



Utah Community Action Partnership Association

**Financial Statements
and
Independent Accountant's Review Report**

**As of September 30, 2020
And for the year then ended
with summarized comparative
information for September 30, 2019**

Utah Community Action Partnership Association

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Directors
Utah Community Action Partnership Association

We have reviewed the accompanying financial statements of Utah Community Action Partnership Association (UCAPA), which comprise the statements of financial position as of September 30, 2020 and 2019, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of UCAPA management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Summarized Comparative Information

We previously reviewed UCAPA's September 30, 2019 financial statements and in our report dated February 13, 2020, stated that based on our procedures, we were not aware of any material modifications that should be made to the September 30, 2019 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America. We are not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended September 30, 2019 for it to be consistent with the reviewed financial statements from which it has been derived.

A handwritten signature in black ink that reads "Squire & Company, PC".

Orem, Utah
November 30, 2020

Utah Community Action Partnership Association

Statement of Financial Position

September 30, 2020

With Comparative Totals as of September 30, 2019

	<u>09/30/2020</u>	<u>09/30/2019</u>
ASSETS		
Current assets		
Cash	\$ 156,247	\$ 147,646
Grants and accounts receivable	69,141	111,753
Prepaid expenses	<u>1,862</u>	<u>652</u>
Total current assets	<u>227,250</u>	<u>260,051</u>
Property and equipment	11,582	136,326
Accumulated depreciation	<u>(3,000)</u>	<u>(128,135)</u>
Net property and equipment	<u>8,582</u>	<u>8,191</u>
Total assets	<u><u>\$ 235,832</u></u>	<u><u>\$ 268,242</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 3,927	\$ 1,790
Accrued payroll and benefits	15,453	10,786
Deferred revenue	<u>1,331</u>	<u>-</u>
Total current liabilities	<u>20,711</u>	<u>12,576</u>
Net assets		
Without donor restrictions	91,823	28,505
With donor restrictions	<u>123,298</u>	<u>227,161</u>
Total net assets	<u>215,121</u>	<u>255,666</u>
Total liabilities and net assets	<u><u>\$ 235,832</u></u>	<u><u>\$ 268,242</u></u>

See accompanying notes and independent accountant's review report.

Utah Community Action Partnership Association

Statement of Activities

Year Ended September 30, 2020

With Comparative Totals as of September 30, 2019

	09/30/2020			
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>9/30/2020 Total</u>	<u>9/30/2019 Total</u>
REVENUES AND SUPPORT				
Support				
Government grants	\$ 326,874	\$ -	\$ 326,874	\$ 633,792
Corporate and foundation	11,583	63,417	75,000	106,757
In-kind contributions	26,235	-	26,235	-
Individual	380	-	380	-
Net assets released from restrictions	<u>167,280</u>	<u>(167,280)</u>	<u>-</u>	<u>-</u>
Total support	<u>532,352</u>	<u>(103,863)</u>	<u>428,489</u>	<u>740,549</u>
Revenues				
Memberships	3,994	-	3,994	5,100
Other income	1,232	-	1,232	2,127
Loss on disposal	<u>(1,504)</u>	<u>-</u>	<u>(1,504)</u>	<u>-</u>
Total revenues	<u>3,722</u>	<u>-</u>	<u>3,722</u>	<u>7,227</u>
Total revenues and support	<u>536,074</u>	<u>(103,863)</u>	<u>432,211</u>	<u>747,776</u>
EXPENSES				
Program services	436,388	-	436,388	696,767
Management and general	35,065	-	35,065	44,524
Fundraising	<u>1,303</u>	<u>-</u>	<u>1,303</u>	<u>8,273</u>
Total expenses	<u>472,756</u>	<u>-</u>	<u>472,756</u>	<u>749,564</u>
Change in net assets	63,318	(103,863)	(40,545)	(1,788)
Net assets, beginning of year	<u>28,505</u>	<u>227,161</u>	<u>255,666</u>	<u>257,454</u>
Net assets, end of year	<u>\$ 91,823</u>	<u>\$ 123,298</u>	<u>\$ 215,121</u>	<u>\$ 255,666</u>

See accompanying notes and independent accountant's review report.

Utah Community Action Partnership Association

Statement of Functional Expenses

Year Ended September 30, 2020

With Comparative Totals as of September 30, 2019

	September 30, 2020							9/30/2020	9/30/2019
	Program Services				Supporting Activities			Total	Total
	Earn It, Keep It, Save It	Training & Technical	Advocacy & Policy Research	Total	Management and General	Fundraising	Total		
Salaries and wages	\$ 111,477	\$ 72,925	\$ 18,223	\$ 202,625	\$ 7,749	\$ 1,064	\$ 8,813	\$ 211,438	\$ 207,692
Payroll taxes	7,989	5,218	1,271	14,478	554	77	631	15,109	14,123
Employee benefits	14,885	10,037	2,133	27,055	1,053	146	1,199	28,254	20,357
 Total salaries and related expenses	 134,351	 88,180	 21,627	 244,158	 9,356	 1,287	 10,643	 254,801	 242,172
 Grants to others	 58,565	 22,300	 -	 80,865	 -	 -	 -	 80,865	 368,719
Professional services	36,282	9,668	-	45,950	21,465	-	21,465	67,415	39,292
Office	4,863	8,671	2,748	16,282	1,366	1	1,367	17,649	19,235
Occupancy	8,056	5,144	1,029	14,229	1,432	4	1,436	15,665	19,187
Communications	7,181	5,366	603	13,150	338	7	345	13,495	9,660
Conferences and meetings	8,456	7,566	640	16,662	-	-	-	16,662	43,306
Marketing	-	17	1,701	1,718	-	-	-	1,718	592
Insurance	384	582	-	966	652	-	652	1,618	1,477
Bank and merchant fees	-	1	-	1	373	-	373	374	231
Miscellaneous	80	-	-	80	58	-	58	138	4,333
 Total expenses before depreciation	 258,218	 147,495	 28,348	 434,061	 35,040	 1,299	 36,339	 470,400	 748,204
 Depreciation	 2,027	 240	 60	 2,327	 25	 4	 29	 2,356	 1,360
 Total expenses	 <u>\$ 260,245</u>	 <u>\$ 147,735</u>	 <u>\$ 28,408</u>	 <u>\$ 436,388</u>	 <u>\$ 35,065</u>	 <u>\$ 1,303</u>	 <u>\$ 36,368</u>	 <u>\$ 472,756</u>	 <u>\$ 749,564</u>

See accompanying notes and independent accountant's review report.

Utah Community Action Partnership Association

Statement of Cash Flows

Year Ended September 30, 2020

With Comparative Totals as of September 30, 2019

	<u>09/30/2020</u>	<u>09/30/2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (40,545)	\$ (1,788)
Items not requiring cash		
Depreciation	2,356	1,360
Loss on disposal	1,504	-
Changes in		
Grants and accounts receivable	42,612	10,808
Prepaid expenses	(1,210)	(652)
Accounts payable	2,136	(40,864)
Accrued payroll and benefits	4,667	(1,118)
Deferred revenue	<u>1,331</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>12,851</u>	<u>(32,254)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>(4,250)</u>	<u>(3,897)</u>
Net cash used in investing activities	<u>(4,250)</u>	<u>(3,897)</u>
 Net change in cash and cash equivalents	8,601	(36,151)
 Cash and cash equivalents, beginning of year	<u>147,646</u>	<u>183,797</u>
 Cash and cash equivalents, end of year	<u>\$ 156,247</u>	<u>\$ 147,646</u>
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
 Cash paid for interest	<u>\$ -</u>	<u>\$ -</u>
 Cash paid for income taxes	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes and independent accountant's review report.

Utah Community Action Partnership Association

Notes to Financial Statements

September 30, 2020

1. ORGANIZATION SUMMARY

Utah Community Action Partnership Association (the "Organization") was organized under the laws of the State of Utah in April 1994 as a nonprofit corporation. The Organization is a statewide association addressing the causes and effects of poverty in Utah. The Organization coordinates the efforts of nine community action agencies in Utah by advocating for, supporting, and providing training and technical assistance to these agencies. The Organization's major programs consist of the following:

Earn It, Keep It, Save It

The Organization leads a statewide coalition of partners from the public, private, and nonprofit sectors in the Earn It, Keep It, Save It program. This program aims to strengthen family financial stability through Earned Income Tax Credit outreach, free tax preparation, and asset formation programs.

Training and Technical Assistance

The Organization works in partnership with Utah's State Community Services Office to provide training, support, and technical assistance on the Community Services Block Grant to the nine community action agencies in Utah.

Advocacy & Policy Research

The Organization works to keep the struggles of those in poverty throughout the state in the mind of legislators when they are considering laws and budget changes that could affect this vulnerable population. This is done by educating lawmakers, keeping them current with poverty trends, and working with them to find solutions to reduce poverty in Utah.

The Organization's significant sources of revenue include government grants and corporate and foundation contributions. The Organization operates under the dba "Community Action Partnership of Utah" (CAP Utah).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization have been prepared using the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP).

Cash and Cash Equivalents

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. At September 30, 2020, the Organization did not hold cash equivalents.

Concentrations of Credit Risks

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents. The Organization maintains its cash and cash equivalents in various financial institution accounts that, at times, may exceed federally insured limits. These assets have been placed with high credit quality financial institutions and the Organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are carried at their estimated collectible amounts. The Organization's accounts receivable are generally short-term in nature; thus accounts receivable do not bear interest.

Accounts receivable are periodically evaluated for collectibility based on past credit history with customers and their current financial condition. An allowance for doubtful accounts related to accounts receivable has not been established at September 30, 2020 because management believes that all accounts receivable will be fully collectible.

Grants Receivable

Grants receivable consist of promises to give. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. The Organization determines the allowance for uncollectible promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. An allowance for doubtful promises has not been established at September 30, 2020 because management believes that all promises to give will be fully collectible.

Property and Equipment

Property and equipment are recorded at cost at the date purchased or, if donated, at fair value at the date donated. The Organization capitalizes additions that exceed \$5,000. Depreciation expense is calculated using the straight-line method over the estimated useful lives of the respective assets or lease terms, which range from five to seven years. Depreciation expense for the year ended September 30, 2020 was \$2,356. Management reviews the carrying value of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset.

Deferred Revenue

Deferred revenue consists of unexpired memberships.

Classes of Net Assets

Net assets, revenues and gains are classified based on the presence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, 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

Contributions- Contributions are recognized as support when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give (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. Contributions are considered to be without donor restrictions unless restricted by the donor.

A portion of the Organization's revenue is derived from cost-reimbursement government grants, which are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with grant provisions. Amounts received prior to incurring qualifying expenditures, if any, are reported as advances in the statement of financial position. The Organization received cost-reimbursement grants of \$185,322 that have not been recognized at September 30, 2020 because qualifying expenditures have not yet been incurred.

In-Kind Contributions- Contributed goods, use of facilities, and services that either create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation are recorded at fair value at the date of donation.

Program Service Revenue- Program service revenue includes memberships. Memberships entitle customers to access the Organization's services over a period of twelve months. Memberships are amortized to revenue using a straight-line method over the membership period. Unamortized memberships are included in deferred revenue.

Advertising

Advertising costs are expensed when the advertising first takes place. Advertising expense for the year ended September 30, 2020 was \$1,718, and is included in marketing expense on the statement of functional expenses.

Income Taxes

The Organization has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(c)(3), qualifying for the charitable contribution deduction under section 170(b)(1)(A)(vi), and has been determined not to be a private foundation under Section 509(a). The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) and is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. Management has determined that the Organization is not subject to unrelated business income tax. Management believes that the Organization has appropriate support for any tax positions taken in its annual filing and does not have any uncertain tax positions that are material to the financial statements. The Organization's Forms 990 are no longer subject to tax examination for years before 2017.

Functional Allocation of Expenses

The cost of providing programs and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, payroll taxes, employee benefits, occupancy, and communications, which are allocated on the basis of estimated time and effort.

Estimates in the Financial Statements

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Reclassifications

Certain items from September 30, 2019 have been reclassified to conform to the September 30, 2020 presentation.

3. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of September 30, 2020 consisted of the following:

Cash and cash equivalents	\$ 156,247
Grants and accounts receivable	<u>69,141</u>
Current financial assets, at year-end	<u>225,388</u>
Less those unavailable for general expenditure within one year, due to donor-imposed time or purpose restrictions	<u>(123,298)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 102,090</u>

The Organization structures its financial assets to be available as obligations come due. The Organization's donor-imposed restrictions are generally broadly restricted for one of the Organization's major programs. To help manage unanticipated liquidity needs, the Organization has credit cards with an aggregate credit limit of \$10,000 which it could draw upon.

4. GRANTS AND ACCOUNTS RECEIVABLE

Grants and accounts receivable consisted of the following at September 30, 2020.

Promises to give	\$ 45,000
Government cost-reimbursement grants	22,413
Accounts receivable	
Sales tax reimbursements	<u>1,728</u>
Total	<u>\$ 69,141</u>

Grants and accounts receivable are expected to be received in full within a year or less.

5. PROPERTY AND EQUIPMENT

Property and equipment consisted of computers and printers at September 30, 2020. Depreciation expense for the year ended December 31, 2020 was \$2,356.

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at September 30, 2020:

Subject to expenditure for specified purpose	
Earn It, Keep It, Save It	\$ 78,298
Promises to give that are restricted by donors for	
Earn It, Keep It, Save It	<u>45,000</u>
Total subject to expenditure for specified purpose	<u>123,298</u>
	<u>\$ 123,298</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by the donors as following for the year ended September 30, 2020:

Satisfaction of purpose restrictions	
Earn It, Keep It, Save It	\$ 124,948
Poverty & Community Outreach	<u>42,332</u>
Total net assets released from donor restrictions	<u>\$ 167,280</u>

7. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Organization's revenue from contracts with customers include memberships, which are presented on the statement of activities. Contract liabilities consisted of the following at September 30, 2020:

Contract liabilities	
Deferred revenue	
Memberships	\$ <u>1,331</u>
Total contract liabilities	\$ <u>1,331</u>

Significant changes in contract liabilities during the year ended September 30, 2020 were as follows.

Contract liabilities at September 30, 2019	\$ -
Increase due to cash received, excluding amounts recognized as revenue during the period	<u>1,331</u>
Total contract liabilities at September 30, 2020	\$ <u>1,331</u>

The deferred revenue balance of \$1,331 at September 30, 2020 is expected to be recognized as membership revenue during the year ended September 30, 2021.

8. IN-KIND CONTRIBUTIONS

In-kind contributions received during the year ended September 30, 2020 consisted of the following:

Specialized services	
Tax preparation	\$ 24,490
Training	684
Information technology	19
Use of facilities	60
Goods	
Information technology	900
Other	<u>82</u>
Total in-kind contributions	\$ <u>26,235</u>

9. RETIREMENT PLAN

The Organization participates in a SIMPLE IRA retirement investment plan. Eligible employees may elect to defer a portion of their salary under the plan and receive dollar-for-dollar matching contributions from the Organization up to three percent. During the year ended September 30, 2020, the Organization's matching contributions totaled \$8,497.

10. CONCENTRATIONS

During the year ended September 30, 2020, approximately 46% of total revenue and support came from two government agencies. The Organization is economically dependent on the continuation of its government funding. At September 30, 2020, approximately 65% of grants and accounts receivable were due from one foundation.

11. COMMITMENTS AND CONTINGENCIES

The Organization participates in various government assisted programs that are subject to review and audit by grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a government audit may become a liability of the Organization. The ultimate disallowance pertaining to these regulations, if any, is estimated to be immaterial to the overall financial condition of the Organization.

The Organization may be involved in certain claims arising from the ordinary course of operations and has purchased insurance policies to cover these risks.

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have had and are likely to continue to have a negative impact on the Organization. Certain activities the Organization typically uses to accomplish its mission have been disrupted. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration.

12. COMPARATIVE FINANCIAL INFORMATION

The accompanying financial statements include certain prior year summarized comparative information in total but not by net asset class or functional expense category. Such information does not include sufficient detail to constitute a presentation in conformity with US GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended September 30, 2019 from which the summarized information was derived.

13. ADOPTION OF NEW ACCOUNTING PRONOUNCEMENTS

For the year ended September 30, 2020, the Organization adopted the Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This guidance requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers, as well as other disclosures.

For the year ended September 30, 2020, the Organization adopted FASB's ASU 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)*. This clarifies that a contribution is conditional if the agreement includes both a barrier (or barriers) that must be overcome for the Organization to be entitled to the resources and a right of return for the assets transferred (or a right of release of the promisor's obligation to transfer assets).

Analysis of various provisions of these standards resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued financial statements were required on a retrospective basis. The presentation and disclosure of revenue have been enhanced in accordance with these standards.

14. SUBSEQUENT EVENTS

Subsequent events were evaluated through November 20, 2020, which is the date the financial statements were available to be issued. From their review, management has determined that there were no significant recognizable or unrecognizable subsequent events that were not properly disclosed.