



# TANNER

BUSINESS ADVISORS AND  
CERTIFIED PUBLIC ACCOUNTANTS

CRITICAL KNOWLEDGE



PROACTIVE INSIGHT

Member of  
**Allinial**  
GLOBAL™  
*An association of legally independent firms*



**Utah Community Action**  
Committed to Ending Poverty

## **Salt Lake Community Action Program dba Utah Community Action**

**Financial Statements, Schedule of Expenditures  
of Federal Awards, and Other Reports  
in Accordance with the Uniform Guidance**

**As of and for the Years Ended June 30, 2020 and 2019**

**Salt Lake Community Action Program  
dba Utah Community Action  
Table of Contents**

**June 30, 2020**

	<u>Page</u>
Independent Auditors' Report .....	1
Financial Statements	
Statements of Financial Position .....	3
Statements of Activities .....	4
Statements of Functional Expenses .....	6
Statements of Cash Flows .....	8
Notes to Financial Statements .....	9
Supplementary Information .....	25
Combining Statements of Financial Position .....	26
Combining Statements of Activities .....	28
Schedule of Expenditure of Federal Awards .....	30
Notes to Schedule of Expenditure of Federal Awards .....	33
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 <i>Government Auditing Standards</i> .....	34
Independent Auditors' Report on Compliance for each Major Federal Program and on Internal Control over Compliance as Required by the Uniform Guidance .....	36
Schedule of Findings and Questioned Costs .....	38
Summary Schedule of Prior Audit Findings .....	40



Tanner LLC  
Key Bank Tower at City Creek  
36 South State Street, Suite 600  
Salt Lake City, Utah 84111-1400  
Telephone 801.532.7444  
www.tannerco.com

**TANNER**  
BUSINESS ADVISORS AND  
CERTIFIED PUBLIC ACCOUNTANTS

Member of  
**Allinial**  
GLOBAL

## INDEPENDENT AUDITORS' REPORT

### To the Board of Trustees and Management of Salt Lake Community Action Program (dba Utah Community Action)

#### ***Report on the Financial Statements***

We have audited the accompanying financial statements of Salt Lake Community Action Program (dba Utah Community Action) (UCA), which comprise the statements of financial position as of June 30, 2020 and 2019, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to 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 error or fraud.

#### ***Auditors' Responsibility***

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits 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 audits 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error or fraud. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 Salt Lake Community Action Program (dba Utah Community Action) as of June 30, 2020 and 2019, 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.

***Report on Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards for the year ended June 30, 2020, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, and the combining statements of financial position and activities, are presented for purposes of additional analysis and are 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, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2020, on our consideration of UCA's internal control over financial reporting and on our tests of 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 UCA'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 UCA's internal control over financial reporting and compliance.

*Tanner LLC*

November 10, 2020



Salt Lake Community Action Program  
dba Utah Community Action  
Statements of Financial Position  
As of June 30,

---

	<u>2020</u>	<u>2019</u>
<b><u>Assets</u></b>		
Cash	\$ 2,261,756	\$ 578,904
Grants and contracts receivable	3,669,694	3,277,405
Program receivables	-	12,766
Prepaid expenses and other assets	257,049	402,528
Weatherization and kitchen supplies	275,407	275,037
Restricted cash	145,983	171,691
Designated cash	391,166	357,715
Notes receivable	3,590,104	3,553,691
Property and equipment, net	17,942,618	13,375,563
Total assets	<u>\$ 28,533,777</u>	<u>\$ 22,005,300</u>
<b><u>Liabilities and Net Assets</u></b>		
Liabilities:		
Accounts payable	\$ 637,604	\$ 499,279
Accrued expenses	1,798,602	1,508,008
Accrued termination benefits	63,482	80,090
Capital lease obligations	5,860,642	-
Notes payable, net	3,586,029	4,263,904
Other long-term liabilities	652,885	664,077
Total liabilities	<u>12,599,244</u>	<u>7,015,358</u>
Commitments and contingencies		
Net assets:		
Without donor restrictions	7,871,977	7,340,053
With donor restrictions	8,062,556	7,649,889
Total net assets	<u>15,934,533</u>	<u>14,989,942</u>
Total liabilities and net assets	<u>\$ 28,533,777</u>	<u>\$ 22,005,300</u>



Salt Lake Community Action Program  
dba Utah Community Action  
Statement of Activities  
For the Year Ended June 30, 2020

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
<b>Support and Revenue:</b>			
Government grants	\$ -	\$ 34,241,789	\$ 34,241,789
Public support	152,203	1,211,755	1,363,958
Program income	733,211	-	733,211
In-kind donations	125,699	1,335,397	1,461,096
Interest income	-	62,280	62,280
Other income	206,058	-	206,058
Special events	232,000	-	232,000
Less cost of direct benefits to donors	(119,021)	-	(119,021)
Net special events revenue	112,979	-	112,979
Gain on disposal of property and equipment	808,713	-	808,713
Net assets released from restrictions	36,438,554	(36,438,554)	-
<b>Total support and revenue</b>	<b>38,577,417</b>	<b>412,667</b>	<b>38,990,084</b>
<b>Expenses:</b>			
Program services:			
Head Start	23,932,476	-	23,932,476
Weatherization	3,618,798	-	3,618,798
Community Service	7,300,418	-	7,300,418
<b>Total program services</b>	<b>34,851,692</b>	<b>-</b>	<b>34,851,692</b>
Supporting services:			
Management and general	3,062,491	-	3,062,491
Fundraising	131,310	-	131,310
<b>Total supporting services</b>	<b>3,193,801</b>	<b>-</b>	<b>3,193,801</b>
<b>Total expenses</b>	<b>38,045,493</b>	<b>-</b>	<b>38,045,493</b>
<b>Change in Net Assets</b>	<b>531,924</b>	<b>412,667</b>	<b>944,591</b>
<b>Net Assets, Beginning of Year</b>	<b>7,340,053</b>	<b>7,649,889</b>	<b>14,989,942</b>
<b>Net Assets, End of Year</b>	<b>\$ 7,871,977</b>	<b>\$ 8,062,556</b>	<b>\$ 15,934,533</b>



**Salt Lake Community Action Program**  
**dba Utah Community Action**  
**Statement of Activities**  
**For the Year Ended June 30, 2019**

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
<b>Support and Revenue:</b>			
Government grants	\$ -	\$ 30,073,797	\$ 30,073,797
Public support	74,703	840,780	915,483
Program income	799,785	-	799,785
In-kind donations	168,776	1,226,851	1,395,627
Interest income	-	17,455	17,455
Other income	440,470	-	440,470
Special events	347,618	-	347,618
Less cost of direct benefits to donors	<u>(136,270)</u>	<u>-</u>	<u>(136,270)</u>
Net special events revenue	211,348	-	211,348
Loss on disposal of property and equipment	(11,255)	-	(11,255)
Net assets released from restrictions	<u>32,863,377</u>	<u>(32,863,377)</u>	<u>-</u>
Total support and revenue	<u>34,547,204</u>	<u>(704,494)</u>	<u>33,842,710</u>
<b>Expenses:</b>			
Program services:			
Head Start	21,309,044	-	21,309,044
Weatherization	3,228,171	-	3,228,171
Community Service	<u>5,040,233</u>	<u>-</u>	<u>5,040,233</u>
Total program services	<u>29,577,448</u>	<u>-</u>	<u>29,577,448</u>
Supporting services:			
Management and general	2,613,633	-	2,613,633
Fundraising	<u>114,608</u>	<u>-</u>	<u>114,608</u>
Total supporting services	<u>2,728,241</u>	<u>-</u>	<u>2,728,241</u>
Total expenses	<u>32,305,689</u>	<u>-</u>	<u>32,305,689</u>
<b>Change in Net Assets</b>	2,241,515	(704,494)	1,537,021
<b>Net Assets, Beginning of Year</b>	<u>5,098,538</u>	<u>8,354,383</u>	<u>13,452,921</u>
<b>Net Assets, End of Year</b>	<u>\$ 7,340,053</u>	<u>\$ 7,649,889</u>	<u>\$ 14,989,942</u>

**Salt Lake Community Action Program  
dba Utah Community Action  
Statement of Functional Expenses  
For the Year Ended June 30, 2020**

	<b>Program Services</b>				<b>Supporting Services</b>			<b>Total Expenses</b>
	<b>Head Start</b>	<b>Weatherization</b>	<b>Community Service</b>	<b>Total</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>	
Personnel	\$ 13,023,573	\$ 1,527,613	\$ 2,979,428	\$ 17,530,614	\$ 2,255,203	\$ 25,316	\$ 2,280,519	\$ 19,811,133
Payroll taxes and benefits	3,673,065	472,151	824,865	4,970,081	457,241	5,349	462,590	5,432,671
Supplies and equipment	1,320,221	1,178,125	120,644	2,618,990	73,531	10,100	83,631	2,702,621
Direct client assistance	544,524	-	2,022,669	2,567,193	-	566	566	2,567,759
Depreciation and amortization	1,278,281	117,263	311,335	1,706,879	-	-	-	1,706,879
Donated space and medical services	1,398,178	7,585	20,029	1,425,792	-	-	-	1,425,792
Space	929,941	106,610	270,017	1,306,568	51,180	448	51,628	1,358,196
Grants - sub-recipients	617,839	-	417,606	1,035,445	-	-	-	1,035,445
Consultants	214,811	15,664	76,395	306,870	53,100	26,912	80,012	386,882
Other	260,220	31,725	124,200	416,145	76,560	171,911	248,471	664,616
Insurance	132,903	73,995	30,391	237,289	28,448	35	28,483	265,772
Travel	210,636	9,915	20,705	241,256	12,641	3,399	16,040	257,296
Telephone	114,202	13,754	20,289	148,245	25,713	82	25,795	174,040
Vehicle	34,167	55,776	28,730	118,673	5,278	70	5,348	124,021
Copy and printing	142,888	8,118	20,829	171,835	18,317	3,921	22,238	194,073
Interest	28,037	62	6,504	34,603	1,010	2,209	3,219	37,822
Postage	8,990	442	5,782	15,214	4,269	13	4,282	19,496
							-	
Total expenses	<u>23,932,476</u>	<u>3,618,798</u>	<u>7,300,418</u>	<u>34,851,692</u>	<u>3,062,491</u>	<u>250,331</u>	<u>3,312,822</u>	<u>38,164,514</u>
Less expenses included with revenues on the statement of activities								
Cost of direct benefits to donors	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(119,021)</u>	<u>(119,021)</u>	<u>(119,021)</u>
Total expenses included in the expense section on the statement of activities	<u>\$ 23,932,476</u>	<u>\$ 3,618,798</u>	<u>\$ 7,300,418</u>	<u>\$ 34,851,692</u>	<u>\$ 3,062,491</u>	<u>\$ 131,310</u>	<u>\$ 3,193,801</u>	<u>\$ 38,045,493</u>

See accompanying notes to financial statements.



**Salt Lake Community Action Program  
dba Utah Community Action  
Statement of Functional Expenses  
For the Year Ended June 30, 2019**

	<b>Program Services</b>				<b>Supporting Services</b>			<b>Total Expenses</b>
	<b>Head Start</b>	<b>Weatherization</b>	<b>Community Service</b>	<b>Total</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>	
Personnel	\$ 11,775,598	\$ 1,428,740	\$ 2,093,813	\$ 15,298,151	\$ 1,656,636	\$ 14,405	\$ 1,671,041	\$ 16,969,192
Payroll taxes and benefits	3,244,206	422,731	666,433	4,333,370	297,137	2,128	299,265	4,632,635
Supplies and equipment	779,765	962,872	139,732	1,882,369	132,026	4,026	136,052	2,018,421
Direct client assistance	734,192	-	1,039,401	1,773,593	-	-	-	1,773,593
Depreciation and amortization	1,259,161	103,702	327,918	1,690,781	-	-	-	1,690,781
Donated space and medical services	1,246,259	-	-	1,246,259	-	-	-	1,246,259
Space	837,375	94,749	174,720	1,106,844	34,174	21,393	55,567	1,162,411
Grants - sub-recipients	595,226	-	296,116	891,342	-	-	-	891,342
Consultants	145,077	25,500	67,620	238,197	327,128	19,218	346,346	584,543
Other	168,522	35,880	62,995	267,397	92,266	171,337	263,603	531,000
Insurance	126,172	58,347	48,897	233,416	17,013	7,188	24,201	257,617
Travel	115,565	3,016	39,589	158,170	31,543	506	32,049	190,219
Telephone	127,075	12,899	28,424	168,398	12,690	3,341	16,031	184,429
Vehicle	54,093	77,624	40,912	172,629	386	2	388	173,017
Copy and printing	82,041	736	12,930	95,707	8,207	3,030	11,237	106,944
Interest	15,789	-	-	15,789	-	4,300	4,300	20,089
Postage	2,928	1,375	733	5,036	4,427	4	4,431	9,467
<b>Total expenses</b>	<b>21,309,044</b>	<b>3,228,171</b>	<b>5,040,233</b>	<b>29,577,448</b>	<b>2,613,633</b>	<b>250,878</b>	<b>2,864,511</b>	<b>32,441,959</b>
Less expenses included with revenues on the statement of activities								
Cost of direct benefits to donors	-	-	-	-	-	(136,270)	(136,270)	(136,270)
<b>Total expenses included in the expense section on the statement of activities</b>	<b>\$ 21,309,044</b>	<b>\$ 3,228,171</b>	<b>\$ 5,040,233</b>	<b>\$ 29,577,448</b>	<b>\$ 2,613,633</b>	<b>\$ 114,608</b>	<b>\$ 2,728,241</b>	<b>\$ 32,305,689</b>

See accompanying notes to financial statements.



**Salt Lake Community Action Program**  
**dba Utah Community Action**  
**Statements of Cash Flows**  
**For the Years Ended June 30,**

	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 944,591	\$ 1,537,021
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	1,706,879	1,690,781
Interest expense attributable to amortization of debt issuance costs	31,406	31,406
Property and equipment donated in-kind	(92,573)	(146,328)
(Gain) loss on disposal of property and equipment	(808,713)	11,255
Changes in operating assets and liabilities:		
Grants and contracts receivable	(392,289)	(1,068,188)
Program receivables	12,766	(10,387)
Prepaid expenses and other assets	145,479	(221,559)
Weatherization and kitchen supplies	(370)	(7,600)
Accounts payable	138,325	275,022
Accrued expenses	290,594	(318,402)
Accrued termination benefits	(16,608)	(20,602)
Net cash provided by operating activities	<u>1,959,487</u>	<u>1,752,419</u>
<b>Cash flows from investing activities:</b>		
Issuance of notes receivable	(36,413)	(2,588,782)
Proceeds from sale of property and equipment	1,300,000	-
Purchase of property and equipment	(644,255)	(579,910)
Net cash provided by (used in) investing activities	<u>619,332</u>	<u>(3,168,692)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from issuance of notes payable	-	1,125,000
Principal payments on capital leases	(167,751)	-
Principal payments on notes payable	(720,473)	(1,349,914)
Net cash used in financing activities	<u>(888,224)</u>	<u>(224,914)</u>
<b>Net change in cash and restricted cash</b>	<b>1,690,595</b>	<b>(1,641,187)</b>
<b>Cash (including designated and restricted), beginning of the year</b>	<b><u>1,108,310</u></b>	<b><u>2,749,497</u></b>
<b>Cash (including designated and restricted), end of the year</b>	<b><u>\$ 2,798,905</u></b>	<b><u>\$ 1,108,310</u></b>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid during the year for interest	<u>\$ 157,246</u>	<u>\$ 151,226</u>
Purchases of property and equipment through capital lease obligations	<u>\$ 6,028,393</u>	<u>\$ -</u>
Increase in note receivable resulting from an increase in other long term liabilities	<u>\$ -</u>	<u>\$ 664,077</u>



**1. Organization and Summary of Significant Accounting Policies**

***Organization***

Salt Lake Community Action Program dba Utah Community Action (UCA or the Organization) is a nonprofit corporation organized under the laws of the state of Utah. The purposes of UCA are to establish, operate, and coordinate community action programs in order to prevent and alleviate poverty and its causes, to cooperate with other organizations, and to secure and expend monies for these purposes. UCA operates primarily in Salt Lake and Tooele Counties in Utah.

UCA's principal programs comprise the following:

Head Start – The mission of this program is to provide health education and promote self-sufficiency to children and families facing adversity. The program serves low-income children and families in Salt Lake and Tooele Counties.

Weatherization – A grant program for home repairs, weatherization and rehabilitation to preserve and upgrade the homes of low-income persons.

Community Service – This program offers assistance with the needs of low-income persons by providing and assisting with utilities, medical, dental, food, and housing needs of affected individuals.

***Adoption of New Accounting Standards***

During the year ended June 30, 2020, the Organization adopted Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606) (ASU 2014-09). ASU 2014-09 is a comprehensive new revenue recognition model that requires revenue to be recognized in a manner that depicts the transfer of goods or services to a customer at an amount that reflects the consideration expected to be received in exchange for those goods or services. As required, ASU 2014-09 has been adopted following a modified retrospective approach and no change to net assets for the year ended June 30, 2019 was required.

During the year ended June 30, 2020, the Organization adopted ASU No. 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. This update is intended to assist organizations in determining whether donations should be recorded as contributions subject to Topic 958, or exchange transactions subject to other guidance, and determining whether a contribution is conditional. As required by this ASU, the provisions were adopted as of July 1, 2019 and no change to net assets for the year ended June 30, 2020 was required.



1. **Organization and Summary of Significant Accounting Policies**  
*Continued*

***Adoption of New Accounting Standards - Continued***

In November 2016, the FASB issued ASU No. 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash (ASU 2016-18). ASU 2016-18 requires restricted cash and cash equivalents to be included with cash and cash equivalents in the statement of cash flows. As required by this ASU, the provisions were adopted as of July 1, 2018 using a retrospective approach.

***Basis of Presentation***

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United State of America (US GAAP), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications.

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and Board of Trustees.

**Net assets with donor restrictions:** Net assets subject to restrictions imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where the donor stipulates the funds be maintained in perpetuity.

***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (US GAAP) requires management to make estimates and assumptions that affect reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Key management estimates include the useful lives of property and equipment, and the allocation of program and supporting service expenses.

***Concentrations of Credit Risk and Revenue Sources***

UCA maintains its cash in bank deposit accounts which, at times, exceed federally insured limits. As of June 30, 2020, UCA had approximately \$2,171,000 of cash that exceeded federally insured limits. To date, UCA has not experienced a loss or lack of access to its cash; however, no assurance can be provided that access to UCA's cash will not be impacted by adverse conditions in the financial markets.



**1. Organization and Summary of Significant Accounting Policies**  
*Continued*

***Concentrations of Credit Risk and Revenue Sources - Continued***

A significant portion of UCA's support, revenue, and receivables is from federal, state, and local governments. As of and for the years ended June 30, 2020 and 2019, government funds represented approximately 88% and 89% of support and revenue, respectively, and 98% and 92% of grants and contracts receivable, respectively. A future reduction of the revenue from government agencies, due to either amendment of contract terms or the cancellation of contracts, would have a very significant impact on UCA's operations.

***Grants and Contracts Receivable***

Grants and contracts receivable consist primarily of non-interest bearing amounts due under cost-reimbursement grants and from other nonprofit and governmental agencies. Management determines an allowance for doubtful accounts by using historical experience, an assessment of economic conditions, and a review of subsequent collections. Receivables are written off when deemed uncollectable. Recoveries of receivables previously written off are recorded when received. As of June 30, 2020, and 2019, management determined that no allowance was necessary.

***Weatherization and Kitchen Supplies***

Weatherization and kitchen supplies comprise program-related goods for use by Weatherization and in the Head Start and kitchen facility. Inventories are recorded at the lower of cost or net realizable value, with cost being determined on a first in first out method. UCA periodically reviews inventories for excess supply, obsolescence, and valuations above estimated realizable amounts, and provides a reserve to cover these items. Management determined that no reserve for obsolete inventory was necessary as of June 30, 2020 and 2019.

***Property and Equipment***

Property and equipment are recorded at cost, or if donated, at fair value at the date of the donation. Minor replacements, maintenance, and repairs, which do not increase the useful lives of the property and equipment, are expensed as incurred. Depreciation and amortization are provided on a straight-line basis over the estimated useful lives of the assets or lease terms, ranging from 3 to 30 years.

When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Acquisition, use, and disposition of certain property and equipment may be subject to property management standards as outlined in the Uniform Guidance.



**1. Organization and Summary of Significant Accounting Policies**  
*Continued*

***Impairment of Long-Lived Assets***

UCA reviews its property and equipment, and other long-lived assets, for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may be impaired. If it is determined that the estimated undiscounted future net cash flows are not sufficient to recover the carrying value of the asset, an impairment loss is recognized in the statement of activities for the difference between the carrying value and the fair value of the asset. Management did not identify any events or changes in circumstances requiring an impairment review during the year ended June 30, 2020 and 2019.

***Debt Issuance Costs***

Debt issuance costs are amortized over the period the related obligation is outstanding using the straight-line method, which is a reasonable estimate of the effective interest method. Debt issuance costs are included within notes payable in the statement of financial position. Amortization of debt issuance costs is included in interest expense in the accompanying financial statements.

***Contributions***

Contributions received are recorded as with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Many of the Organization's federal and state contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Where commensurate value is not exchanged, revenues from contracts and grants with federal and state governments are recorded as contributions (included in government grants revenue).

Donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.



**1. Organization and Summary of Significant Accounting Policies**  
*Continued*

***Contributions - continued***

Amounts reflected in the financial statements during the years ended June 30, 2020 and 2019 for donated rent total \$985,987 and \$993,953, respectively. During the years ended June 30, 2020 and 2019, UCA recognized donations of vehicles, equipment, inventory, and software for approximately \$93,000 and \$146,000, respectively.

***Revenue Recognition***

Revenue is measured as the amount of consideration that the Organization expects to receive in exchange for goods or services. To achieve revenue recognition the Organization has (1) identified the customer contract, (2) identified the performance obligation in the contract, (3) determined the transaction price, (4) allocated the entire transaction price to the single performance obligation in the contract and (5) recognized revenue when the performance obligation has been satisfied.

*Program income and other contracts* – The Organization recognizes revenue for services provided to individuals over time (most services span only one day) in an amount that reflects the consideration the Organization expects to be entitled to in exchange for those services. The Organization has a contract with each organization or individual before services are provided. Cash received in advance of performing services is recorded as unearned revenue. Contract liabilities (unearned revenue) are recognized as revenue when services are performed.

***Donated Property, Equipment and Services***

Many individuals volunteer their time and perform a variety of tasks that assist UCA with specific programs and assignments. Donated services are reflected in the financial statements when such services create or enhance a nonfinancial asset, or when the services require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Amounts reflected in the financial statements during the years ended June 30, 2020 and 2019 for donated medical and other services total approximately \$257,000 and \$231,000, respectively. The expense for these donated services is allocated between program and supporting services in the statements of activities.



**1. Organization and Summary of Significant Accounting Policies**  
*Continued*

***Donated Property, Equipment and Services - continued***

UCA receives a significant amount of donated services that do not meet the recognition criteria prescribed by US GAAP. UCA estimates the value of these donated services that are not recorded in the financial statements to be approximately \$4,650,000 and \$3,644,000 for the years ended June 30, 2020 and 2019, respectively. Certain grants require that UCA match the funds received with other funds in varying percentages. UCA may use in-kind contributions such as volunteer labor and space provided in order to meet the matching requirements. However, only those in-kind contributions that meet the recognition criteria prescribed by US GAAP are reflected in the financial statements.

Donations of property and equipment and supplies are recorded as support at their estimated fair value at the date of donation. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, UCA reports expirations of donor restrictions when the donated or acquired assets are placed in service. UCA reclassifies these net assets with donor restrictions to net assets without donor restrictions at that time.

***Expense Allocation***

The costs of providing various programs and other activities have been presented on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain indirect costs have been allocated among the programs and supporting services benefited. The Organization uses departmental surveys to allocate costs based on time and resources used. The expenses that are allocated include the following:

<b>Expense</b>	<b>Allocation Method</b>
Health and retirement	Time
Payroll taxes	Time
Building rent	Square footage
Insurance	Square footage
Utilities	Square footage
Maintenance	Square footage
Miscellaneous	Square footage
Depreciation and amortization	Square footage





**1. Organization and Summary of Significant Accounting Policies**  
*Continued*

***Income Taxes***

UCA is a qualified charitable organization under Section 501(c)(3) of the Internal Revenue Code and under state of Utah regulations. As such, UCA is not subject to federal or state income taxes on exempt purpose income.

UCA accounts for uncertain tax positions, if any, when it is more-likely-than-not the position will not be sustained upon examination by the tax authorities. As of June 30, 2020, UCA had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. UCA is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

***Reclassifications***

Certain amounts in the 2019 financial statements have been reclassified to conform to the current year presentation.

***Subsequent Events***

UCA has evaluated subsequent events through November 10, 2020, the date on which the financial statements were available to be issued.

**2. Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statements of financial position, comprise the following as of June 30:

	<u>2020</u>	<u>2019</u>
Cash	\$ 2,261,756	\$ 578,904
Receivables	<u>3,669,694</u>	<u>3,290,171</u>
	<u>5,931,450</u>	<u>3,869,075</u>
Less amounts not available to be used within one year:		
Funds subject to donor-imposed purpose restrictions	<u>706,556</u>	<u>521,915</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 5,224,894</u>	<u>\$ 3,347,160</u>

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments using budgets and cash flow projections, while also striving to maximize the use of its available funds.



**2. Liquidity and Availability**  
*Continued*

Operations are funded primarily from federal, state, local, and private grants for program services. The Organization's receivables are due directly or indirectly from governmental entities, private donors, and individual clients. The Organization has implemented processes and procedures that are performed prior to submitting the grant reimbursement requests to minimize payment delays. Credit risk associated with receivables is considered to be limited because the amounts are due primarily from governmental entities.

As described in Note 11, the Organization has \$500,000 available under its line of credit agreement with a bank through March 31, 2021.

The statement of cash flows identifies the sources and uses of the Organization's cash that generated positive cash flows from operating activities during the years ended June 30, 2020 and 2019 of approximately \$1,959,000 and \$1,752,000, respectively.

**3. Grants and Contracts Receivable**

Grants and contracts receivable consisted of the following as of June 30:

	<u>2020</u>	<u>2019</u>
Utah Department of Workforce Services	\$ 1,740,891	\$1,594,904
U.S. Department of Health and Human Services	1,428,717	1,080,737
Salt Lake County	193,959	103,064
Salt Lake City	133,163	109,680
Utah State Office of Education	101,188	64,209
Other	71,776	114,294
UCA Development	-	159,091
State of Utah	-	28,320
United Way	-	23,106
	<u>\$ 3,669,694</u>	<u>\$3,277,405</u>

**4. Restricted and Designated Cash**

Restricted and designated cash consisted of the following as of June 30:

	<u>2020</u>	<u>2019</u>
Cash designated by the board for:		
Accrued vacation	\$ 327,456	\$ 277,492
Accrued termination benefits	63,710	80,223
Cash restricted for cafeteria and other employee benefits	55,264	60,736
Cash restricted for New Markets Tax Credit project	90,719	110,955
	<u>\$ 537,149</u>	<u>\$ 529,406</u>



**Salt Lake Community Action Program**  
**dba Utah Community Action**  
**Notes to Financial Statements**  
*Continued*

**5. Notes Receivable**

Notes receivable consist of amounts receivable from Community Development Finance Alliance (CDFA), an unrelated entity involved in the financing of Head Start and kitchen facilities as further described in Note 16. The notes receivable are secured by property, bear interest at rates ranging from 1% to 4.5%, and have maturity dates ranging from December 31, 2021 to December 15, 2053. Payments to UCA on these notes receivable are as follows:

**Years ending June 30.**

2021	\$ 44,418
2022	52,833
2023	36,306
2024	37,683
2025	32,232
Thereafter	<u>3,386,632</u>
	<u>\$ 3,590,104</u>

**6. Property and Equipment**

Property and equipment consisted of the following as of June 30:

	<u>2020</u>	<u>2019</u>
Buildings	\$ 18,039,842	\$ 12,332,287
Furniture, equipment and software	6,151,528	6,060,143
Land	2,522,143	2,679,343
Leasehold improvements	1,639,013	1,745,889
Construction in progress	<u>169,392</u>	<u>115,397</u>
	28,521,918	22,933,059
Less accumulated depreciation and amortization	<u>(10,579,300)</u>	<u>(9,557,496)</u>
	<u>\$ 17,942,618</u>	<u>\$ 13,375,563</u>

Depreciation and amortization expense on property and equipment for the years ended June 30, 2020 and 2019 totaled \$1,706,879 and \$1,690,781, respectively.



**7. Accrued Expenses**

Accrued expenses consisted of the following as of June 30:

	2020	2019
Payroll and related costs	\$ 1,675,685	\$ 1,244,735
Other	122,917	263,273
	\$ 1,798,602	\$ 1,508,008

**8. Accrued Termination Benefits**

UCA provided certain benefits to its employees upon termination under a non-qualified plan. These benefits were based on the employees' years of service and the employees' final compensation rate. UCA estimated the expense related to this benefit and charged the expense amounts to the related federal or state grants. Effective July 1, 2008, UCA discontinued accruing future benefits under this non-qualified plan. Accrued termination benefits total \$63,482 and \$80,090 as of June 30, 2020 and 2019, respectively. During the years ended June 30, 2020 and 2019, \$16,608 and \$20,602 was disbursed to terminated employees, respectively. UCA cannot reasonably estimate the amount, if any, that may be disbursed during the next fiscal year. In order to settle UCA's commitment to these employees upon their termination; UCA has established a separate cash account totaling \$63,710 and \$80,223 as of June 30, 2020 and 2019, respectively. The funds in this account have been designated by the Board of Trustees to be available to pay accrued termination benefits.

**9. Capital Lease Obligations**

The Organization records certain leases as capital leases. The portion of future payments representing principal on these obligations is as follows:

Years ending June 30.

2021	\$	142,260
2022		142,260
2023		142,260
2024		142,260
2025		322,785
Thereafter		5,629,208
Total payments		6,521,033
Less amounts representing interest		(660,391)
Present value of net minimum capital lease payments	\$	5,860,642



**9. Capital Lease Obligations**      The property and equipment encumbered by capital lease obligations includes a building, furniture and equipment with a cost basis of \$5,765,762 and \$261,628, and accumulated amortization of \$240,240 and \$17,851, as of June 30, 2020 and 2019, respectively.  
*Continued*

**10. Notes Payable**      Notes payable consisted of the following as of June 30:

	<b>2020</b>	<b>2019</b>
<p>Note payable (Loan A) to Alliance Finance Fund 6, LLC, fixed interest at 2.9%, quarterly interest-only payments beginning March 2015. No prepayment of this note permitted through the seven year NMTC compliance period. All principal and unpaid interest is due on December 10, 2021. Net of unamortized debt issuance costs of \$20,620 for 2020 and \$44,522 for 2019, secured by property.</p>	\$ 2,009,913	\$ 1,986,011
<p>Note payable (Loan B) to Alliance Finance Fund 6, LLC, fixed interest at 2.9%, quarterly interest-only payments beginning March 2015. No prepayment of this note permitted through the seven year NMTC compliance period. On June 10, 2022 the note requires quarterly payments of principal and interest at the new applicable interest rate of 5% plus the Prime Rate, such that the full amount of the note and any unpaid interest will be repaid by June 10, 2045. Secured by a trust deed on the property. The lender has the option to accelerate the repayment of this note payable to require the repayment of the note on December 10, 2021. If the lender accelerates the repayment of the note, the amount due will be (i) the outstanding balance of Loan A, (ii) \$1,000, and (iii) any other amounts due under the notes payable including accrued interest, other than the principal balance of Loan B, net of unamortized debt issuance costs of \$12,110 for 2020 and \$19,613 for 2019.</p>	882,361	874,857
<p>Mortgage payable ("JRR Building"), annual principal and interest variable interest rate equal to the 12 month average rate of return for the Utah State Treasurer's Investment Fund for the year prior to that for which the interest accrues, resulting in a rate of 2.7625% for the year ended June 30, 2020, due June 30, 2027, secured by property.</p>	543,171	612,650
<p>Mortgage payable ("Magna Property"), monthly principal and interest payments of \$6,883, fixed interest at 4.045%, due January 1, 2022, secured by property.</p>	150,584	515,386
<p>Note payable to a financial institution with an interest rate of 4.5%, unsecured.</p>	-	275,000
	<b>\$ 3,586,029</b>	<b>\$ 4,263,904</b>

Amortization of debt discount for each of the years ended June 30, 2020 and 2019 was \$31,406.



Salt Lake Community Action Program  
dba Utah Community Action  
Notes to Financial Statements  
*Continued*

**10. Notes Payable** Future maturities of notes payable are as follows:  
*Continued*

**Years ending June 30.**

2021	\$ 149,264
2022	2,197,092
2023	103,389
2024	106,291
2025	896,818
Thereafter	165,901
Less unamortized debt issuance costs	<u>(32,726)</u>
	<u>\$ 3,586,029</u>

**11. Line of Credit** UCA has entered into a revolving line of credit with a bank that provides for available borrowings of \$500,000. The agreement matures on March 31, 2021. Borrowings under the line of credit bear interest at LIBOR plus 3.25 percent. There were no amounts outstanding on the line of credit as of June 30, 2020 and 2019.

**12. Net Assets with Donor Restrictions** The purpose restrictions pertaining to net assets with donor restrictions are as follows as of June 30:

	<u>2020</u>	<u>2019</u>
Property and equipment, net of related mortgages payable	\$7,056,469	\$ 6,852,937
Community Service program	572,216	308,445
Weatherization and kitchen supplies	299,531	288,612
Fundraising	<u>134,340</u>	<u>199,895</u>
	<u>\$8,062,556</u>	<u>\$ 7,649,889</u>



**12. Net Assets  
with Donor  
Restrictions**  
*Continued*

The restricted property and equipment, net of related mortgages payable, relates to property that was purchased with federal grant funds. This property is held in trust by UCA as trustee for the beneficiaries of the program under which the property was acquired or improved. Although UCA has all privileges of ownership for the life of these assets, in the event the assets are sold, the proceeds from the sale would be divided between UCA and the federal agency that provided funding, according to the percentage of funds each party provided toward the purchase or construction of the assets.

**13. Commitments  
and  
Contingencies**

***Litigation and Other Claims***

In the normal course of operations, the Organization may become party to claims and/or lawsuits. Management believes losses above amounts already accrued, if any, resulting from claims are adequately insured and/or will not have a material adverse effect on the Organization's consolidated financial position. However, such losses are difficult to estimate and the impact from uninsured losses could have a material impact on the Organization's financial position in a future period.

***COVID-19***

The COVID-19 pandemic has caused disruption through voluntary and mandated closing of businesses throughout the United States. While the disruption is expected to be temporary, there is considerable economic uncertainty at this time. Currently, the effects of the pandemic on the Organization's financial condition or results of operations cannot be reasonably estimated.



**13. Commitments  
and  
Contingencies**  
*Continued*

***Operating Leases***

UCA leases classrooms, office facilities, equipment, storage units, and food pantries under non-cancelable operating leases. As of June 30, 2020, future minimum lease payments under non-cancelable operating leases were as follows:

**Years ending June 30,**

2021	\$	398,987
2022		354,262
2023		242,742
2024		159,252
2025		137,382
Thereafter		<u>1,093,881</u>
	\$	<u>2,386,506</u>

Rent expense under operating leases was approximately \$233,000 and \$170,000 for the years ended June 30, 2020 and 2019, respectively.

**14. Retirement  
Plan**

UCA sponsors a tax-deferred annuity plan (the Plan), qualified under Section 401(k) of the Internal Revenue Code, covering substantially all employees. For employees who have completed at least one year of service, the Employer contributes to the Plan an amount equal to 100% of employee contributions that do not exceed 5% of eligible compensation. The eligibility period to receive the employer matching contribution is one year of service. In addition, the employer match is subject to a vesting schedule, wherein the account balances vests 20% per year after the initial eligibility year, such that the balance is 100% vested after six years. During the years ended June 30, 2020 and 2019, UCA made contributions to the Plan totaling approximately \$943,000 and \$489,000, respectively. The 2020 amount includes a discretionary contribution of approximately \$411,000.





---

**15. Related Party Transactions**

Certain members of UCA's Board of Trustees are employed by lenders who have made loans to UCA or others who provide contributions to UCA.

During fiscal year ended June 30, 2019, UCA Development, a non-consolidated affiliate, was established in connection with obtaining financing and constructing a building utilizing the New Markets Tax Credit Program (NMTC) (see further information in Note 16), for the benefit of UCA. UCA has appointed two of the five members of the UCA Development board of directors.

During the fiscal year ended June 30, 2020, the following transactions took place between UCA Development and UCA:

- 1) UCA has an agreement to lease certain playground and facility equipment from UCA Development for \$1 per year.
- 2) UCA paid \$156,546 in rent to UCA Development under a lease agreement for a building.

During the fiscal year ended June 30, 2019, the following transactions took place between UCA Development and UCA:

- 1) UCA Development paid UCA \$671,497 as an advance payment for a ground lease.
- 2) UCA earned a \$500,000 development fee from UCA Development.
- 3) UCA entered into an agreement to lease certain playground and facility equipment from UCA Development for \$1 per year.

**16. New Markets Tax Credit Projects**

In connection with the construction, in a prior year, of a Head Start and kitchen facility in South Salt Lake, Utah, and the construction, during the fiscal year ended June 30, 2019, of a Head Start facility in Kearns, Utah, UCA obtained funding utilizing the NMTC.

The NMTC permits taxpayers to receive a credit against federal income taxes for making qualified equity investments in designated Community Development Entities (CDE). Substantially all of the qualified equity investments must, in turn, be used by the CDE to provide investments in low-income communities. Investors may not redeem their investments in CDEs prior to the conclusion of a seven-year period.

As part of the initial NMTC transaction to finance the Head Start and kitchen facility, UCA entered into note payable agreements totaling \$2,030,553 (Loan A) and \$894,467 (Loan B) (see Note 10).



**16. New Markets  
Tax Credit  
Projects**  
*Continued*

In connection with the fiscal year 2019 NMTC transaction, UCA advanced funds to another party of that NMTC transaction in the amount of \$3,218,040 in exchange for a note receivable (see note 5). Under the terms of the fiscal year 2019 agreement, UCA received a development fee and will also recognize land usage rent over the expected term of the agreement. UCA also borrowed funds from a financial institution in the amount of \$1,125,000 during 2019. The remaining balance of the associated note payable is included in Note 10.

Supplementary Information  
As of and for the Years Ended June 30, 2020 and 2019  
Salt Lake Community Action Program  
dba Utah Community Action



Salt Lake Community Action Program  
dba Utah Community Action  
Combining Statement of Financial Position

As of June 30, 2020

	SLCAP (excluding SSL Portion of Business)	SSL Portion of Business	Total
<b><u>Assets</u></b>			
Cash	\$ 2,171,038	\$ 90,718	\$ 2,261,756
Grants and contracts receivable	3,534,363	135,331	3,669,694
Intercompany receivable (payable)	(941,405)	941,405	-
Prepaid expenses and other assets	249,549	7,500	257,049
Weatherization and kitchen supplies	275,407	-	275,407
Restricted cash	113,257	32,726	145,983
Designated cash	391,166	-	391,166
Notes receivable	3,590,104	-	3,590,104
Property and equipment, net	15,439,959	2,502,659	17,942,618
Total assets	<u>\$ 24,823,438</u>	<u>\$ 3,710,339</u>	<u>\$ 28,533,777</u>
<b><u>Liabilities and Net Assets</u></b>			
Liabilities:			
Accounts payable	\$ 591,788	\$ 45,816	\$ 637,604
Accrued expenses	1,748,993	49,609	1,798,602
Accrued termination benefits	63,482	-	63,482
Capital lease obligations	5,860,642	-	5,860,642
Notes payable, net	661,029	2,925,000	3,586,029
Other long-term liabilities	652,885	-	652,885
Total liabilities	<u>9,578,819</u>	<u>3,020,425</u>	<u>12,599,244</u>
Commitments and contingencies			
Net assets:			
Without donor restrictions	7,182,063	689,914	7,871,977
With donor restrictions	8,062,556	-	8,062,556
Total net assets	<u>15,244,619</u>	<u>689,914</u>	<u>15,934,533</u>
Total liabilities and net assets	<u>\$ 24,823,438</u>	<u>\$ 3,710,339</u>	<u>\$ 28,533,777</u>



**Salt Lake Community Action Program  
dba Utah Community Action  
Combining Statement of Financial Position**

**As of June 30, 2019**

	<b>SLCAP (excluding SSL Portion of Business)</b>	<b>SSL Portion of Business</b>	<b>Total</b>
<b><u>Assets</u></b>			
Cash	\$ 556,989	\$ 21,915	\$ 578,904
Grants and contracts receivable	3,240,569	36,836	3,277,405
Program receivables	12,766	-	12,766
Intercompany receivable/payable	(863,726)	863,726	-
Prepaid expenses and other assets	390,028	12,500	402,528
Weatherization and kitchen supplies	275,037	-	275,037
Restricted cash	82,651	89,040	171,691
Designated cash	357,715	-	357,715
Notes receivable	3,553,691	-	3,553,691
Property and equipment, net	10,785,208	2,590,355	13,375,563
Total assets	<u>\$ 18,390,928</u>	<u>\$ 3,614,372</u>	<u>\$ 22,005,300</u>
<b><u>Liabilities and Net Assets</u></b>			
Liabilities:			
Accounts payable	\$ 498,352	\$ 927	\$ 499,279
Accrued expenses	1,470,440	37,568	1,508,008
Accrued termination benefits	80,090	-	80,090
Notes payable, net	1,403,036	2,860,868	4,263,904
Other long-term liabilities	664,077	-	664,077
Total liabilities	<u>4,115,995</u>	<u>2,899,363</u>	<u>7,015,358</u>
Net assets:			
Without donor restrictions	6,625,044	715,009	7,340,053
With donor restrictions	7,649,889	-	7,649,889
Total net assets	<u>14,274,933</u>	<u>715,009</u>	<u>14,989,942</u>
Total liabilities and net assets	<u>\$ 18,390,928</u>	<u>\$ 3,614,372</u>	<u>\$ 22,005,300</u>



**Salt Lake Community Action Program  
dba Utah Community Action  
Combining Statement of Activities**

**For the Year Ended June 30, 2020**

	<b>SLCAP (excluding SSL Portion of Business)</b>	<b>SSL Portion of Business</b>	<b>Total</b>
<b>Support and Revenue:</b>			
Government grants	\$ 32,608,744	\$ 1,633,045	\$ 34,241,789
Public support	1,363,958	-	1,363,958
Program income	529,617	203,594	733,211
In-kind donations	1,461,096	-	1,461,096
Interest income	62,280	-	62,280
Other income	206,058	-	206,058
Special events	232,000	-	232,000
Less cost of direct benefits to donors	(119,021)	-	(119,021)
Net special events revenue	112,979	-	112,979
Gain on disposal of property and equipment	808,713	-	808,713
Total support and revenue	<u>37,153,445</u>	<u>1,836,639</u>	<u>38,990,084</u>
<b>Expenses:</b>			
Program services:			
Head Start	22,175,350	1,757,126	23,932,476
Weatherization	3,618,798	-	3,618,798
Community Service	7,197,922	102,496	7,300,418
Total program services	<u>32,992,070</u>	<u>1,859,622</u>	<u>34,851,692</u>
Supporting services:			
Management and general	3,060,378	2,113	3,062,491
Fundraising	131,310	-	131,310
Total supporting services	<u>3,191,688</u>	<u>2,113</u>	<u>3,193,801</u>
Total expenses	<u>36,183,758</u>	<u>1,861,735</u>	<u>38,045,493</u>
<b>Change in Net Assets</b>	969,687	(25,096)	944,591
<b>Net Assets, Beginning of Year</b>	<u>14,161,529</u>	<u>828,413</u>	<u>14,989,942</u>
<b>Net Assets, End of Year</b>	<u>\$ 15,131,216</u>	<u>\$ 803,317</u>	<u>\$ 15,934,533</u>



**Salt Lake Community Action Program  
dba Utah Community Action  
Combining Statement of Activities**

**For the Year Ended June 30, 2019**

	<b>SLCAP (excluding SSL Portion of Business)</b>	<b>SSL Portion of Business</b>	<b>Total</b>
<b>Support and Revenue:</b>			
Government grants	\$ 28,621,731	\$ 1,452,066	\$ 30,073,797
Public support	870,183	45,300	915,483
Program income	468,921	330,864	799,785
In-kind donations	1,395,627	-	1,395,627
Interest income	17,455	-	17,455
Other income	440,470	-	440,470
Special events	347,618	-	347,618
Less cost of direct benefits to donors	(136,270)	-	(136,270)
Net special events revenue	211,348	-	211,348
Loss on disposal of property and equipment	(11,255)	-	(11,255)
Total support and revenue	<u>32,014,480</u>	<u>1,828,230</u>	<u>33,842,710</u>
<b>Expenses:</b>			
Program services:			
Head Start	19,690,491	1,618,553	21,309,044
Weatherization	3,228,171	-	3,228,171
Community Service	4,881,489	158,744	5,040,233
Total program services	<u>27,800,151</u>	<u>1,777,297</u>	<u>29,577,448</u>
Supporting services:			
Management and general	2,607,577	6,056	2,613,633
Fundraising	114,608	-	114,608
Total supporting services	<u>2,722,185</u>	<u>6,056</u>	<u>2,728,241</u>
Total expenses	<u>30,522,336</u>	<u>1,783,353</u>	<u>32,305,689</u>
<b>Change in Net Assets</b>	1,492,144	44,877	1,537,021
<b>Net Assets, Beginning of Year</b>	<u>12,669,385</u>	<u>783,536</u>	<u>13,452,921</u>
<b>Net Assets, End of Year</b>	<u>\$ 14,161,529</u>	<u>\$ 828,413</u>	<u>\$ 14,989,942</u>

**Salt Lake Community Action Program  
dba Utah Community Action  
Schedule of Expenditures of Federal Awards**

**For the Year Ended June 30, 2020**

	<u>Federal CFDA Number</u>	<u>Award Identifying Number</u>	<u>Federal Expenditures</u>	<u>Amounts Passed- Through to Subrecipients</u>	<u>CARES Act Funds Expended (Portion of Federal Expenditures)</u>
<b><u>U.S. Department of Agriculture</u></b>					
Passed Through from the State of Utah:					
Child Care Food Program	10.558		\$ 1,069,300	\$ -	\$ -
<b>Total U.S. Department of Agriculture</b>			<u>1,069,300</u>	<u>-</u>	<u>-</u>
<b><u>U.S. Department of Housing and Urban Development</u></b>					
Passed Through from the State of Utah:					
Housing Opportunities for People with AIDS	14.241		41,966	-	-
Passed Through from Salt Lake City:					
Housing Opportunities for People with AIDS	14.241	72-5-20-1702	123,077	-	-
			<u>165,043</u>	<u>-</u>	<u>-</u>
Passed Through from West Jordan City:					
Community Development Block Grant	14.218	4802-473404	7,305	-	-
Community Development Block Grant	14.218	4801-473454	7,566	-	-
Passed Through from West Valley City:					
Community Development Block Grant	14.218		16,046	-	-
Passed Through from Sandy City:					
Community Development Block Grant	14.218		7,550	-	-
Passed Through from South Jordan City:					
Community Development Block Grant	14.218		10,000	-	-
			<u>48,467</u>	<u>-</u>	<u>-</u>
Passed Through from the State of Utah:					
Emergency Solution Grants	14.231	20-0939	99,106	-	-
Passed Through from Salt Lake City:					
Emergency Solution Grants	14.231	72-5-20-1701	53,000	-	-
			<u>152,106</u>	<u>-</u>	<u>-</u>



**Salt Lake Community Action Program  
dba Utah Community Action  
Schedule of Expenditures of Federal Awards  
*Continued*  
For the Year Ended June 30, 2020**

	<u>Federal CFDA Number</u>	<u>Award Identifying Number</u>	<u>Federal Expenditures</u>	<u>Amounts Passed- Through to Subrecipients</u>	<u>CARES Act Funds Expended (Portion of Federal Expenditures)</u>
<b><u>U.S. Department of Housing and Urban Development continued</u></b>					
Passed Through from the State of Utah:					
Home Investment Partnership Program	14.239	20-3410	\$ 43,222	\$ -	\$ 43,222
Passed Through from Salt Lake City:					
Home Investment Partnership Program	14.239	72-5-20-1757	66,791	-	-
Passed Through from Salt Lake County/Murray/Holiday:					
Home Investment Partnership Program	14.239	HCD19106HM	125,000	-	-
Passed Through from Salt Lake County/Murray/Holiday:					
Home Investment Partnership Program	14.239	HCD19106HM2	37,965	-	37,965
			<u>272,978</u>		<u>81,187</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<u>638,594</u>	<u>-</u>	<u>81,187</u>
<b><u>U.S. Department of Energy</u></b>					
Passed Through from the State of Utah:					
Weatherization Assistance for Low Income Persons	81.042	19-1850	788,696	-	-
<b>Total U.S. Department of Energy</b>			<u>788,696</u>	<u>-</u>	<u>-</u>
<b><u>U.S. Department of Health and Human Services</u></b>					
Direct Programs					
Head Start Programs	93.600	08CH010309	22,492,376	-	285,224
Head Start Programs	93.600	08HP000278	1,189,534	617,839	300
			<u>23,681,910</u>	<u>617,839</u>	<u>285,524</u>
Passed Through from the State of Utah:					
Temporary Assistance for Needy Families	93.558	17DWS0213	54,732	27,083	-
Temporary Assistance for Needy Families	93.558	18DWS0145	396,368	-	-
Temporary Assistance for Needy Families	93.558	20-0993	144,896	-	-
			<u>595,996</u>	<u>27,083</u>	<u>-</u>

**Salt Lake Community Action Program  
dba Utah Community Action  
Schedule of Expenditures of Federal Awards  
*Continued*  
For the Year Ended June 30, 2020**

	<b>Federal CFDA Number</b>	<b>Award Identifying Number</b>	<b>Federal Expenditures</b>	<b>Amounts Passed-Through to Subrecipients</b>	<b>CARES Act Funds Expended (Portion of Federal Expenditures)</b>
<b><u>U.S. Department of Health and Human Services continued</u></b>					
Low Income Home Energy Assistance Program					
Weatherization Assistance Program (HEAT)	93.568	19-0923	\$ 920,051	\$ -	\$ -
Weatherization Assistance Program (HEAT)	93.568	20-1311	410,834	-	-
Weatherization Assistance Program	93.568	17-0563	520,318	-	-
Weatherization Assistance Program	93.568	18-0205	404,671	-	-
Weatherization Assistance Program	93.568	19-0123	1,127,637	-	-
Weatherization Assistance Program	93.568	19-1158	122,827	-	-
Weatherization Assistance Program	93.568	19-1843	187,938	-	-
			3,694,276	-	-
Community Services Block Grant					
Community Services Block Grant	93.569	19-1136	932,858	7,850	-
Community Services Block Grant	93.569	20-3641	22,931	-	22,931
Community Services Block Grant	93.569	20-0301	1,000	-	-
Community Services Block Grant	93.569	20-1243	159,221	23,552	-
Community Services Block Grant	93.569	19-1846	82,493	-	-
			1,198,503	31,402	22,931
Children's Health Insurance Program	93.767	1Y1CMS331688-01-00	37,791	-	-
<b>Total U.S. Department of Health and Human Services</b>			<b>29,208,476</b>	<b>676,324</b>	<b>308,455</b>
<b><u>U.S. Department of Homeland Security</u></b>					
Passed through from Salt Lake County:					
Emergency Food & Shelter	97.024	Phase 36	59,233	-	-
Emergency Food & Shelter	97.024	Phase 37	5,081	-	-
Emergency Food & Shelter	97.024	Phase CARES	7,511	-	7,511
<b>Total U.S. Department of Homeland Security</b>			<b>71,825</b>	<b>-</b>	<b>7,511</b>
<b>Total Federal Expenditures</b>			<b>\$ 31,776,891</b>	<b>\$ 676,324</b>	<b>\$ 397,153</b>

See accompanying notes to schedule of expenditures of federal awards and independent auditors' report.



**Salt Lake Community Action Program  
dba Utah Community Action  
Notes to Schedule of Expenditures of Federal Awards**

**For the Year Ended June 30, 2020**

---

**1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Salt Lake Community Action Program (dba Utah Community Action) (UCA) under programs of the federal government for the year ended June 30, 2020. The information in the Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of UCA, it is not intended to and does not present the financial position, changes in net assets, or cash flows of UCA. UCA did not elect to use the 10% de minimis indirect cost rate.

**2. Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Subpart E – Cost Principles of the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. UCA's summary of significant accounting policies is presented in Note 1 in UCA's basic financial statements. Pass-through entity identifying numbers are presented where available.



Tanner LLC  
Key Bank Tower at City Creek  
36 South State Street, Suite 600  
Salt Lake City, Utah 84111-1400  
Telephone 801.532.7444  
www.tannerco.com

**TANNER**  
BUSINESS ADVISORS AND  
CERTIFIED PUBLIC ACCOUNTANTS

Member of  
**Allinial**  
GLOBAL

**INDEPENDENT AUDITORS' REPORT ON INTERNAL  
CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

**To the Board of Trustees of  
Salt Lake Community Action Program  
(dba Utah Community Action)**

We have audited the financial statements of Salt Lake Community Action Program (dba Utah Community Action) (UCA), which comprise the statement of financial position as of June 30, 2020, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to financial statements, and have issued our report thereon dated November 10, 2020. We conducted our audit 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered UCA'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 UCA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of UCA'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 UCA'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 were not identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether UCA'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 UCA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering UCA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Tanner LLC*

November 10, 2020



Tanner LLC  
Key Bank Tower at City Creek  
36 South State Street, Suite 600  
Salt Lake City, Utah 84111-1400  
Telephone 801.532.7444  
www.tannerco.com

**TANNER**  
BUSINESS ADVISORS AND  
CERTIFIED PUBLIC ACCOUNTANTS

Member of  
**Allinial**  
GLOBAL

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

**To the Board of Trustees of  
Salt Lake Community Action Program  
(dba Utah Community Action)**

**Report on Compliance for Each Major Federal Program**

We have audited Salt Lake Community Action Program (dba Utah Community Action) (UCA), for compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on UCA's major federal programs for the year ended June 30, 2020. UCA's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of UCA'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 UCA'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 UCA's compliance.

***Opinion on Each Major Federal Program***

In our opinion, Salt Lake Community Action Program (dba Utah Community Action) complied, in all material respects, with the 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, 2020.

### **Report on Internal Control Over Compliance**

Management of UCA 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 UCA's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal programs 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 UCA'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. 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

*Tanner LLC*

November 10, 2020



**Salt Lake Community Action Program  
dba Utah Community Action  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2020**

---

**Summary of Auditors' Results:**

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?                    \_\_\_ yes     X  no

Significant deficiency(ies) identified that are not  
considered to be material weaknesses?                    \_\_\_ yes     X  none reported

Noncompliance material to financial statements noted?                    \_\_\_ yes     X  no

Federal Awards

Internal control over major programs:

Material weakness identified?                    \_\_\_ yes     X  no

Significant deficiency(ies) identified that are not  
considered to be material weaknesses?                    \_\_\_ yes     X  none reported

Type of auditors' report issued on compliance for  
major programs: Unmodified

Any audit findings disclosed that are required to be  
reported in accordance with 2 CFR section 200.516(a)                    \_\_\_ yes     X  no

Major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
93.600	Head Start
93.568	Weatherization Assistance Program

Dollar threshold used to distinguish between type A and type B programs: \$953,307

Auditee qualified as low-risk auditee?                     X  yes    \_\_\_ no





**Salt Lake Community Action Program  
dba Utah Community Action  
Schedule of Findings and Questioned Costs**  
*Continued*  
**For the Year Ended June 30, 2020**

---

**FINANCIAL STATEMENT FINDINGS**

No financial statement findings were noted for the year ended June 30, 2020.

**FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS**

No findings or questioned costs were noted for the year ended June 30, 2020.



**Salt Lake Community Action Program  
dba Utah Community Action  
Summary Schedule of Prior Audit Findings**

---

**FINANCIAL STATEMENT FINDINGS**

No findings were noted for the year ended June 30, 2019.

**FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS**

No findings or questioned costs were noted for the year ended June 30, 2019.