

Right Answers, Right Here.



# TANNER

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, 2024 and 2023**

## Table of Contents

---

|   | <u>Page</u> |
|---|-------------|
| Independent Auditors' Report .....  | 1           |
| Financial Statements  |             |
| Statements of Financial Position.....   | 4           |
| Statements of Activities.....   | 5           |
| Statements of Functional Expenses .....   | 7           |
| Statements of Cash Flows .....  | 9           |
| Notes to Financial Statements.....  | 10          |
| Supplementary Information .....   | 20          |
| Schedule of Expenditure of Federal Awards .....   | 21          |
| Notes to Schedule of Expenditure of Federal Awards .....  | 25          |
| 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 <i>Government Auditing Standards</i> ..... | 26          |
| Independent Auditors' Report on Compliance for each Major Federal Program and on Internal Control over Compliance as Required by the Uniform Guidance .....   | 28          |
| Schedule of Findings and Questioned Costs .....   | 31          |
| Summary Schedule of Prior Audit Findings .....  | 33          |



# TANNER

## Independent Auditors' Report

---

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

#### ***Opinion***

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, 2024 and 2023, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to financial statements.

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, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of UCA and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about UCA's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

#### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

---

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of UCA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about UCA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control related matters that we identify during the audits.

#### **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, 2024, 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*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, 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 17, 2024, 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 17, 2024

## Statements of Financial Position

As of June 30,

|  | <b>2024</b>          | <b>2023</b>          |
|--|----------------------|----------------------|
| <b><u>Assets</u></b>                               |                      |                      |
| Cash and cash equivalents                          | \$ 1,826,117         | \$ 1,913,095         |
| Grants, contracts, and promise to give receivables | 6,232,080            | 5,297,508            |
| Prepaid expenses and other assets                  | 1,223,134            | 782,613              |
| Weatherization and kitchen supplies                | 358,416              | 342,860              |
| Restricted cash                                    | 502,570              | 355,365              |
| Designated cash                                    | 678,857              | 703,569              |
| Note receivable                                    | 3,218,040            | 3,218,040            |
| Property and equipment, net                        | 20,368,640           | 18,912,386           |
| Operating right-of-use assets                      | 2,462,962            | 2,834,999            |
| Finance right-of-use assets                        | 4,465,152            | 4,791,440            |
| Total assets                                       | <b>\$ 41,335,968</b> | <b>\$ 39,151,875</b> |
| <b><u>Liabilities and Net Assets</u></b>           |                      |                      |
| Liabilities:                                       |                      |                      |
| Accounts payable                                   | \$ 1,062,023         | \$ 930,473           |
| Accrued liabilities                                | 2,871,596            | 2,932,618            |
| Notes payable, net                                 | 1,539,332            | 1,759,922            |
| Operating lease liabilities                        | 2,503,702            | 2,847,971            |
| Finance lease liabilities                          | 5,528,411            | 5,614,117            |
| Other long-term liabilities                        | 608,078              | 619,270              |
| Total liabilities                                  | <b>14,113,142</b>    | <b>14,704,371</b>    |
| Commitments and contingencies                      |                      |                      |
| Net assets:  |                      |                      |
| Without donor restrictions                         | 9,599,759            | 9,026,202            |
| With donor restrictions                            | 17,623,067           | 15,421,302           |
| Total net assets                                   | <b>27,222,826</b>    | <b>24,447,504</b>    |
| Total liabilities and net assets                   | <b>\$ 41,335,968</b> | <b>\$ 39,151,875</b> |

## Statement of Activities

Year Ended June 30, 2024

|  | Without donor<br>restrictions | With donor<br>restrictions | Total         |
|--|-------------------------------|----------------------------|---------------|
| <b>Support and Revenue:</b>                |                               |                            |               |
| Government grants                          | \$ -                          | \$ 48,495,361              | \$ 48,495,361 |
| Public support                             | 288,299                       | 1,010,502                  | 1,298,801     |
| Program income                             | 1,160,718                     | -                          | 1,160,718     |
| In-kind donations                          | 136,553                       | 1,581,730                  | 1,718,283     |
| Interest income                            | -                             | 44,688                     | 44,688        |
| Other income                               | 57,254                        | -                          | 57,254        |
| Special events                             | 321,077                       | -                          | 321,077       |
| Less cost of direct benefits to donors     | (70,900)                      | -                          | (70,900)      |
| Net special events revenue                 | 250,177                       | -                          | 250,177       |
| Gain on disposal of property and equipment | 27,578                        | -                          | 27,578        |
| Net assets released from restrictions      | 48,930,516                    | (48,930,516)               | -             |
| Total support and revenue                  | 50,851,095                    | 2,201,765                  | 53,052,860    |
| <b>Expenses:</b>                           |                               |                            |               |
| Program services:                          |                               |                            |               |
| Head Start                                 | 30,217,853                    | -                          | 30,217,853    |
| Weatherization                             | 3,749,970                     | -                          | 3,749,970     |
| Community Service                          | 12,188,171                    | -                          | 12,188,171    |
| Total program services                     | 46,155,994                    | -                          | 46,155,994    |
| Supporting services:                       |                               |                            |               |
| Management and general                     | 3,967,374                     | -                          | 3,967,374     |
| Fundraising                                | 154,170                       | -                          | 154,170       |
| Total supporting services                  | 4,121,544                     | -                          | 4,121,544     |
| Total expenses                             | 50,277,538                    | -                          | 50,277,538    |
| <b>Change in Net Assets</b>                | 573,557                       | 2,201,765                  | 2,775,322     |
| <b>Net Assets, Beginning of Year</b>       | 9,026,202                     | 15,421,302                 | 24,447,504    |
| <b>Net Assets, End of Year</b>             | \$ 9,599,759                  | \$ 17,623,067              | \$ 27,222,826 |

## Statement of Activities

Year Ended June 30, 2023

|  | Without donor<br>restrictions | With donor<br>restrictions | Total         |
|--|-------------------------------|----------------------------|---------------|
| <b>Support and Revenue:</b>                |                               |                            |               |
| Government grants                          | \$ -                          | \$ 46,422,498              | \$ 46,422,498 |
| Public support                             | 243,903                       | 693,707                    | 937,610       |
| Program income                             | 1,363,732                     | -                          | 1,363,732     |
| In-kind donations                          | 154,580                       | 1,485,216                  | 1,639,796     |
| Interest income                            | -                             | 41,445                     | 41,445        |
| Other income                               | 79,363                        | -                          | 79,363        |
| Special events                             | 278,384                       | -                          | 278,384       |
| Less cost of direct benefits to donors     | (51,882)                      | -                          | (51,882)      |
| Net special events revenue                 | 226,502                       | -                          | 226,502       |
| Loss on disposal of property and equipment | (14,261)                      | -                          | (14,261)      |
| Net assets released from restrictions      | 45,999,180                    | (45,999,180)               | -             |
| Total support and revenue                  | 48,052,999                    | 2,643,686                  | 50,696,685    |
| <b>Expenses:</b>                           |                               |                            |               |
| Program services:                          |                               |                            |               |
| Head Start                                 | 30,000,171                    | -                          | 30,000,171    |
| Weatherization                             | 4,348,148                     | -                          | 4,348,148     |
| Community Service                          | 11,363,634                    | -                          | 11,363,634    |
| Total program services                     | 45,711,953                    | -                          | 45,711,953    |
| Supporting services:                       |                               |                            |               |
| Management and general                     | 4,050,421                     | -                          | 4,050,421     |
| Fundraising                                | 175,590                       | -                          | 175,590       |
| Total supporting services                  | 4,226,011                     | -                          | 4,226,011     |
| Total expenses                             | 49,937,964                    | -                          | 49,937,964    |
| <b>Change in Net Assets</b>                | (1,884,965)                   | 2,643,686                  | 758,721       |
| <b>Net Assets, Beginning of Year</b>       | 10,911,167                    | 12,777,616                 | 23,688,783    |
| <b>Net Assets, End of Year</b>             | \$ 9,026,202                  | \$ 15,421,302              | \$ 24,447,504 |



## Statement of Functional Expenses

Year Ended June 30, 2024

|  | Program Services     |                     |                      |                      | Supporting Services    |                   |                     | Total Expenses       |
|--|----------------------|---------------------|----------------------|----------------------|------------------------|-------------------|---------------------|----------------------|
|  | Head Start           | Weatherization      | Community Service    | Total                | Management and General | Fundraising       | Total               |                      |
| Personnel  | \$ 17,366,445        | \$ 1,725,625        | \$ 4,750,301         | \$ 23,842,371        | \$ 2,701,464           | 3,218             | \$ 2,704,682        | \$ 26,547,053        |
| Payroll taxes and benefits   | 4,308,922            | 454,871             | 1,194,313            | 5,958,106            | 527,596                | 706               | 528,302             | 6,486,408            |
| Direct client assistance   | 885,723              | 535                 | 5,115,662            | 6,001,920            | -                      | -                 | -                   | 6,001,920            |
| Supplies and equipment   | 1,168,642            | 1,009,773           | 138,949              | 2,317,364            | 234,314                | 61                | 234,375             | 2,551,739            |
| Space  | 1,477,388            | 236,898             | 217,462              | 1,931,748            | 102,093                | -                 | 102,093             | 2,033,841            |
| Donated space and medical  | 1,648,579            | 6,929               | 59,901               | 1,715,409            | 10,018                 | -                 | 10,018              | 1,725,427            |
| Depreciation and amortization  | 1,131,038            | 95,048              | 377,018              | 1,603,104            | -                      | -                 | -                   | 1,603,104            |
| Consultants  | 473,549              | 16,610              | 148,369              | 638,528              | 247,181                | 56,799            | 303,980             | 942,508              |
| Grants - sub-recipients  | 825,627              | -                   | 47,029               | 872,656              | -                      | -                 | -                   | 872,656              |
| Other  | 227,666              | 40,033              | 44,197               | 311,896              | 36,123                 | 139,234           | 175,357             | 487,253              |
| Travel   | 276,753              | 32,182              | 49,703               | 358,638              | 25,163                 | 4,483             | 29,646              | 388,284              |
| Insurance  | 204,970              | 56,453              | 12,950               | 274,373              | 35,966                 | -                 | 35,966              | 310,339              |
| Telephone  | 113,367              | 14,599              | 12,130               | 140,096              | 29,949                 | -                 | 29,949              | 170,045              |
| Vehicle  | 44,296               | 46,884              | 3,331                | 94,511               | 6                      | -                 | 6                   | 94,517               |
| Copy and printing  | 63,724               | 11,369              | 15,535               | 90,628               | 6,954                  | 19,651            | 26,605              | 117,233              |
| Postage  | 1,164                | 2,161               | 1,321                | 4,646                | 9,003                  | 918               | 9,921               | 14,567               |
| Interest   | -                    | -                   | -                    | -                    | 1,544                  | -                 | 1,544               | 1,544                |
| <b>Total expenses</b>  | <b>30,217,853</b>    | <b>3,749,970</b>    | <b>12,188,171</b>    | <b>46,155,994</b>    | <b>3,967,374</b>       | <b>225,070</b>    | <b>4,192,444</b>    | <b>50,348,438</b>    |
| Less expenses included with revenues<br>on the statement of activities                   |                      |                     |                      |                      |                        |                   |                     |                      |
| Cost of direct benefits to donors  | -                    | -                   | -                    | -                    | -                      | (70,900)          | (70,900)            | (70,900)             |
| <b>Total expenses included in the expense<br/>section on the statement of activities</b> | <b>\$ 30,217,853</b> | <b>\$ 3,749,970</b> | <b>\$ 12,188,171</b> | <b>\$ 46,155,994</b> | <b>\$ 3,967,374</b>    | <b>\$ 154,170</b> | <b>\$ 4,121,544</b> | <b>\$ 50,277,538</b> |

See accompanying notes to financial statements.

## Statement of Functional Expenses

Year Ended June 30, 2023

|  | Program Services     |                     |                      |                      | Supporting Services    |                   |                     | Total Expenses       |
|--|----------------------|---------------------|----------------------|----------------------|------------------------|-------------------|---------------------|----------------------|
|  | Head Start           | Weatherization      | Community Service    | Total                | Management and General | Fundraising       | Total               |                      |
| Personnel  | \$ 17,085,824        | \$ 2,037,342        | \$ 5,159,064         | \$ 24,282,230        | \$ 2,680,600           | 31,444            | \$ 2,712,044        | \$ 26,994,274        |
| Payroll taxes and benefits   | 4,241,498            | 533,112             | 1,276,252            | 6,050,862            | 539,373                | 3,955             | 543,328             | 6,594,190            |
| Direct client assistance   | 928,697              | 555                 | 3,605,115            | 4,534,367            | -                      | -                 | -                   | 4,534,367            |
| Supplies and equipment   | 1,393,772            | 1,250,555           | 78,575               | 2,722,902            | 242,143                | 5,987             | 248,130             | 2,971,032            |
| Space  | 1,684,709            | 206,521             | 234,382              | 2,125,612            | 122,520                | -                 | 122,520             | 2,248,132            |
| Donated space and medical  | 1,573,215            | 7,388               | 21,323               | 1,601,926            | 16,129                 | -                 | 16,129              | 1,618,055            |
| Depreciation and amortization  | 1,096,634            | 92,157              | 365,550              | 1,554,341            | -                      | -                 | -                   | 1,554,341            |
| Consultants  | 610,322              | 31,387              | 134,918              | 776,627              | 238,580                | 56,722            | 295,302             | 1,071,929            |
| Grants - sub-recipients  | 717,860              | -                   | 320,533              | 1,038,393            | -                      | -                 | -                   | 1,038,393            |
| Other  | 129,700              | 14,583              | 68,945               | 213,228              | 58,677                 | 92,880            | 151,557             | 364,785              |
| Travel   | 148,963              | 18,458              | 53,152               | 220,573              | 51,093                 | 17,549            | 68,642              | 289,215              |
| Insurance  | 179,320              | 58,725              | 15,157               | 253,202              | 52,161                 | -                 | 52,161              | 305,363              |
| Telephone  | 99,061               | 15,964              | 13,796               | 128,821              | 22,966                 | -                 | 22,966              | 151,787              |
| Vehicle  | 55,253               | 63,632              | 4,892                | 123,777              | 112                    | -                 | 112                 | 123,889              |
| Copy and printing  | 53,873               | 16,023              | 9,490                | 79,386               | 18,418                 | 18,926            | 37,344              | 116,730              |
| Postage  | 1,470                | 1,746               | 2,490                | 5,706                | 4,892                  | 9                 | 4,901               | 10,607               |
| Interest   | -                    | -                   | -                    | -                    | 2,757                  | -                 | 2,757               | 2,757                |
| <b>Total expenses</b>  | <b>30,000,171</b>    | <b>4,348,148</b>    | <b>11,363,634</b>    | <b>45,711,953</b>    | <b>4,050,421</b>       | <b>227,472</b>    | <b>4,277,893</b>    | <b>49,989,846</b>    |
| Less expenses included with revenues on the statement of activities                  |                      |                     |                      |                      |                        |                   |                     |                      |
| Cost of direct benefits to donors  | -                    | -                   | -                    | -                    | -                      | (51,882)          | (51,882)            | (51,882)             |
| <b>Total expenses included in the expense section on the statement of activities</b> | <b>\$ 30,000,171</b> | <b>\$ 4,348,148</b> | <b>\$ 11,363,634</b> | <b>\$ 45,711,953</b> | <b>\$ 4,050,421</b>    | <b>\$ 175,590</b> | <b>\$ 4,226,011</b> | <b>\$ 49,937,964</b> |

See accompanying notes to financial statements.

## Statements of Cash Flows

Years Ended June 30,

|  | 2024                | 2023                |
|--|---------------------|---------------------|
| <b>Cash flows from operating activities:</b>   |                     |                     |
| Change in net assets   | \$ 2,775,322        | \$ 758,721          |
| Adjustments to reconcile change in net assets to net cash provided by operating activities |                     |                     |
| Depreciation and amortization  | 1,276,816           | 1,228,054           |
| Interest expense attributable to amortization of debt issuance costs                       | 1,640               | 1,641               |
| Amortization of operating lease right-of-use assets  | 372,037             | 237,027             |
| Amortization of finance lease right-of-use assets  | 326,288             | 326,287             |
| Loss (gain) on disposal of property and equipment  | (27,578)            | 14,261              |
| Changes in operating assets and liabilities:   |                     |                     |
| Grants, contracts, and promise to give receivables   | (934,572)           | 151,464             |
| Prepaid expenses and other assets  | (440,521)           | (259,365)           |
| Weatherization and kitchen supplies  | (15,556)            | 81,572              |
| Accounts payable   | 131,550             | (25,431)            |
| Accrued liabilities  | (61,022)            | 1,550,676           |
| Accrued termination benefits   | -                   | (42,025)            |
| Operating lease liability  | (344,269)           | (224,055)           |
| Net cash provided by operating activities  | <u>3,060,135</u>    | <u>3,798,827</u>    |
| <b>Cash flows from investing activities:</b>   |                     |                     |
| Proceeds from sale of property and equipment   | 27,578              | 11,372              |
| Purchases of property and equipment  | (2,733,070)         | (1,522,293)         |
| Net cash used in investing activities  | <u>(2,705,492)</u>  | <u>(1,510,921)</u>  |
| <b>Cash flows from financing activities:</b>   |                     |                     |
| Principal payments on finance lease liabilities  | (85,706)            | (83,898)            |
| Principal payments on notes payable  | (233,422)           | (232,126)           |
| Net cash used in financing activities  | <u>(319,128)</u>    | <u>(316,024)</u>    |
| <b>Net change in cash and restricted cash</b>  | 35,515              | 1,971,882           |
| <b>Cash (including designated and restricted), beginning of the year</b>                   | 2,972,029           | 1,000,147           |
| <b>Cash (including designated and restricted), end of the year</b>                         | <u>\$ 3,007,544</u> | <u>\$ 2,972,029</u> |
| <b>Supplemental disclosure of cash flow information:</b>                                   |                     |                     |
| Cash paid during the year for interest   | \$ 55,791           | \$ 50,554           |
| <b>Supplemental schedules of non-cash investing and financing activities:</b>              |                     |                     |
| Adoption of ASC 842 operating lease right-of-use asset and lease obligation                | \$ -                | \$ 3,072,026        |
| Reclassification of property and equipment to finance lease right-of-use asset             | \$ -                | \$ 5,117,727        |
| Reclassification of capital lease obligation to finance lease obligation                   | \$ -                | \$ 5,698,015        |

## 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.

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

UCA maintains its cash in bank deposit accounts which, at times, exceed 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, 2024 and 2023, government funds represented approximately 91% and 92% of support and revenue, respectively, and 95% and 96% of grants, contracts, and promise to give receivables, respectively. A future reduction of the revenue from government agencies, due to either amendment of contract terms or the cancellation of contracts, or a possible delay in payments resulting from government shutdown, could have a very significant impact on UCA's operations.

#### **Recently Adopted Accounting Pronouncement**

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13, Financial Instruments – Credit Losses: Measurement of Credit Losses on Financial Instruments (ASU 2016-13 or ASC 326). ASU 2016-13 revises the accounting requirements related to the measurement of credit losses and requires organizations to measure all

---

expected credit losses for financial assets based on historical experience, current conditions, and reasonable and supportable forecasts about collectability. Assets must be presented in the financial statements at the net amount expected to be collected. During 2019, the FASB issued additional ASUs amending certain aspects of ASU 2016-13.

On July 1, 2023, the Organization adopted ASU 2016-13 and all the related amendments using the modified retrospective method. The Organization's adoption did not result in a significant impact to the opening balance of net assets and the comparative information has not been adjusted or restated. Results for reporting periods beginning after July 1, 2023, are presented under ASC 326.

#### ***Grants, Contracts, and Promise to Give Receivables***

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, 2024 and 2023, management determined that no allowance was necessary.

In the normal course of its activities, the Organization also receives promises to give which are recorded at the date an unconditional promise to give is received from the donor at the present value of the amount management expects to collect. Accordingly, the Organization performs ongoing evaluations of promise to give receivables and maintains allowances for possible losses, which when realized, have been within the range of management's expectations. The Organization's promise to give receivables are subject to potential concentrations of credit risk based on numerous factors, including the overall economic conditions in the geographic area in which the Organization's donors are located. The Organization does not believe that it is subject to any unusual or significant risks in the normal course of its business. A major promise to give receivable is one that comprises more than 10% of the Organization's receivable balance. As of June 30, 2024 and 2023, respectively, no promise to give receivable exceeded 10% of the Organization's overall receivable balance.

#### ***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, 2024 and 2023.

#### ***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, 2024 and 2023.

---

### ***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.

### ***Lease Commitments***

The Organization leases classrooms, office facilities, and equipment. The Organization assesses whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. For all arrangements where it is determined that a lease exists, the related right-of-use assets and lease liabilities are recorded within the statement of financial position as either operating or finance leases. At inception or modification, the Organization calculates the present value of lease payments using the implicit rate determined from the contract or the risk-free rate. The present value is adjusted for prepaid lease payments, lease incentives, and initial direct costs (e.g. commissions). The Organization's leases may require fixed rental payments, variable lease payments based on usage or sales and fixed non-lease costs relating to the leased asset. Variable lease payments are generally not included in the measurement of the right-of-use assets and lease liabilities. Leases with an initial term of 12 months or less are not recorded on the statement of financial position. Lease expense is recognized for these leases on a straight-line basis over the lease term. Fixed non-lease costs, for example common-area maintenance costs, taxes, insurance, and maintenance, are included in the measurement of the right-of-use asset and lease liability as the Organization does not separate lease and non-lease components.

Most leases include one or more options to renew, with renewal terms that can extend the lease term from one to five years or more. The exercise of lease renewal options is at the Organization's sole discretion.

### ***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.

### ***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. UCA does not have a practice of monetizing the contributions of nonfinancial assets.

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:

| Expense                       | Allocation Method |
|-------------------------------|-------------------|
| Personnel                     | Time              |
| Payroll taxes and benefits    | Time              |
| Space                         | Square Footage    |
| Insurance                     | Square Footage    |
| Other                         | 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, 2024, 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.

### ***Subsequent Events***

UCA has evaluated subsequent events through October 17, 2024, 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, comprised the following as of June 30:

|   | 2024                | 2023                |
|---|---------------------|---------------------|
| Cash  | \$ 1,826,117        | \$ 1,913,095        |
| Grants, contracts, and promise to give receivables                                    | 6,232,080           | 5,297,508           |
|   | <u>8,058,197</u>    | <u>7,210,603</u>    |
| Less amounts not available to be used within one year for general expenditure:        |                     |                     |
| Funds subject to donor-imposed purpose restrictions                                   | 1,548,732           | 1,111,191           |
| Financial assets available to meet cash needs for general expenditure within one year | <u>\$ 6,509,465</u> | <u>\$ 6,099,412</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 9, the Organization has \$2,500,000 available under its line of credit agreement with a bank through November 20, 2025.

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, 2024 and 2023 of approximately \$3,060,000 and \$3,799,000, respectively.

## 3. Grants, Contracts, and Promise to Give Receivables

Grants, Contracts, and Promise to Give Receivables consisted of the following as of June 30:

|  | 2024                | 2023                |
|--|---------------------|---------------------|
| Utah Department of Workforce Services        | \$ 2,577,089        | \$ 2,517,638        |
| U.S. Department of Health and Human Services | 1,844,786           | 1,235,302           |
| Salt Lake City                               | 749,626             | 557,936             |
| Salt Lake County                             | 647,883             | 687,517             |
| Promise to give receivable                   | 245,826             | -                   |
| Utah State Office of Education               | 83,726              | 105,378             |
| Other  | 83,144              | 193,737             |
|  | <u>\$ 6,232,080</u> | <u>\$ 5,297,508</u> |



#### 4. Restricted and Designated Cash

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

|   | 2024                | 2023                |
|---|---------------------|---------------------|
| Cash designated by the board for:                         |                     |                     |
| Accrued vacation  | \$ 678,857          | \$ 703,569          |
| Cash restricted for cafeteria and other employee benefits | -                   | 15,708              |
| Cash restricted for Salt Lake County grant                | 502,570             | 339,657             |
|   | <u>\$ 1,181,427</u> | <u>\$ 1,058,934</u> |

#### 5. Note Receivable

The note receivable consists of amounts receivable from Community Development Finance Alliance (CDFA), an unrelated entity involved in the financing of a Head Start facility, as further described in Note 15. The note receivable is secured by property, bears interest at 1%, and matures on December 15, 2053. No allowance for credit losses for the note receivable was considered necessary by management as of June 30, 2024. Principal payments to UCA on this note receivable are due as follows:

| <u>Years ending June 30,</u> |                     |
|------------------------------|---------------------|
| 2025                         | \$ -                |
| 2026                         | -                   |
| 2027                         | -                   |
| 2028                         | -                   |
| 2029                         | -                   |
| Thereafter                   | 3,218,040           |
|                              | <u>\$ 3,218,040</u> |

#### 6. Property and Equipment

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

|  | 2024                 | 2023                 |
|--|----------------------|----------------------|
| Buildings                                      | \$ 20,186,482        | \$ 18,343,992        |
| Furniture, equipment and software              | 6,037,258            | 5,234,354            |
| Land   | 3,161,142            | 3,161,142            |
| Leasehold improvements                         | 1,754,574            | 1,719,837            |
| Construction in progress                       | 452,596              | 664,728              |
|  | <u>31,592,052</u>    | <u>29,124,053</u>    |
| Less accumulated depreciation and amortization | <u>(11,223,412)</u>  | <u>(10,211,667)</u>  |
|  | <u>\$ 20,368,640</u> | <u>\$ 18,912,386</u> |

Depreciation and amortization expense on property and equipment for the years ended June 30, 2024 and 2023 totaled \$1,276,816 and \$1,228,054, respectively.

## 7. Accrued Liabilities

Accrued liabilities consisted of the following as of June 30:

|                           | 2024                | 2023                |
|---------------------------|---------------------|---------------------|
| Payroll and related costs | \$ 1,595,317        | \$ 1,608,149        |
| Deferred revenue          | 1,075,815           | 1,283,830           |
| Other                     | 200,464             | 40,639              |
|                           | <u>\$ 2,871,596</u> | <u>\$ 2,932,618</u> |

## 8. Notes Payable

Notes payable consisted of the following as of June 30:

|   | 2024                | 2023                |
|---|---------------------|---------------------|
| Note payable to Community Development Finance Alliance, fixed interest at 3.2%, monthly principal and interest payments of \$15,980, due January 27, 2027, unsecured. Net of unamortized debt issuance costs of \$4,376 for 2024.   | \$ 1,298,791        | \$ 1,444,916        |
| Mortgage payable ("JRR Building"), annual principal and interest payments of \$86,174, 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 3.7436% for the year ended June 30, 2024, due June 30, 2027, secured by property. | 240,541             | 315,006             |
|   | <u>\$ 1,539,332</u> | <u>\$ 1,759,922</u> |

Amortization of debt issuance costs for the years ended June 30, 2024 and 2023 was \$1,640 and \$1,641, respectively. Future maturities of notes payable are as follows:

| <u>Years ending June 30,</u>         |                     |
|--------------------------------------|---------------------|
| 2025                                 | \$ 229,785          |
| 2026                                 | 237,599             |
| 2027                                 | 1,076,324           |
| Less unamortized debt issuance costs | <u>(4,376)</u>      |
|                                      | <u>\$ 1,539,332</u> |

## 9. Line of Credit

On December 29, 2022, UCA entered into a revolving line of credit with a bank that provides for available borrowings of \$2,500,000. The agreement matures on November 20, 2025. Borrowings under the line of credit bear interest at PRIME plus 1.50% (9.75% as of June 30, 2024). As of June 30, 2024, the Organization had not drawn on this line of credit.

## 10. Net Assets with Donor Restrictions

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

|   | 2024                 | 2023                 |
|---|----------------------|----------------------|
| Property and equipment, net of related debt   | \$ 15,780,025        | \$ 14,047,466        |
| Community Service program                     | 1,443,408            | 1,001,365            |
| Weatherization and kitchen supplies and funds | 294,310              | 262,645              |
| Fundraising                                   | 101,100              | 105,602              |
| Administration                                | 4,224                | 4,224                |
|   | <u>\$ 17,623,067</u> | <u>\$ 15,421,302</u> |

The restricted property and equipment, net of related debt, 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.

## 11. In-Kind Contributions

Amounts reflected in the statements of activities for donated nonfinancial assets were as follows for the years ended June 30:

|                  | 2024                | 2023                |
|------------------|---------------------|---------------------|
| Use of space     | \$ 1,321,399        | \$ 1,294,057        |
| Medical services | 200,663             | 185,320             |
| Other            | 196,221             | 160,419             |
|                  | <u>\$ 1,718,283</u> | <u>\$ 1,639,796</u> |

Contributed use of space and medical services were used primarily by the Head Start Program. In valuing the use of space, an appraisal was obtained from a licensed third party consultant. For contributed medical services, UCA estimates the fair value on the basis of the professionals' billable hourly rate times the hours contributed. Other than contributions of the use of space, which is used for Head Start and Early Head Start Programs, contributed nonfinancial assets did not have donor-imposed restrictions.

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 \$4,154,000 and \$4,017,000 for the years ended June 30, 2024 and 2023, 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.

## 12. 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 will not have a material adverse effect on the Organization's financial position. However, such losses are difficult to estimate and could have a material impact on the Organization's financial position in a future period.

### Leases

UCA leases classrooms, office facilities, and equipment under non-cancelable operating and finance lease agreements. The weighted average remaining lease terms and interest rates were as follows as of June 30:

| Lease Term and Discount Rate                  | 2024  | 2023  |
|---|-------|-------|
| Weighted Average Remaining Lease Term (years) |       |       |
| Operating leases                              | 6.5   | 7.4   |
| Finance leases                                | 15.5  | 16.4  |
| Weighted Average Discount Rate                |       |       |
| Operating leases                              | 3.17% | 3.17% |
| Finance leases                                | 1.01% | 1.03% |

Total lease cost under operating leases approximated \$457,000 and \$322,000 for the years ended June 30, 2024 and 2023, respectively. For finance leases, total cost was approximately \$366,000 and \$376,000, of which \$58,290 and \$58,845 represented interest expense for the years ended June 30, 2024 and 2023, respectively. These costs are reflected in the space and depreciation and amortization line items in the statements of functional expenses. The following table reconciles the undiscounted future cash flows for the next five years and thereafter to the operating and finance lease liabilities recorded within the statement of financial position as of June 30, 2024:

| Maturities of Lease Liabilities    |              |              |
|------------------------------------|--------------|--------------|
| Years ending June 30:              | Operating    | Finance      |
| 2025                               | \$ 419,277   | \$ 325,166   |
| 2026                               | 426,832      | 412,600      |
| 2027                               | 431,306      | 412,600      |
| 2028                               | 436,186      | 412,600      |
| 2029                               | 446,300      | 412,600      |
| Thereafter                         | 617,972      | 4,000,575    |
| Total lease payments               | 2,777,873    | 5,976,141    |
| Less: interest                     | (274,171)    | (447,730)    |
| Present value of lease liabilities | \$ 2,503,702 | \$ 5,528,411 |

### 13. 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 age 18 or older, UCA contributes to the Plan an amount equal to 100% of employee contributions that do not exceed 5% of eligible compensation. 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, 2024 and 2023, UCA made contributions to the Plan totaling approximately \$812,000 and \$1,255,000, respectively. The fiscal year 2024 and 2023 amounts include a discretionary contribution of approximately \$194,000 and \$690,000, respectively.

### 14. 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 15), 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, 2024 and 2023, 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 \$115,200 and \$156,546 in rent to UCA Development under a lease agreement for a building, respectively.

#### **15. 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 a scheduled part of the NMTC transaction to finance the Head Start and kitchen facility, UCA entered into note payable agreements totaling \$2,030,533 (Loan A) and \$894,467 (Loan B). During January 2022, Loan A was refinanced into an unsecured loan totaling \$2,060,725.

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.

Supplementary Information  
As of and for the Years Ended June 30, 2024 and 2023  
Salt Lake Community Action Program  
dba Utah Community Action

**Schedule of Expenditures of Federal Awards**

Year Ended June 30, 2024

|  | Federal AL<br>Number | Award Identifying<br>Number | Federal<br>Expenditures | Amounts Passed-<br>Through to<br>Subrecipients | COVID-19 Funds<br>Expended (Portion of<br>Federal Expenditures) |
|--|----------------------|-----------------------------|-------------------------|--|---|
| <b><u>U.S. Department of Agriculture</u></b>                   |                      |                             |                         |  |   |
| Passed Through from the State of Utah:                         |                      |                             |                         |  |   |
| Child Care Food Program  | 10.558               | F9                          | \$ 1,182,418            | \$ -   | \$ -  |
| <b>Total U.S. Department of Agriculture</b>                    |                      |                             | <b>1,182,418</b>        | <b>-</b>                                       | <b>-</b>  |
| <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               | 24-DWS-0223                 | 36,024                  | -  | -   |
|  | 14.241               | 24-DWS-0222                 | 13,452                  | -  | -   |
| Passed Through from Salt Lake City:                            |                      |                             |                         |  |   |
| Housing Opportunities for People with AIDS                     | 14.241               | CA-002446                   | 158,054                 | -  | -   |
|  |                      |                             | 207,530                 | -  | -   |
| Passed Through from West Jordan City:                          |                      |                             |                         |  |   |
| Community Development Block Grant                              | 14.218               | 4801-473454                 | 23,554                  | -  | -   |
| Passed Through from Salt Lake City:                            |                      |                             |                         |  |   |
| Emergency Solutions Grants                                     | 14.231               | CA-002437                   | 31,853                  | -  | -   |
| Passed Through from Salt Lake County:                          |                      |                             |                         |  |   |
| COVID-19 - Emergency Solutions Grants                          | 14.231               | CA-000274                   | 209,552                 | -  | 209,552   |
|  |                      |                             | 241,405                 | -  | 209,552   |
| Passed Through from Salt Lake City:                            |                      |                             |                         |  |   |
| Home Investment Partnership Program                            | 14.239               | CA-002591                   | 208,757                 | -  | -   |
| Passed Through from Salt Lake County:                          |                      |                             |                         |  |   |
| Home Investment Partnership Program                            | 14.239               | HCD22102HM                  | 100,000                 | -  | -   |
|  |                      |                             | 308,757                 | -  | -   |

**Schedule of Expenditures of Federal Awards - Continued**

Year Ended June 30, 2024

|  | Federal AL<br>Number | Award Identifying<br>Number | Federal<br>Expenditures | Amounts Passed-<br>Through to<br>Subrecipients | COVID-19 Funds<br>Expended (Portion of<br>Federal Expenditures) |
|--|----------------------|-----------------------------|-------------------------|--|---|
| <b><u>U.S. Department of Housing and Urban Development continued</u></b> |                      |                             |                         |  |   |
| Passed Through from Salt Lake County:                                    |                      |                             |                         |  |   |
| Healthy Homes Demonstration Grants                                       | 14.901               | 2021-18403                  | \$ 93,534               | \$ -   | \$ -  |
| <b>Total U.S. Department of Housing and Urban Development</b>            |                      |                             | <b>874,780</b>          | <b>-</b>                                       | <b>209,552</b>  |
| <b><u>U.S. Department of Energy</u></b>                                  |                      |                             |                         |  |   |
| Passed Through from the State of Utah:                                   |                      |                             |                         |  |   |
| Weatherization Assistance for Low Income Persons                         | 81.042               | 23-DWS-0493                 | 390,148                 | -  | -   |
| Weatherization Assistance for Low Income Persons                         | 81.042               | 24-DWS-0137                 | 864,523                 | -  | -   |
| <b>Total U.S. Department of Energy</b>                                   |                      |                             | <b>1,254,671</b>        | <b>-</b>                                       | <b>-</b>  |
| <b><u>U.S. Department of Health and Human Services</u></b>               |                      |                             |                         |  |   |
| Direct Programs  |                      |                             |                         |  |   |
| Head Start Programs  | 93.600               | 08HP000278                  | 1,459,510               | 825,627  | -   |
| COVID-19 - Head Start Programs   | 93.600               | 08HET001795                 | 285,038                 | -  | 285,038   |
| Head Start Programs  | 93.600               | 08CH011914                  | 30,498,946              | -  | -   |
|  |                      |                             | <b>32,243,494</b>       | <b>825,627</b>                                 | <b>285,038</b>  |
| Passed Through from Community Action Partnership of Utah:                |                      |                             |                         |  |   |
| Social Services Research and Demonstration                               | 93.767               | 90EDA0011-DDDRP-UCA         | 63,223                  | -  | -   |



**Schedule of Expenditures of Federal Awards - Continued**

Year Ended June 30, 2024

|  | Federal AL<br>Number | Award Identifying<br>Number | Federal<br>Expenditures | Amounts Passed-<br>Through to<br>Subrecipients | COVID-19 Funds<br>Expended (Portion of<br>Federal Expenditures) |
|--|----------------------|-----------------------------|-------------------------|--|---|
| <b><u>U.S. Department of Health and Human Services continued</u></b> |                      |                             |                         |  |   |
| Passed Through from the State of Utah:                               |                      |                             |                         |  |   |
| Low Income Home Energy Assistance Program                            |                      |                             |                         |  |   |
| Weatherization Assistance Program (HEAT)                             | 93.568               | 21-2785                     | \$ 2,779                | \$ -   | \$ -  |
| Weatherization Assistance Program (HEAT)                             | 93.568               | 22-DWS-0245                 | 48,971                  | -  | -   |
| Weatherization Assistance Program (HEAT)                             | 93.568               | 23-DWS-0451                 | 1,934,534               | -  | -   |
| Weatherization Assistance Program (HEAT)                             | 93.568               | 24-DWS-0300                 | 853,142                 | -  | -   |
| Weatherization Assistance Program                                    | 93.568               | 23-DWS-0236                 | 1,946,383               | -  | -   |
|  |                      |                             | 4,785,809               | -  | -   |
| Passed Through from the State of Utah:                               |                      |                             |                         |  |   |
| 477 Cluster  |                      |                             |                         |  |   |
| COVID-19 - Community Service Block Grant                             | 93.569               | 21-2220                     | 132,352                 | 25,490   | 132,352   |
| Community Service Block Grant  | 93.569               | 22-DWS-0205                 | 180,326                 | -  | -   |
| COVID-19 - Community Service Block Grant                             | 93.569               | 22-DWS-0132                 | 31,469                  | 21,540   | 31,469  |
| Community Service Block Grant  | 93.569               | 23-DWS-0358                 | 924,153                 | -  | -   |
| Community Service Block Grant  | 93.569               | 24-DWS-0117                 | 28,232                  | -  | -   |
| Temporary Assistance for Needy Families                              | 93.558               | 22-DWS-0319                 | 786,209                 | -  | -   |
| Temporary Assistance for Needy Families                              | 93.558               | 24-DWS-0104                 | 122,751                 | -  | -   |
|  |                      |                             | 2,205,492               | 47,030   | 163,821   |
| Children's Health Insurance Program                                  |                      |                             |                         |  |   |
| Children's Health Insurance Program                                  | 93.767               |                             | 50,000                  | -  | -   |
| <b>Total U.S. Department of Health and Human Services</b>            |                      |                             | <b>39,348,018</b>       | <b>872,657</b>                                 | <b>448,859</b>  |

**Schedule of Expenditures of Federal Awards - Continued**

Year Ended June 30, 2024

|  | Federal AL<br>Number | Award Identifying<br>Number | Federal<br>Expenditures | Amounts Passed-<br>Through to<br>Subrecipients | COVID-19 Funds<br>Expended (Portion of<br>Federal Expenditures) |
|--|----------------------|-----------------------------|-------------------------|--|---|
| <b><u>U.S. Department of Treasury</u></b>      |                      |                             |                         |  |   |
| Passed through from Salt Lake County:          |                      |                             |                         |  |   |
| COVID-19 - Emergency Rental Assistance Program | 21.023               | 3174                        | \$ 2,942,617            | \$ -   | \$ 2,942,617  |
| Passed Through from the State of Utah:         |                      |                             |                         |  |   |
| COVID-19 - Emergency Rental Assistance Program | 21.023               | 23-DWS-0428                 | 216,937                 | -  | 216,937   |
| COVID-19 - Emergency Rental Assistance Program | 21.023               | 23-DWS-0427                 | 247,829                 | -  | 247,829   |
|  |                      |                             | <u>3,407,383</u>        | <u>-</u>                                       | <u>3,407,383</u>  |
| Passed through from Salt Lake County           |                      |                             |                         |  |   |
| COVID-19 - Coronavirus Relief Fund             | 21.019               |                             | 48,431                  | -  | 48,431  |
|  |                      |                             | <u>3,455,814</u>        | <u>-</u>                                       | <u>3,455,814</u>  |
| <b>Total U.S. Department of Treasury</b>       |                      |                             |                         |  |   |
| <b>Total Federal Expenditures</b>              |                      |                             | <b>\$ 46,115,701</b>    | <b>\$ 872,657</b>                              | <b>\$ 4,114,225</b>   |

## **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, 2024. 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, 2024, 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 17, 2024. 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.

**Report on 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.

---

**Report on 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 17, 2024

**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**

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

We have audited Salt Lake Community Action Program (dba Utah Community Action) (UCA)'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of UCA's major federal programs for the year ended June 30, 2024. UCA's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, UCA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

***Basis for Opinion on Each Major Federal Program***

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

***Responsibilities of Management for Compliance***

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

---

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on UCA's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about UCA's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding UCA's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of UCA's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of UCA's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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 a 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 17, 2024



***Schedule of Findings and Questioned Costs***  
***For the Year Ended June 30, 2024***

---

**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(es) 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>AL Number</u> | <u>Name of Federal Program</u>      |
|------------------|-------------------------------------|
| 21.023           | Emergency Rental Assistance Program |
| 93.600           | Head Start                          |
|                  | 477 Cluster                         |

Dollar threshold used to distinguish between type A and type B programs: \$1,383,471

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

***Schedule of Findings and Questioned Costs - Continued***  
***For the Year Ended June 30, 2024***

---

**FINANCIAL STATEMENT FINDINGS**

No financial statement findings were noted for the year ended June 30, 2024.

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

No findings or questioned costs were noted for the year ended June 30, 2024.

## ***Summary Schedule of Prior Audit Findings***

---

### **FINANCIAL STATEMENT FINDINGS**

No findings were noted for the year ended June 30, 2023.

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

No findings or questioned costs were noted for the year ended June 30, 2023.