,500	-	3,500
Other expenses	3,104	-	3,104
	<u>567,623</u>	<u>-</u>	<u>567,623</u>
Total change in net assets	79,149	508,972	588,121
Net assets (deficit)			
Beginning of year	<u>(565,236)</u>	<u>2,172,611</u>	<u>1,607,375</u>
End of year	<u>\$ (486,087)</u>	<u>\$ 2,681,583</u>	<u>\$ 2,195,496</u>

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

San Bernardino Valley Conservation Trust
Statement of Cash Flows
For the year ended June 30, 2021

Cash flows from operating activities	
Cash received from contributions	\$ 234,256
Cash paid to suppliers for goods and services	(567,623)
Interest and dividends received, net of investment fees	<u>41,313</u>
Net cash used by operating activities	<u>(292,054)</u>
Cash flows from investing activities	
Proceeds from sale of investments	733,947
Purchase of investments	<u>(771,368)</u>
Net cash used by investing activities	<u>(37,421)</u>
Cash flows from financing activities	
Loan from San Bernardino Valley Water Conservation District	<u>519,431</u>
Net cash provided by financing activities	<u>519,431</u>
Net increase	189,956
Cash and cash equivalents, beginning of year	<u>709,376</u>
Cash and cash equivalents, end of year	<u><u>\$ 899,332</u></u>
Reconciliation of change in net assets to net cash used by operating activities	
Change in net assets	\$ 588,121
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Net realized gain on investments	(249,270)
Net unrealized gain on investments	(504,686)
(Increase) decrease in assets:	
Accounts receivable	253,630
Increase (decrease) in liabilities:	
Unearned revenue	<u>(379,849)</u>
Net cash used by operating activities	<u><u>\$ (292,054)</u></u>

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

San Bernardino Valley Conservation Trust
Notes to Financial Statements
For the year ended June 30, 2021

Note 1: Nature of Activities and Significant Accounting Policies

Nature of Activities

San Bernardino Valley Conservation Trust (the Trust) is a nonprofit 501(c)(3) charitable trust. The purpose of the Trust is the direct protection or stewardship of land, water, and natural resources, including, but not limited to agricultural lands, wildlife habitat, wetlands endangered species habitat, open space areas, and outdoor recreational areas. The Trust's revenue is derived from membership contributions, grant funds, and other revenue related to its core mission.

Basis of Accounting

The Trust's policy is to prepare its financial statements on the accrual basis of accounting. Accordingly, contributions and other revenues are recognized when earned, and expenses are recognized when incurred.

Basis of Presentation

Under generally accepted accounting principles, the Trust is required to report information regarding its financial position and activities according to two classes of net assets, net assets without donor restrictions and net assets with donor restrictions.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Trust considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Marketable securities are valued at quoted market prices which represent the net asset values of shares held by the Trust at the end of the year. Unrealized gains and losses are included in the change in net assets. Investment income and gains that have donor-imposed restrictions that are met in the reporting period in which they are recognized, are recorded as an increase to unrestricted net assets.

Financial Instruments

The carrying amount of all financial instruments approximates fair value. The carrying amounts for cash and cash equivalents, investments, accounts receivable, and accounts payable approximate fair value because of the short maturity of these instruments.

San Bernardino Valley Conservation Trust
Notes to Financial Statements
For the year ended June 30, 2021

Note 1: Nature of Activities and Significant Accounting Policies, (continued)

Accounts Receivable

Accounts receivable is stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history with entities having outstanding balances and current relationships with them, it has been estimated that the realization losses on outstanding balances at year-end will be immaterial.

Contributions

All contributions are considered to be available for the general programs of the Trust unless specifically restricted by the donor. The Trust reports gifts of cash as restricted support if they are received with donor stipulations that limit the use of the donation. When a donor restriction expires, that is, when a stipulated time restriction ends and/or the purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

The Trust contributions are payments into either an endowment for the Habitat Conservation Plan management or issuance costs for completion of the Habitat Conservation Plan. The funds contributed to the endowment are restricted by agreement with other parties.

Income Tax Status

The Trust is exempt from federal income taxes as a not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code. A comparable exemption has been granted by the State of California. From time to time, the Trust has allowed advertising to support the publication of certain documents. When revenue for such advertising exceeds related costs, then the Trust will be subject to income taxes on unrelated business income. During the current reporting period, there was no net taxable unrelated business income.

The Trust's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending June 30, 2018, 2019, and 2020, is subject to examination by the IRS, generally for three years from the date of filing.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

San Bernardino Valley Conservation Trust
Notes to Financial Statements
For the year ended June 30, 2021

Note 1: Nature of Activities and Significant Accounting Policies, (continued)

Restricted and Unrestricted Revenue

Contributions received are recorded as increases in net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions.

Subsequent Events

Management has evaluated subsequent events through September 29, 2021, the date the financial statements were available to be issued and has determined that there are no transactions that will have a significant impact on the Trust.

Note 2: Concentration of Credit Risk

The Trust maintains cash balances at one local financial institution. The standard insurance amount under the Federal Deposit Insurance Corporation (FDIC) is \$250,000 per depositor, per insured bank, for each account ownership category. These balances may at times exceed the insured limits.

Note 3: Investments

Investments at June 30, 2021 consisted of the following:

Mutual funds	<u>\$ 3,438,513</u>
Total investments	<u><u>\$ 3,438,513</u></u>

Investment gain (loss) for the year ended June 30, 2021 consisted of the following:

Interest and dividends	\$ 50,731
Investment fees	<u>(9,418)</u>
Interest and dividends, net	41,313
Unrealized gain	504,686
Realized gain	<u>249,270</u>
Total investment gain, net	<u><u>\$ 795,269</u></u>

San Bernardino Valley Conservation Trust

Notes to Financial Statements

For the year ended June 30, 2021

Note 4: Fair Value Measurements

Generally accepted accounting principles define fair value, establish a framework for measuring fair value, and establish a fair value hierarchy that prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Trust has the ability to access.
- Level 2 inputs are inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly or indirectly.
- Level 3 are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. The unobservable inputs should be developed based on the best information available in the circumstances and may include the Trust's own data.

The following tables present the Trust's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of June 30, 2021.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	<u>\$ 3,438,513</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,438,513</u>
Total investments	<u>\$ 3,438,513</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,438,513</u>

Note 5: Related Parties

The Trust shares common Executive Director/CEO and other office personnel with following entity:

San Bernardino Valley Water Conservation District (the District)

The entity shares common expenses which are reimbursed as needed from the related party. In addition, the District is currently making other payments on behalf of the Trust for the Wash Plan expenses. These payables were classified as amounts due to San Bernardino Valley Water Conservation District as shown in the statement of financial position. Net assets with donor restrictions were not used to cover Wash Plan expenses. As of June 30, 2021, the payable to (due to) the District is \$1,941,550.

San Bernardino Valley Conservation Trust
Notes to Financial Statements
For the year ended June 30, 2021

Note 6: Unearned Revenue

Unearned revenue at June 30, 2021 consisted of the following:

Land and habitat	\$ 7,843,563
Deposit - Mitigation projects	<u>346,109</u>
Total	<u>\$ 8,189,672</u>

Note 7: Liquidity and Availability of Resources

The Trust has \$2,137,197 of financial assets available within one year of the statement of financial position date (resources without restrictions) for general expenditure consisting of the following:

Cash and cash equivalents	\$ 899,332
Investments	<u>1,237,865</u>
Total	<u>\$ 2,137,197</u>

The Trust has financial assets that are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position date. The Trust has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, the Trust invests cash in excess of daily requirements in various investments, which it could draw upon in the event of an unanticipated liquidity need.

San Bernardino Valley Conservation Trust

Estimated Financial Status as of September 30, 2021

Cash Status-California Credit Union		As of 07/1/21	As of 09/30/21
	7/1/2021 Beginning Balance	889,071.81	
Revenue:	8/10/2021 CEMEX payment in error		65,511.00
	8/10/2021 Independent Contributions		125.00
	9/30/2021 Interest Earned (Jul-Sept)		127.21
Total Revenue:			<u>65,763.21</u>
Expenses:	8/13/2021 CEMEX Reimbursement Payment		(65,511.00)
	8/31/2021 RAMS Inv 66672-FY 20/21 Audit Progress payment		(2,250.00)
	9/30/2021 SBVWCD-Earned Mitigation Credits		(25,986.67)
Total Expenses:			<u>(93,747.67)</u>
		ENDING BALANCE	861,087.35
Investments-US Bank		As of 07/1/21	As of 09/30/21
	7/1/2021 Beginning Balance	3,438,512.65	
Revenue:	9/30/2021 Accrued Income, Interest, Dividends (Jul-Sept)		3,854.17
	9/30/2021 Unrealized Gain/Loss (Jul-Sept)		98,221.96
	9/30/2021 Realized Gain/Loss (Jul-Sept)		6,681.14
Total Revenue:			<u>108,757.27</u>
Expenses:	7/31/2021 US Bank Administrative Trust Fees		(875.00)
	7/31/2021 PFM Advisory & Management Fees		(932.98)
Total Expenses:			<u>(1,807.98)</u>
		ENDING BALANCE	3,545,461.94
Accounts Receivable			
	Cemex/Robertson's-Wash Plan MOU		8,242,503.00
		BALANCE	8,242,503.00
Liabilities			
	Balance at 06/30/21	1,941,550.48	
	Jul-Sept 2021	<u>135,691.98</u>	
	Due to SBVWCD-Wash Plan (includes \$184,386.36 State Permitting fees)		2,077,242.46
	Due to SBVWCD-Earned Mitigation Credits		-
	Unearned Mitigation Credit Balance (see back)		233,062.47
		BALANCE	2,310,304.93

San Bernardino Valley Conservation Trust

Mitigation Agreement Balances as of September 30, 2021

Deposit Agreements	Date	Project	Deposits	Staff Time Expenses	Biologist Fees	Legal Fees	Mitigation Credit Balance
1. S-P Deerfield	2/28/2018	Blossom Trails	\$ 36,763.59	\$ 29,833.85	\$ 3,131.20	\$ 1,650.00	\$ 2,148.54
2. Highland-Fifth Orange Partners	10/17/2018	Woodbridge	\$ 10,000.00	\$ 4,693.88	\$ -	\$ 400.00	\$ 4,906.12
3. SB County Transportation Authority	3/17/2020	SR 210 Lane Addition	\$ 435,255.03	\$ 47,442.04	\$136,151.09	\$25,654.09	\$ 226,007.81
Total			\$ 482,018.62	\$ 81,969.77	\$139,282.29	\$27,304.09	\$ 233,062.47
		Reimbursement Due to SBVWCD		\$ -			