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Accountants & Advisors



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, 2021 and 2020

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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, 2021 and 2020, 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, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

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, 2021, 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 October 22, 2021, 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

October 22, 2021

Statements of Financial Position

As of June 30,

	<u>2021</u>	<u>2020</u>
<u>Assets</u>		
Cash	\$ 1,731,632	\$ 2,261,756
Grants and contracts receivable	5,518,028	3,669,694
Prepaid expenses and other assets	404,213	257,049
Weatherization and kitchen supplies	409,937	275,407
Restricted cash	175,976	145,983
Designated cash	541,848	391,166
Notes receivable	3,628,183	3,590,104
Property and equipment, net	22,029,653	17,942,618
Total assets	<u>\$ 34,439,470</u>	<u>\$ 28,533,777</u>
<u>Liabilities and Net Assets</u>		
Liabilities:		
Accounts payable	\$ 923,839	\$ 637,604
Accrued expenses	2,094,866	1,798,602
Accrued termination benefits	63,482	63,482
Capital lease obligations	5,780,170	5,860,642
Notes payable, net	3,395,222	3,586,029
Other long-term liabilities	641,653	652,885
Total liabilities	<u>12,899,232</u>	<u>12,599,244</u>
Commitments and contingencies		
Net assets:		
Without donor restrictions	7,711,967	7,871,977
With donor restrictions	13,828,271	8,062,556
Total net assets	<u>21,540,238</u>	<u>15,934,533</u>
Total liabilities and net assets	<u>\$ 34,439,470</u>	<u>\$ 28,533,777</u>

Statement of Activities

Year Ended June 30, 2021

	Without donor restrictions	With donor restrictions	Total
Support and Revenue:			
Government grants	\$ -	\$ 55,631,198	\$ 55,631,198
Public support	204,237	1,369,833	1,574,070
Program income	783,997	-	783,997
In-kind donations	128,598	1,359,993	1,488,591
Interest income	-	45,631	45,631
Other income	132,103	-	132,103
Special events	129,445	-	129,445
Less cost of direct benefits to donors	(34,608)	-	(34,608)
Net special events revenue	94,837	-	94,837
Gain on disposal of property and equipment	1,500	-	1,500
Net assets released from restrictions	52,640,940	(52,640,940)	-
Total support and revenue	53,986,212	5,765,715	59,751,927
Expenses:			
Program services:			
Head Start	25,886,836	-	25,886,836
Weatherization	3,851,531	-	3,851,531
Community Service	20,693,889	-	20,693,889
Total program services	50,432,256	-	50,432,256
Supporting services:			
Management and general	3,496,304	-	3,496,304
Fundraising	217,662	-	217,662
Total supporting services	3,713,966	-	3,713,966
Total expenses	54,146,222	-	54,146,222
Change in Net Assets	(160,010)	5,765,715	5,605,705
Net Assets, Beginning of Year	7,871,977	8,062,556	15,934,533
Net Assets, End of Year	\$ 7,711,967	\$ 13,828,271	\$ 21,540,238

Statement of Activities - Continued

Year Ended June 30, 2020

	Without donor restrictions	With donor restrictions	Total
Support and Revenue:			
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)	-
Total support and revenue	<u>38,577,417</u>	<u>412,667</u>	<u>38,990,084</u>
Expenses:			
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
Total program services	<u>34,851,692</u>	<u>-</u>	<u>34,851,692</u>
Supporting services:			
Management and general	3,062,491	-	3,062,491
Fundraising	131,310	-	131,310
Total supporting services	<u>3,193,801</u>	<u>-</u>	<u>3,193,801</u>
Total expenses	<u>38,045,493</u>	<u>-</u>	<u>38,045,493</u>
Change in Net Assets	531,924	412,667	944,591
Net Assets, Beginning of Year	7,340,053	7,649,889	14,989,942
Net Assets, End of Year	<u>\$ 7,871,977</u>	<u>\$ 8,062,556</u>	<u>\$ 15,934,533</u>

Statement of Functional Expenses

Year Ended June 30, 2021

	Program Services				Supporting Services			Total Expenses
	Head Start	Weatherization	Community Service	Total	Management and General	Fundraising	Total	
Personnel	\$ 14,486,785	\$ 1,601,684	\$ 4,519,930	\$ 20,608,399	\$ 2,199,894	\$ 23,050	\$ 2,222,944	\$ 22,831,343
Direct client assistance	444,186	-	13,807,789	14,251,975	-	-	-	14,251,975
Payroll taxes and benefits	4,082,470	452,433	1,117,502	5,652,405	464,773	4,146	468,919	6,121,324
Supplies and equipment	1,760,262	1,265,847	257,918	3,284,027	228,719	463	229,182	3,513,209
Space	1,074,017	180,126	225,669	1,479,812	113,145	418	113,563	1,593,375
Depreciation and amortization	1,131,952	103,839	275,695	1,511,486	-	-	-	1,511,486
Donated space and medical	1,198,479	9,013	21,347	1,228,839	11,253	-	11,253	1,240,092
Consultants	425,323	42,238	186,241	653,802	259,950	144,968	404,918	1,058,720
Grants - sub-recipients	665,276	-	114,971	780,247	-	-	-	780,247
Other	114,158	25,722	94,983	234,863	47,600	71,563	119,163	354,026
Insurance	158,125	70,356	18,036	246,517	38,785	-	38,785	285,302
Telephone	121,702	11,929	23,738	157,369	31,430	-	31,430	188,799
Travel	114,569	384	9,334	124,287	29,815	441	30,256	154,543
Copy and printing	57,337	10,722	8,844	76,903	57,376	6,980	64,356	141,259
Vehicle	48,656	74,159	9,700	132,515	2,531	-	2,531	135,046
Postage	3,539	3,079	2,192	8,810	6,004	241	6,245	15,055
Interest	-	-	-	-	5,029	-	5,029	5,029
Total expenses	25,886,836	3,851,531	20,693,889	50,432,256	3,496,304	252,270	3,748,574	54,180,830
Less expenses included with revenues on the statement of activities								
Cost of direct benefits to donors	-	-	-	-	-	(34,608)	(34,608)	(34,608)
Total expenses included in the expense section on the statement of activities	\$ 25,886,836	\$ 3,851,531	\$ 20,693,889	\$ 50,432,256	\$ 3,496,304	\$ 217,662	\$ 3,713,966	\$ 54,146,222

See accompanying notes to financial statements.

Statement of Functional Expenses

Year Ended June 30, 2020

	Program Services				Supporting Services			Total Expenses
	Head Start	Weatherization	Community Service	Total	Management and General	Fundraising	Total	
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	23,932,476	3,618,798	7,300,418	34,851,692	3,062,491	250,331	3,312,822	38,164,514
Less expenses included with revenues on the statement of activities								
Cost of direct benefits to donors	-	-	-	-	-	(119,021)	(119,021)	(119,021)
Total expenses included in the expense section on the statement of activities	\$ 23,932,476	\$ 3,618,798	\$ 7,300,418	\$ 34,851,692	\$ 3,062,491	\$ 131,310	\$ 3,193,801	\$ 38,045,493

Statements of Cash Flows

	Years Ended June 30,	
	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 5,605,705	\$ 944,591
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	1,511,486	1,706,879
Interest expense attributable to amortization of debt issuance costs	32,726	31,406
Property and equipment donated in-kind	(70,624)	(92,573)
Gain on disposal of property and equipment	(1,500)	(808,713)
Changes in operating assets and liabilities:		
Grants and contracts receivable	(1,848,334)	(392,289)
Program receivables	-	12,766
Prepaid expenses and other assets	(147,164)	145,479
Weatherization and kitchen supplies	(134,530)	(370)
Accounts payable	(90,955)	138,325
Accrued expenses	296,264	290,594
Accrued termination benefits	-	(16,608)
Net cash provided by operating activities	<u>5,153,074</u>	<u>1,959,487</u>
Cash flows from investing activities:		
Issuance of notes receivable	(38,079)	(36,413)
Proceeds from sale of property and equipment	1,500	1,300,000
Purchases of property and equipment	(5,150,707)	(644,255)
Net cash provided by (used in) investing activities	<u>(5,187,286)</u>	<u>619,332</u>
Cash flows from financing activities:		
Principal payments on capital leases	(80,472)	(167,751)
Principal payments on notes payable	(234,765)	(720,473)
Net cash used in financing activities	<u>(315,237)</u>	<u>(888,224)</u>
Net change in cash and restricted cash	<u>(349,449)</u>	<u>1,690,595</u>
Cash (including designated and restricted), beginning of the year	<u>2,798,905</u>	<u>1,108,310</u>
Cash (including designated and restricted), end of the year	<u>\$ 2,449,456</u>	<u>\$ 2,798,905</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ 104,588	\$ 157,246
Purchases of property and equipment through capital lease obligations	\$ -	\$ 6,028,393
Purchase of property and equipment through accounts payable	\$ 377,190	\$ -

Notes to Financial Statements

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.

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 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, 2021, UCA had approximately \$1,886,000 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.

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, 2021 and 2020, government funds represented approximately 93% and 88% of support and revenue, respectively, and 98% and 98% 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, 2021, and 2020, 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, 2021 and 2020.

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 accumulated 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.

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 years ended June 30, 2021 and 2020.

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 statements of financial position. Amortization of debt issuance costs is included in interest expense in the statement of activities.

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 statement of activities as net assets released from restrictions.

Amounts reflected in the financial statements during the years ended June 30, 2021 and 2020 for donated rent total \$832,729 and \$985,987, respectively. During the years ended June 30, 2021 and 2020, UCA recognized donations of vehicles, equipment, inventory, and software for approximately \$71,000 and \$93,000, 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 or organizations 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, 2021 and 2020 for donated medical and other services total approximately \$269,000 and \$257,000, respectively. The expense for these donated services is allocated between program and supporting services in the statement of activities.

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 \$3,024,000 and \$4,650,000 for the years ended June 30, 2021 and 2020, 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 statement 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:

Expense	Allocation Method
Personnel	Time
Payroll taxes and benefits	Time
Space	Square Footage
Insurance	Square Footage
Miscellaneous	Square Footage
Depreciation and amortization	Square Footage

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, 2021, 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.

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-02, Leases (Topic 842) (ASU 2016-02). Where an organization is a lessee, a right of use asset and lease liability will be recognized at present value in the statement of financial position, with varying treatment of interest depending on whether a lease is classified as finance or operating. ASU 2016 02 will be effective for the Organization on July 1, 2022. Early adoption is permitted.

Subsequent Events

UCA has evaluated subsequent events through October 22, 2021, 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:

	2021	2020
Cash	\$ 1,731,632	\$ 2,261,756
Receivables	5,518,028	3,669,694
	<u>7,249,660</u>	<u>5,931,450</u>
Less amounts not available to be used within one year:		
Funds subject to donor-imposed purpose restrictions	<u>1,171,038</u>	<u>706,556</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 6,078,622</u>	<u>\$ 5,224,894</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.

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, 2022.

The statements of cash flows identify the sources and uses of the Organization's cash that generated positive cash flows from operating activities during the years ended June 30, 2021 and 2020 of approximately \$5,153,000 and \$1,959,000, respectively.

3. Grants and Contracts Receivable

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

	2021	2020
Utah Department of Workforce Services	\$ 2,614,986	\$ 1,740,891
U.S. Department of Health and Human Services	1,746,273	1,428,717
Salt Lake County	369,147	193,959
Salt Lake City	506,613	133,163
Utah State Office of Education	114,876	101,188
Other	112,706	71,776
United Way	53,427	-
	<u>\$ 5,518,028</u>	<u>\$ 3,669,694</u>

4. Restricted and Designated Cash

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

	2021	2020
Cash designated by the board for:		
Accrued vacation	\$ 478,112	\$ 327,456
Accrued termination benefits	63,736	63,710
Cash restricted for cafeteria and other employee benefits	61,468	55,264
Cash restricted for New Markets Tax Credit project	114,508	90,719
	<u>\$ 717,824</u>	<u>\$ 537,149</u>

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. Principal payments to UCA on these notes receivable are due as follows:

<u>Years ending June 30,</u>	
2022	\$ 410,143
2023	-
2024	-
2025	-
2026	-
Thereafter	<u>3,218,040</u>
	<u>\$ 3,628,183</u>

6. Property and Equipment

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

	2021		2020	
Buildings	\$	19,639,367	\$	18,039,842
Furniture, equipment and software		7,023,516		6,151,528
Land		3,122,940		2,522,143
Leasehold improvements		1,239,801		1,639,013
Construction in progress		2,981,754		169,392
		34,007,378		28,521,918
Less accumulated depreciation and amortization		(11,977,725)		(10,579,300)
	\$	22,029,653	\$	17,942,618

Depreciation and amortization expense on property and equipment for the years ended June 30, 2021 and 2020 totaled \$1,511,486 and \$1,706,879, respectively.

7. Accrued Expenses

Accrued expenses consisted of the following as of June 30:

	2021		2020	
Payroll and related costs	\$	2,058,651	\$	1,675,685
Other		36,215		122,917
	\$	2,094,866	\$	1,798,602

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 as of June 30, 2021 and 2020. During the years ended June 30, 2021 and 2020, \$0 and \$16,608 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 \$63,736 and \$63,710 as of June 30, 2021 and 2020, 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:

<u>Years ending June 30,</u>	
2022	\$ 142,260
2023	142,260
2024	142,260
2025	322,785
2026	412,600
Thereafter	<u>5,216,608</u>
Total payments	6,378,773
Less amounts representing interest	<u>(598,603)</u>
Present value of net minimum capital lease payments	\$ <u>5,780,170</u>

The property and equipment encumbered by capital lease obligations includes a building, furniture and equipment.

10. Notes Payable

Notes payable consisted of the following as of June 30:

	2021	2020
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 \$0 for 2021 and \$20,620 for 2020, secured by property.	\$ 2,030,533	\$ 2,009,913
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 \$0 for 2021 and \$12,110 for 2020.	894,467	882,361
Mortgage payable ("JRR Building"), annual principal and interest payments of \$80,354, payable to a financial institution with a 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 2.0517% for the year ended June 30, 2021, due June 30, 2027, secured by property.	470,222	543,171
Mortgage payable ("Magna Property"), monthly principal and interest payments of \$6,883, fixed interest at 4.045%, due January 1, 2022, secured by property.	-	150,584
	\$ 3,395,222	\$ 3,586,029

Amortization of debt issuance costs for the years ended June 30, 2021 and 2020 was \$32,726 and \$31,406, respectively. Future maturities of notes payable are as follows:

<u>Years ending June 30,</u>	
2022	\$ 2,124,373
2023	103,389
2024	106,291
2025	109,275
2026	109,275
Thereafter	842,619
Less unamortized debt issuance costs	-
	<u>\$ 3,395,222</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, 2022. Borrowings under the line of credit bear interest at LIBOR plus 3.25%. There were no amounts outstanding on the line of credit as of June 30, 2021 and 2020.

12. Net Assets with Donor Restrictions

The purpose restrictions pertaining to net assets with donor restrictions are as follows as of June 30:

	<u>2021</u>	<u>2020</u>
Property and equipment, net of related mortgages payable	\$ 12,212,070	\$ 7,056,469
Community Service program	982,218	572,216
Weatherization and kitchen supplies and funds	445,163	299,531
Fundraising	188,820	134,340
	<u>\$ 13,828,271</u>	<u>\$ 8,062,556</u>

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 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.

Operating Leases

UCA leases classrooms, office facilities, equipment, storage units, and food pantries under non-cancelable operating leases. As of June 30, 2021, future minimum lease payments under non-cancelable operating leases were as follows:

<u>Years ending June 30,</u>	
2022	\$ 257,088
2023	233,506
2024	159,049
2025	50,517
2026	42,538
Thereafter	<u>260,775</u>
	<u>\$ 1,003,473</u>

Rent expense under operating leases was approximately \$427,000 and \$233,000 for the years ended June 30, 2021 and 2020, respectively.

14. Retirement Plan

UCA (the Employer) 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, 2021 and 2020, UCA made contributions to the Plan totaling approximately \$1,071,000 and \$943,000, respectively. The 2021 amount includes a discretionary contribution of approximately \$430,000.

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.

UCA Development, a non-consolidated affiliate, was established in a prior year 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 each of the fiscal years ended June 30, 2021 and 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.

16. New Markets Tax Credit Projects

In connection with the construction, in prior years, of a Head Start and kitchen facility in South Salt Lake, Utah, and a Head Start facility in Kearns, Utah, UCA obtained funding utilizing the New Market Tax Credit (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 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).

In connection with the other 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 that 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, 2021 and 2020
Salt Lake Community Action Program
dba Utah Community Action

Combining Statement of Financial Position

As of June 30, 2021

	SLCAP (excluding SSL Portion of Business)	SSL Portion of Business	Total
Assets			
Cash	\$ 1,645,142	\$ 86,490	\$ 1,731,632
Grants and contracts receivable	5,383,894	134,134	5,518,028
Intercompany receivable (payable)	(950,600)	950,600	-
Prepaid expenses and other assets	404,213	-	404,213
Weatherization and kitchen supplies	409,937	-	409,937
Restricted cash	147,958	28,018	175,976
Designated cash	541,848	-	541,848
Notes receivable	3,628,183	-	3,628,183
Property and equipment, net	19,526,630	2,503,023	22,029,653
Total assets	\$ 30,737,205	\$ 3,702,265	\$ 34,439,470
Liabilities and Net Assets			
Liabilities:			
Accounts payable	\$ 896,332	\$ 27,507	\$ 923,839
Accrued expenses	2,048,336	46,530	2,094,866
Accrued termination benefits	63,482	-	63,482
Capital lease obligations	5,780,170	-	5,780,170
Notes payable, net	470,222	2,925,000	3,395,222
Other long-term liabilities	641,653	-	641,653
Total liabilities	9,900,195	2,999,037	12,899,232
Commitments and contingencies			
Net assets:			
Without donor restrictions	7,008,739	703,228	7,711,967
With donor restrictions	13,828,271	-	13,828,271
Total net assets	20,837,010	703,228	21,540,238
Total liabilities and net assets	\$ 30,737,205	\$ 3,702,265	\$ 34,439,470

Combining Statement of Financial Position - Continued

As of June 30, 2020

	SLCAP (excluding SSL Portion of Business)	SSL Portion of Business	Total
Assets			
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	\$ 24,823,438	\$ 3,710,339	\$ 28,533,777
Liabilities and Net Assets			
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	9,578,819	3,020,425	12,599,244
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	15,244,619	689,914	15,934,533
Total liabilities and net assets	\$ 24,823,438	\$ 3,710,339	\$ 28,533,777

Combining Statement of Activities

Year Ended June 30, 2021

	SLCAP (excluding SSL Portion of Business)	SSL Portion of Business	Total
Support and Revenue:			
Government grants	\$ 53,880,613	\$ 1,750,585	\$ 55,631,198
Public support	1,574,070	-	1,574,070
Program income	650,110	133,887	783,997
In-kind donations	1,488,591	-	1,488,591
Interest income	45,631	-	45,631
Other income	132,103	-	132,103
Special events	129,445	-	129,445
Less cost of direct benefits to donors	(34,608)	-	(34,608)
Net special events revenue	94,837	-	94,837
Gain on disposal of property and equipment	1,500	-	1,500
Total support and revenue	57,867,455	1,884,472	59,751,927
Expenses:			
Program services:			
Head Start	24,080,316	1,806,520	25,886,836
Weatherization	3,851,531	-	3,851,531
Community Service	20,618,880	75,009	20,693,889
Total program services	48,550,727	1,881,529	50,432,256
Supporting services:			
Management and general	3,490,840	5,464	3,496,304
Fundraising	217,662	-	217,662
Total supporting services	3,708,502	5,464	3,713,966
Total expenses	52,259,229	1,886,993	54,146,222
Change in Net Assets	5,608,226	(2,521)	5,605,705
Net Assets, Beginning of Year	15,131,216	803,317	15,934,533
Net Assets, End of Year	\$ 20,739,442	\$ 800,796	\$ 21,540,238

Combining Statement of Activities

Year Ended June 30, 2020

	SLCAP (excluding SSL Portion of Business)	SSL Portion of Business	Total
Support and Revenue:			
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	37,153,445	1,836,639	38,990,084
Expenses:			
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	32,992,070	1,859,622	34,851,692
Supporting services:			
Management and general	3,060,378	2,113	3,062,491
Fundraising	131,310	-	131,310
Total supporting services	3,191,688	2,113	3,193,801
Total expenses	36,183,758	1,861,735	38,045,493
Change in Net Assets	969,687	(25,096)	944,591
Net Assets, Beginning of Year	14,161,529	828,413	14,989,942
Net Assets, End of Year	\$ 15,131,216	\$ 803,317	\$ 15,934,533

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

	Federal CFDA (AL) Number	Award Identifying Number	Federal Expenditures	Amounts Passed- Through to Subrecipients	CARES Act Funds Expended (Portion of Federal Expenditures)
<u>U.S. Department of Agriculture</u>					
Passed Through from the State of Utah:					
Child Care Food Program	10.558	F9	\$ 721,251	\$ -	\$ -
Total U.S. Department of Agriculture			721,251	-	-
<u>U.S. Department of Housing and Urban Development</u>					
Passed Through from the State of Utah:					
COVID-19 - Housing Opportunities for People with AIDS	14.241	20-3635	21,634	-	21,634
Housing Opportunities for People with AIDS	14.241	21-1030	41,428	-	-
Passed Through from Salt Lake City:					
COVID-19 - Housing Opportunities for People with AIDS	14.241	72-5-21-3259	15,877	-	15,787
Housing Opportunities for People with AIDS	14.241	72-5-21-2678	147,470	-	-
			226,409	-	37,421
Passed Through from West Valley City:					
Community Development Block Grant	14.218		20,000	-	-
Passed Through from West Jordan City:					
Community Development Block Grant	14.218		17,421	-	-
Passed Through from Sandy City:					
COVID-19 - Community Development Block Grant	14.218		15,000	-	9,000
Passed Through from South Jordan City:					
Community Development Block Grant	14.218	2020-0178	5,000	-	-
COVID-19 - Community Development Block Grant	14.218	2020-0128	9,668	-	9,668
Community Development Block Grant	14.218		5,000	-	-
COVID-19 - Community Development Block Grant	14.218	2021-0008	8,671	-	8,671
Passed Through from Salt Lake County:					
COVID-19 - Community Development Block Grant	14.218	HCDCV521CS	529,321	-	529,321
			610,081	-	556,660

Schedule of Expenditures of Federal Awards - Continued

Year Ended June 30, 2021

	Federal CFDA (AL) Number	Award Identifying Number	Federal Expenditures	Amounts Passed- Through to Subrecipients	CARES Act Funds Expended (Portion of Federal Expenditures)
<u>U.S. Department of Housing and Urban Development continued</u>					
Passed Through from the State of Utah:					
COVID-19 - Emergency Solutions Grants	14.231	21-1999	\$ 405,753	\$ 16,158	\$ 389,595
COVID-19 - Emergency Solutions Grants	14.231	20-3450	65,175	-	65,175
Passed Through from Salt Lake City:					
Emergency Solutions Grants	14.231	72-5-21-2711	30,000	-	-
Emergency Solutions Grants	14.231	72-5-21-2712	30,000	-	-
COVID-19 - Emergency Solutions Grants	14.231	72-5-21-3251	1,969	-	1,969
Passed Through from Salt Lake County:					
COVID-19 - Emergency Solutions Grants	14.231	HCDCV521ES	29,606	-	29,606
			562,503	16,158	486,345
Passed Through from the State of Utah:					
COVID-19 - Home Investment Partnership Program	14.239	20-3410	326,300	-	326,300
Passed Through from Salt Lake City:					
Home Investment Partnership Program	14.239	75-5-21-2714	55,583	-	-
Passed Through from Salt Lake County:					
COVID-19 - Home Investment Partnership Program	14.239	HCD19106HM2	219,035	-	219,035
			600,918	-	545,335
Total U.S. Department of Housing and Urban Development			1,999,911	16,158	1,625,761
<u>U.S. Department of Energy</u>					
Passed Through from the State of Utah:					
Weatherization Assistance for Low Income Persons	81.042	21-0222	906,977	-	-
Total U.S. Department of Energy			906,977	-	-

Schedule of Expenditures of Federal Awards - Continued

Year Ended June 30, 2021

	Federal CFDA (AL) Number	Award Identifying Number	Federal Expenditures	Amounts Passed- Through to Subrecipients	CARES Act Funds Expended (Portion of Federal Expenditures)
<u>U.S. Department of Health and Human Services</u>					
Direct Programs					
Head Start Programs	93.600	08CH010309	\$ 29,770,557	\$ -	\$ 1,303,917
Head Start Programs	93.600	08HP000278	1,268,520	662,868	-
COVID-19 - Head Start Programs	93.600	08HET001795	21,359	2,408	18,951
			31,060,436	665,276	1,322,868
Passed Through from the State of Utah:					
Temporary Assistance for Needy Families	93.558	21-0955	76,589	-	-
Temporary Assistance for Needy Families	93.558	18DWS0145	260,636	-	-
			337,225	-	-
Low Income Home Energy Assistance Program					
Weatherization Assistance Program (HEAT)	93.568	20-1311	1,346,320	-	-
Weatherization Assistance Program (HEAT)	93.568	21-1796	286,100	-	-
Weatherization Assistance Program	93.568	18-0205	87,481	-	-
Weatherization Assistance Program	93.568	19-0123	953,491	-	-
Weatherization Assistance Program	93.568	19-1843	1,164,803	-	-
Weatherization Assistance Program	93.568	21-0368	466,755	-	-
			4,304,950	-	-
Community Services Block Grant					
COVID-19 - Community Services Block Grant	93.569	21-2220	42,262	-	42,262
COVID-19 - Community Services Block Grant	93.569	20-3641	281,039	-	281,039
Community Services Block Grant	93.569	19-1136	27,171	-	-
Community Services Block Grant	93.569	20-1243	975,329	7,851	-
Community Services Block Grant	93.569	21-1870	23,133	-	-
			1,348,934	7,851	323,301

Schedule of Expenditures of Federal Awards - Continued

Year Ended June 30, 2021

	Federal CFDA (AL) Number	Award Identifying Number	Federal Expenditures	Amounts Passed- Through to Subrecipients	CARES Act Funds Expended (Portion of Federal Expenditures)
<u>U.S. Department of Health and Human Services continued</u>					
Children's Health Insurance Program					
Children's Health Insurance Program	93.767	1Y1CMS331688-01-00	\$ 46,017	\$ -	\$ -
Children's Health Insurance Program	93.767	1Y1CMS331688-01-00	3,664	-	-
			49,681	-	-
Total U.S. Department of Health and Human Services			37,101,226	673,127	1,646,169
<u>U.S. Department of Homeland Security</u>					
Passed through from Salt Lake County:					
Emergency Food & Shelter	97.024	Phase 37	41,774	-	-
Emergency Food & Shelter	97.024	Phase 38	31,126	-	-
COVID-19 - Emergency Food & Shelter	97.024	Phase CARES	52,489	-	52,489
Total U.S. Department of Homeland Security			125,389	-	52,489
<u>U.S. Department of Treasury</u>					
Passed Through from the State of Utah:					
COVID-19 - Coronavirus Relief Fund	21.019	21-0207	4,384,265	-	4,384,265
COVID-19 - Coronavirus Relief Fund	21.019	21-1991	3,550,059	-	3,550,059
Passed through from Salt Lake County:					
COVID-19 - Coronavirus Relief Fund	21.019	20-16700	230,482	-	230,482
COVID-19 - Coronavirus Relief Fund	21.019	0000002690	1,470,000	-	1,470,000
Passed through from Holladay City:					
COVID-19 - Coronavirus Relief Fund	21.019		40,488	-	40,488
Passed through from Utah Bar Foundation:					
COVID-19 - Coronavirus Relief Fund	21.019		59,933	-	59,933
Passed through from Murray City:					
COVID-19 - Coronavirus Relief Fund	21.019		108,390	-	108,390
			9,843,617	-	9,843,617

Schedule of Expenditures of Federal Awards - Continued

Year Ended June 30, 2021

	Federal CFDA (AL) Number	Award Identifying Number	Federal Expenditures	Amounts Passed- Through to Subrecipients	CARES Act Funds Expended (Portion of Federal Expenditures)
<u>U.S. Department of Treasury continued</u>					
Passed through from Salt Lake County:					
COVID-19 - Emergency Rental Assistance Program	21.023	0000002755	\$ 1,500,000	\$ -	\$ 1,500,000
Passed Through from the State of Utah:					
COVID-19 - Emergency Rental Assistance Program	21.023	21-2295	433,024	-	433,024
			1,933,024	-	1,933,024
			11,776,641	-	11,776,641
Total U.S. Department of Treasury					
Total Federal Expenditures			\$ 52,631,395	\$ 689,285	\$ 15,101,060

Notes to Schedule of Expenditures of Federal Awards

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, 2021. 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.

**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, 2021, 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 October 22, 2021. 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

October 22, 2021



**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, 2021. 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, 2021.

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

October 22, 2021

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

Summary of Auditors' Results:

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes no

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

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

Material weakness identified? yes no

Significant deficiency(ies) identified that are not considered to be material weaknesses? yes 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 no

Major programs:

<u>CFDA (AL) Number</u>	<u>Name of Federal Program</u>
14.231	Emergency Solutions Grants
21.019	Coronavirus Relief Fund
21.023	Emergency Rental Assistance Program

Dollar threshold used to distinguish between type A and type B programs: \$1,578,942

Auditee qualified as low-risk auditee? yes no

Schedule of Findings and Questioned Costs - Continued
For the Year Ended June 30, 2021

FINANCIAL STATEMENT FINDINGS

No financial statement findings were noted for the year ended June 30, 2021.

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS

No findings or questioned costs were noted for the year ended June 30, 2021.

Summary Schedule of Prior Audit Findings

FINANCIAL STATEMENT FINDINGS

No 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.