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# TANNER

Accountants & Advisors



CATHOLIC  
COMMUNITY  
SERVICES

## CATHOLIC COMMUNITY SERVICES OF UTAH

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

Together with Independent Auditors' Report

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# TANNER

## Independent Auditors' Report

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**To the Board of Trustees of  
Catholic Community Services of Utah**

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Catholic Community Services of Utah, (the Organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year 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 Catholic Community Services of Utah, as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS) 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 the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Prior Period Financial Statements**

The financial statements of the Organization as of and for the year ended June 30, 2023, were audited by other auditors whose report, dated November 15, 2023, expressed an unmodified opinion on those financial statements.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

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

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### ***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 the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

### **Supplementary Information**

Our audit 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.

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**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2024, on our consideration of the Organization'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 the Organization'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 the Organization's internal control over financial reporting and compliance.

*Tanner LLC*

December 20, 2024

## Statements of Financial Position

|                                                                    | <i>As of June 30,</i> |                      |
|--------------------------------------------------------------------|-----------------------|----------------------|
| <u>Assets</u>                                                      | <u>2024</u>           | <u>2023</u>          |
| Current Assets                                                     |                       |                      |
| Cash and cash equivalents                                          | \$ 4,160,814          | \$ 4,987,109         |
| Accounts receivable                                                | 8,816                 | 2,933                |
| Promises to give and grants receivable, net                        | 2,223,866             | 1,935,248            |
| Inventory, net                                                     | 518,957               | 476,057              |
| Prepaid expenses and other assets                                  | 210,598               | 199,623              |
| Total current assets                                               | <u>7,123,051</u>      | <u>7,600,970</u>     |
| Investments, including amounts restricted<br>to long-term purposes | 5,814,910             | 5,073,584            |
| Property and equipment                                             | 14,610,297            | 13,689,534           |
| Operating lease right-of-use assets                                | 178,157               | 102,426              |
| Beneficial Interest in assets held by Catholic Foundation of Utah  | 9,298,124             | 8,442,415            |
| Total assets                                                       | <u>\$ 37,024,539</u>  | <u>\$ 34,908,929</u> |
| <b><u>Liabilities and Net Assets</u></b>                           |                       |                      |
| Current liabilities                                                |                       |                      |
| Accounts payable                                                   | \$ 775,364            | \$ 187,203           |
| Accrued expenses and other liabilities                             | 889,011               | 834,514              |
| Current portion of operating lease liability                       | 59,036                | 19,335               |
| Total current liabilities                                          | <u>1,723,411</u>      | <u>1,041,052</u>     |
| Operating lease liabilities, net of current portion                | 130,156               | 86,946               |
| Total liabilities                                                  | <u>1,853,567</u>      | <u>1,127,998</u>     |
| Commitments and contingencies                                      |                       |                      |
| Net assets:                                                        |                       |                      |
| Without donor restrictions:                                        |                       |                      |
| Undesignated                                                       | 6,113,377             | 5,278,676            |
| Invested in endowments                                             | 7,989,406             | 7,237,172            |
| Invested in property and equipment                                 | 14,610,297            | 13,689,534           |
| Total net assets without donor restrictions                        | <u>28,713,080</u>     | <u>26,205,382</u>    |
| With donor restrictions                                            | 6,457,892             | 7,575,549            |
| Total net assets                                                   | <u>35,170,972</u>     | <u>33,780,931</u>    |
| Total liabilities and net assets                                   | <u>\$ 37,024,539</u>  | <u>\$ 34,908,929</u> |

## Statement of Activities

For the Year Ended June 30, 2024

|                                                                                         | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total         |
|-----------------------------------------------------------------------------------------|-------------------------------|----------------------------|---------------|
| <b>Changes in net assets without donor restrictions:</b>                                |                               |                            |               |
| <b>Revenues, support and reclassifications:</b>                                         |                               |                            |               |
| Public support                                                                          |                               |                            |               |
| Private donors                                                                          | \$ 3,334,496                  | \$ 495,383                 | \$ 3,829,879  |
| Gross special events revenue                                                            | 373,312                       | -                          | 373,312       |
| Less cost of direct benefits to donors                                                  | (57,155)                      | -                          | (57,155)      |
| Net special events revenue                                                              | 316,157                       | -                          | 316,157       |
| In-kind donations                                                                       | 7,040,361                     | -                          | 7,040,361     |
| Total public support                                                                    | 10,691,014                    | 495,383                    | 11,186,397    |
| Grants and contracts                                                                    | 12,590,160                    | -                          | 12,590,160    |
| Program income                                                                          | 861,703                       | -                          | 861,703       |
| Rental income                                                                           | 59,984                        | -                          | 59,984        |
| Change in value of beneficial interest in assets<br>held by Catholic Foundation of Utah | 752,234                       | 163,810                    | 916,044       |
| Net investment return                                                                   | 324,123                       | -                          | 324,123       |
| Other income                                                                            | 78,074                        | -                          | 78,074        |
| Net assets released from restrictions                                                   | 1,776,850                     | (1,776,850)                | -             |
| Total revenue, support and reclassifications                                            | 27,134,142                    | (1,117,657)                | 26,016,485    |
| <b>Expenses:</b>                                                                        |                               |                            |               |
| Program services expenses:                                                              |                               |                            |               |
| Migration Refugee Services                                                              | 12,562,845                    | -                          | 12,562,845    |
| Homeless Services                                                                       | 4,276,336                     | -                          | 4,276,336     |
| Catholic Community Services of Northern Utah                                            | 5,840,460                     | -                          | 5,840,460     |
| Total program services expenses                                                         | 22,679,641                    | -                          | 22,679,641    |
| Supporting services:                                                                    |                               |                            |               |
| Management and general                                                                  | 1,540,844                     | -                          | 1,540,844     |
| Fundraising and development                                                             | 405,959                       | -                          | 405,959       |
| Total supporting services expenses                                                      | 1,946,803                     | -                          | 1,946,803     |
| Total expenses                                                                          | 24,626,444                    | -                          | 24,626,444    |
| Change in Net Assets                                                                    | 2,507,698                     | (1,117,657)                | 1,390,041     |
| Net assets, beginning of the year                                                       | 26,205,382                    | 7,575,549                  | 33,780,931    |
| Net assets, end of year                                                                 | \$ 28,713,080                 | \$ 6,457,892               | \$ 35,170,972 |

## Statement of Activities

For the Year Ended June 30, 2023

|                                                                                         | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total         |
|-----------------------------------------------------------------------------------------|-------------------------------|----------------------------|---------------|
| <b>Changes in net assets without donor restrictions:</b>                                |                               |                            |               |
| <b>Revenues, support and reclassifications:</b>                                         |                               |                            |               |
| Public support                                                                          |                               |                            |               |
| Private donors                                                                          | \$ 2,984,379                  | \$ 2,367,179               | \$ 5,351,558  |
| Gross special events revenue                                                            | 319,668                       | -                          | 319,668       |
| Less cost of direct benefits to donors                                                  | (59,011)                      | -                          | (59,011)      |
| Net special events revenue                                                              | 260,657                       | -                          | 260,657       |
| In-kind donations                                                                       | 5,661,208                     | -                          | 5,661,208     |
| Total public support                                                                    | 8,906,244                     | 2,367,179                  | 11,273,423    |
| Grants and contracts                                                                    | 10,195,028                    | -                          | 10,195,028    |
| Program income                                                                          | 978,497                       | -                          | 978,497       |
| Rental income                                                                           | 61,917                        | -                          | 61,917        |
| Change in value of beneficial interest in assets<br>held by Catholic Foundation of Utah | 539,180                       | 89,608                     | 628,788       |
| Net investment return                                                                   | 226,735                       | -                          | 226,735       |
| Other income                                                                            | 7,465                         | -                          | 7,465         |
| Net assets released from restrictions                                                   | 387,189                       | (387,189)                  | -             |
| Total revenue, support and reclassifications                                            | 21,302,255                    | 2,069,598                  | 23,371,853    |
| <b>Expenses:</b>                                                                        |                               |                            |               |
| Program services expenses:                                                              |                               |                            |               |
| Migration Refugee Services                                                              | 9,573,487                     | -                          | 9,573,487     |
| Homeless Services                                                                       | 3,986,940                     | -                          | 3,986,940     |
| Catholic Community Services of Northern Utah                                            | 4,739,970                     | -                          | 4,739,970     |
| Total program services expenses                                                         | 18,300,397                    | -                          | 18,300,397    |
| Supporting services:                                                                    |                               |                            |               |
| Management and general                                                                  | 1,353,761                     | -                          | 1,353,761     |
| Fundraising and development                                                             | 413,407                       | -                          | 413,407       |
| Total supporting services expenses                                                      | 1,767,168                     | -                          | 1,767,168     |
| Total expenses                                                                          | 20,067,565                    | -                          | 20,067,565    |
| Change in Net Assets                                                                    | 1,234,690                     | 2,069,598                  | 3,304,288     |
| Net assets, beginning of the year                                                       | 24,970,692                    | 5,505,951                  | 30,476,643    |
| Net assets, end of year                                                                 | \$ 26,205,382                 | \$ 7,575,549               | \$ 33,780,931 |



## Statement of Functional Expenses

For the Year Ended June 30, 2024

|                                                                        | Program Services                 |                      |                                                       |               | Supporting Services       |                                   |                                 |               | Total Expenses |
|------------------------------------------------------------------------|----------------------------------|----------------------|-------------------------------------------------------|---------------|---------------------------|-----------------------------------|---------------------------------|---------------|----------------|
|                                                                        | Migration<br>Refugee<br>Services | Homeless<br>Services | Catholic<br>Community<br>Services of<br>Northern Utah | Total         | Management<br>and General | Fundraising<br>and<br>Development | Total<br>Supporting<br>Services |               |                |
| Communications                                                         | \$ 146,968                       | \$ 13,905            | \$ 25,140                                             | \$ 186,013    | \$ 20,698                 | \$ 8,556                          | \$ 29,254                       | \$ 215,267    |                |
| Conferences and meetings                                               | 79,013                           | 13,128               | 5,575                                                 | 97,716        | 34,129                    | 635                               | 34,764                          | 132,480       |                |
| Depreciation and amortization                                          | 84,508                           | 112,579              | 223,966                                               | 421,053       | 61,637                    | 6,775                             | 68,412                          | 489,465       |                |
| Dues and subscriptions                                                 | 22,086                           | 3,850                | 1,759                                                 | 27,695        | 5,689                     | 4,390                             | 10,079                          | 37,774        |                |
| Events                                                                 | 1,278                            | -                    | 9,511                                                 | 10,789        | -                         | 75,473                            | 75,473                          | 86,262        |                |
| Insurance                                                              | 27,409                           | 16,283               | 25,463                                                | 69,155        | 3,276                     | 650                               | 3,926                           | 73,081        |                |
| Interest expense                                                       | -                                | -                    | -                                                     | -             | 809                       | -                                 | 809                             | 809           |                |
| Miscellaneous                                                          | 4,894                            | 1,337                | 93                                                    | 6,324         | 12,239                    | 14,354                            | 26,593                          | 32,917        |                |
| Participant assistance                                                 | 3,347,185                        | 113,299              | 117,951                                               | 3,578,435     | 38                        | -                                 | 38                              | 3,578,473     |                |
| Participant assistance (in-kind)                                       | 571,439                          | 1,558,048            | 4,705,795                                             | 6,835,282     | 182                       | -                                 | 182                             | 6,835,464     |                |
| Professional fees                                                      | 734,364                          | 368,801              | 14,762                                                | 1,117,927     | 165,027                   | 10,085                            | 175,112                         | 1,293,039     |                |
| Rent                                                                   | 217,455                          | 113,350              | 671                                                   | 331,476       | -                         | -                                 | -                               | 331,476       |                |
| Repairs and maintenance                                                | 93,532                           | 140,631              | 54,089                                                | 288,252       | 20,381                    | 2,007                             | 22,388                          | 310,640       |                |
| Salaries, benefits and taxes                                           | 6,435,184                        | 1,650,570            | 553,883                                               | 8,639,637     | 1,192,204                 | 333,232                           | 1,525,436                       | 10,165,073    |                |
| Subcontractors                                                         | 507,751                          | -                    | -                                                     | 507,751       | -                         | -                                 | -                               | 507,751       |                |
| Supplies                                                               | 110,697                          | 40,300               | 18,641                                                | 169,638       | 14,653                    | 5,515                             | 20,168                          | 189,806       |                |
| Transportation                                                         | 124,341                          | 22,746               | 39,053                                                | 186,140       | -                         | 3                                 | 3                               | 186,143       |                |
| Utilities                                                              | 54,741                           | 107,509              | 44,108                                                | 206,358       | 9,882                     | 1,439                             | 11,321                          | 217,679       |                |
|                                                                        | 12,562,845                       | 4,276,336            | 5,840,460                                             | 22,679,641    | 1,540,844                 | 463,114                           | 2,003,958                       | 24,683,599    |                |
| Less expenses included with revenues<br>on the statement of activities |                                  |                      |                                                       |               |                           |                                   |                                 |               |                |
| Cost of direct benefit to donors                                       | -                                | -                    | -                                                     | -             | -                         | (57,155)                          | (57,155)                        | (57,155)      |                |
| Total functional expenses                                              | \$ 12,562,845                    | \$ 4,276,336         | \$ 5,840,460                                          | \$ 22,679,641 | \$ 1,540,844              | \$ 405,959                        | \$ 1,946,803                    | \$ 24,626,444 |                |

See accompanying notes to financial statements.

## Statement of Functional Expenses

For the Year Ended June 30, 2023

|                                                                        | Program Services                 |                      |                                                       |               | Supporting Services       |                                   |                                 | Total Expenses |
|------------------------------------------------------------------------|----------------------------------|----------------------|-------------------------------------------------------|---------------|---------------------------|-----------------------------------|---------------------------------|----------------|
|                                                                        | Migration<br>Refugee<br>Services | Homeless<br>Services | Catholic<br>Community<br>Services of<br>Northern Utah | Total         | Management<br>and General | Fundraising<br>and<br>Development | Total<br>Supporting<br>Services |                |
| Bad debt expense                                                       | \$ 1,753                         | \$ 216               | \$ -                                                  | \$ 1,969      | \$ -                      | \$ -                              | \$ -                            | \$ 1,969       |
| Communications                                                         | 125,216                          | 11,703               | 24,884                                                | 161,803       | 25,476                    | 11,469                            | 36,945                          | 198,748        |
| Conferences and meetings                                               | 26,692                           | 7,059                | 5,008                                                 | 38,759        | 20,859                    | 2,650                             | 23,509                          | 62,268         |
| Depreciation and amortization                                          | 74,538                           | 130,470              | 257,858                                               | 462,866       | 55,127                    | 13,873                            | 69,000                          | 531,866        |
| Dues and subscriptions                                                 | 29,465                           | 9,976                | 4,579                                                 | 44,020        | 6,736                     | 4,455                             | 11,191                          | 55,211         |
| Events                                                                 | -                                | -                    | -                                                     | -             | -                         | 90,517                            | 90,517                          | 90,517         |
| Insurance                                                              | 40,477                           | 12,902               | 23,853                                                | 77,232        | 3,057                     | 855                               | 3,912                           | 81,144         |
| Interest expense                                                       | -                                | -                    | -                                                     | -             | 1,605                     | -                                 | 1,605                           | 1,605          |
| Miscellaneous                                                          | 1,285                            | 42                   | 370                                                   | 1,697         | 480                       | 12,978                            | 13,458                          | 15,155         |
| Participant assistance                                                 | 1,488,268                        | 113,888              | 29,971                                                | 1,632,127     | -                         | -                                 | -                               | 1,632,127      |
| Participant assistance (in-kind)                                       | 465,552                          | 1,421,888            | 3,680,198                                             | 5,567,638     | 2,044                     | 180                               | 2,224                           | 5,569,862      |
| Professional fees                                                      | 599,604                          | 293,422              | 16,302                                                | 909,328       | 104,205                   | 3,904                             | 108,109                         | 1,017,437      |
| Rent                                                                   | 131,467                          | 202,177              | -                                                     | 333,644       | -                         | -                                 | -                               | 333,644        |
| Repairs and maintenance                                                | 92,873                           | 72,318               | 45,743                                                | 210,934       | 10,864                    | 2,250                             | 13,114                          | 224,048        |
| Salaries, benefits and taxes                                           | 5,728,560                        | 1,530,379            | 510,932                                               | 7,769,871     | 1,125,415                 | 322,675                           | 1,448,090                       | 9,217,961      |
| Subcontractors                                                         | 444,815                          | -                    | -                                                     | 444,815       | -                         | -                                 | -                               | 444,815        |
| Supplies                                                               | 133,552                          | 55,453               | 45,883                                                | 234,888       | 13,655                    | 2,678                             | 16,333                          | 251,221        |
| Transportation                                                         | 135,337                          | 20,035               | 49,175                                                | 204,547       | (25,067)                  | 1,308                             | (23,759)                        | 180,788        |
| Utilities                                                              | 54,033                           | 105,012              | 45,214                                                | 204,259       | 9,305                     | 2,626                             | 11,931                          | 216,190        |
|                                                                        | 9,573,487                        | 3,986,940            | 4,739,970                                             | 18,300,397    | 1,353,761                 | 472,418                           | 1,826,179                       | 20,126,576     |
| Less expenses included with revenues<br>on the statement of activities |                                  |                      |                                                       |               |                           |                                   |                                 |                |
| Cost of direct benefit to donors                                       | -                                | -                    | -                                                     | -             | -                         | (59,011)                          | (59,011)                        | (59,011)       |
| Total functional expenses                                              | \$ 9,573,487                     | \$ 3,986,940         | \$ 4,739,970                                          | \$ 18,300,397 | \$ 1,353,761              | \$ 413,407                        | \$ 1,767,168                    | \$ 20,067,565  |

See accompanying notes to financial statements.

## Statements of Cash Flows

|                                                                                            | <i>For the Years Ended June 30,</i> |                     |
|--------------------------------------------------------------------------------------------|-------------------------------------|---------------------|
|                                                                                            | <b>2024</b>                         | <b>2023</b>         |
| Operating Activities:                                                                      |                                     |                     |
| Change in net assets                                                                       | \$ 1,390,041                        | \$ 3,304,288        |
| Adjustments to reconcile change in net assets to net cash provided by operating activities |                                     |                     |
| Depreciation and amortization                                                              | 489,465                             | 531,866             |
| Amortization of operating lease right-of-use assets                                        | 72,465                              | 20,008              |
| Change in beneficial interest in assets held by the Catholic Foundation of Utah            | (916,044)                           | (628,788)           |
| Net investment return                                                                      | (324,123)                           | (226,735)           |
| Contributions restricted to building projects                                              | -                                   | (1,891,752)         |
| Changes in operating assets and liabilities:                                               |                                     |                     |
| Accounts receivable                                                                        | (5,883)                             | 1,844               |
| Promises to give and grants receivable                                                     | (288,618)                           | (533,074)           |
| Inventory                                                                                  | (42,900)                            | 102,421             |
| Prepaid expenses and other assets                                                          | (10,975)                            | 1,639               |
| Operating lease liabilities                                                                | (65,285)                            | (16,153)            |
| Accounts payable                                                                           | 588,161                             | 52,955              |
| Accrued expenses and other liabilities                                                     | 54,497                              | 138,790             |
| Net cash provided by operating activities                                                  | <u>940,801</u>                      | <u>857,309</u>      |
| Investing Activities:                                                                      |                                     |                     |
| Purchases of property and equipment                                                        | (1,410,228)                         | (573,215)           |
| Transfers to board-designated endowment                                                    | (1,000)                             | -                   |
| Proceeds from beneficial interest in assets held by Catholic Foundation of Utah            | 61,335                              | 45,403              |
| Purchases of operating investments                                                         | (691,870)                           | (2,820,057)         |
| Proceeds from sales of operating investments                                               | 274,667                             | 678,064             |
| Net cash used in investing activities                                                      | <u>(1,767,096)</u>                  | <u>(2,669,805)</u>  |
| Financing Activities:                                                                      |                                     |                     |
| Collections of contributions restricted to building projects                               | -                                   | 1,891,752           |
| Net change in cash and cash equivalents                                                    | (826,295)                           | 79,256              |
| Cash and cash equivalents, beginning of the year                                           | 4,987,109                           | 4,907,853           |
| Cash and cash equivalents, end of the year                                                 | <u>\$ 4,160,814</u>                 | <u>\$ 4,987,109</u> |
| Supplemental schedule of non-cash investing and financing activities:                      |                                     |                     |
| Right-of-use assets acquired in exchange for operating lease liabilities                   | \$ 148,196                          | \$ -                |

## **Notes to Financial Statements**

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### **1. Principal Activity and Significant Accounting Policies**

#### **Organization**

Catholic Community Services of Utah (CCS or the Organization) is a nonprofit corporation organized under the laws of the state of Utah. CCS is the social service organization of the Catholic Diocese of Salt Lake City (the Diocese). CCS provides social services to those in need in certain communities throughout Utah.

CCS' principal programs comprise the following:

Migration Refugee Services: Provides refugees with resettlement services and orientation as well as case management, including job development. Also provides legal services to non-residents seeking citizenship, work permits, and family reunification.

Homeless Services: Provides basic needs services, including food, clothing, day and night shelter, referrals and case management to the homeless and those at risk of homelessness.

Catholic Community Services of Northern Utah: Provides food to individuals and local food pantries, and baby layettes to poor, working families.

#### **Cash and Cash Equivalents**

CCS considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to capital expenditures, permanent endowment, or other long-term purposes of CCS are excluded from this definition. Cash equivalents consisted of a sweep and money market account as of June 30, 2024 and 2023, respectively.

#### **Investments**

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

#### **Grants and Contracts Receivable and Credit Policies**

CCS receives substantial funding through federal, state, and other grants and contracts. The majority of these grants and contracts operate on a cost reimbursement basis. Generally, accounts receivable and the related revenues are recorded when the applicable expenses to grant awards have been incurred. Certain grants require that CCS match the funds received with other funds in varying percentages. Management determines the allowance for uncollectable contracts and grants receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Contracts and grants receivable are written off when deemed uncollectable.

#### **Promises to Give**

Unconditional promises to give 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. Management determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable.

#### **Inventory**

Inventory represents food inventory on hand, net of an allowance for perishables, in the Catholic Community Services of Northern Utah program and bulk supplies held by CCS. A substantial portion of food inventory is received from the Utah Food Bank, another nonprofit organization. Contribution revenue, participant assistance, and food inventory is valued at \$1.93 and \$1.79, per pound of food during the years ended June 30, 2024 and 2023, respectively.

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## **Property and Equipment**

Property and equipment additions are recorded at cost or, if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from three to thirty-nine 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. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

CCS reviews the carrying values 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. There were no indicators of asset impairment during the years ended June 30, 2024 and 2023.

## **Beneficial Interest in Assets Held by Catholic Foundation of Utah**

CCS and donors have transferred funds to an affiliated organization, the Catholic Foundation of Utah (CFU), for the benefit of CCS or its programs. CCS has evaluated the terms of the agreements governing the funds held by CFU for the benefit of CCS or its programs and recognizes its right to the assets (financial or nonfinancial) held by CFU as an asset unless CFU is explicitly granted variance power, that is, the unilateral power to redirect the use of the transferred assets to another beneficiary. Because CCS and CFU are financially interrelated organizations, as defined by accounting principles generally accepted in the United States of America (GAAP), if variance power is not granted to CFU, CCS recognizes its interest in the net assets of CFU and adjusts that interest for its share of the change in net assets of CFU related to the transferred assets. In cases where CFU has been granted variance power, CCS recognizes its rights to the assets held by CFU as receivable and contribution revenue in accordance with GAAP provisions for unconditional promises to give.

## **Net Assets**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-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 restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment.

*Net Assets With Donor Restrictions:* Net assets subject to donor-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 those resources be maintained in perpetuity. CCS 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 and 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 is billed monthly for meals provided (the performance obligation) that month. Accordingly, revenue for meals provided is recognized each month as the meals are provided (at a point in time). Any program income received in advance is deferred to the applicable period in which the related meals are provided. There was no deferred program income at June 30, 2024 and 2023. Accounts receivables at June 30, 2024 and 2023 total \$8,816 and \$2,933, respectively.

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Contributions are recognized 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. CCS' federal and state contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Consequently, at June 30, 2024 and 2023, conditional contributions approximating \$7,150,000 and \$6,308,000, respectively, for which no amounts had been received in advance, have not been recognized in the accompanying financial statements.

#### **Donated Services and In-Kind Contributions**

The Organization receives donations from a variety of sources for services and products in the furtherance of its objectives. The in-kind support consists principally of food donated for distribution to food pantries, and goods and furniture items donated by companies and individuals. Contributed food, goods, and furniture are recorded at fair value at the date of donation without donor restrictions as the contributed items serve the purpose of all of the Organization's programs. The Organization records donated professional services at the respective fair values of the services received. The Organization makes these items available to those in need at its various locations.

Volunteers contribute significant amounts of time to CCS' program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by GAAP. Contributed goods are recorded at fair value at the date of donation. CCS records donated professional services at the respective fair values of the services received.

#### **Functional Allocation of Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include rent, utilities and depreciation, which are allocated on a square footage basis, as well as salaries, benefits, taxes, dues and subscriptions, communications, professional fees, supplies, interest, repairs and maintenance, and insurance, which are allocated on the basis of estimates of time and effort.

#### **Income Taxes**

CCS is organized as a Utah nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3), that qualifies for the charitable contribution deduction, and has been determined not to be a private foundation. CCS' activity is included with other charitable activity of the Catholic Diocese of Salt Lake City. This combined entity is not required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS because the Catholic Diocese of Salt Lake City is a religious organization exempt from filing. In addition, the combined entity is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. CCS has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

CCS believes that it has appropriate support for any tax positions taken affecting its annual filing requirements and, as such, does not have any uncertain tax positions that are material to the financial statements. CCS would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

#### **Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

## Financial Instruments and Credit Risk

CCS maintains its cash in bank deposit accounts which, at times, exceed federally insured limits. To date, CCS 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.

## 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.

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.

## Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on change in net assets or net assets.

## Subsequent Events

CCS has evaluated subsequent events through December 20, 2024, the date the financial statements were available to be issued.

## 2. Liquidity and Availability

CCS operates on a balanced budget and regularly monitors liquidity to meet its operating needs and other contractual commitments while also striving to maximize its mission. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following as of June 30:

|                                                                                       | 2024                | 2023                |
|---------------------------------------------------------------------------------------|---------------------|---------------------|
| Cash and cash equivalents                                                             | \$ 4,160,814        | \$ 4,987,109        |
| Accounts receivable                                                                   | 8,816               | 2,933               |
| Promises to give and grants receivable, net                                           | 2,223,866           | 1,935,248           |
| Investments                                                                           | 5,814,910           | 5,073,584           |
|                                                                                       | <u>12,208,406</u>   | <u>11,998,874</u>   |
| Less amounts not available to be used for general expenditure within one year:        |                     |                     |
| Funds subject to donor-imposed purpose restrictions                                   | <u>(5,149,174)</u>  | <u>(6,370,306)</u>  |
| Financial assets available to meet cash needs for general expenditure within one year | <u>\$ 7,059,232</u> | <u>\$ 5,628,568</u> |

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As part of a liquidity management plan, cash in excess of daily requirements is invested in short-term investments, certificates of deposit, money market funds and other investments deemed to be prudent and conservative by CCS' Board of Trustees (the Board). Under this plan, CCS has made investments to a board-designated endowment which totals \$7,989,406 and \$7,237,172 at June 30, 2024 and 2023, respectively. At June 30, 2024 and 2023, CCS also has \$5,814,910 and \$5,073,584, respectively, invested with investment firms and financial institutions deemed qualified by the Board. Of this amount, \$3,594,510 and \$4,722,852, respectively, is restricted to long-term purposes for facilities and \$2,220,400 and \$350,732, respectively, is available for unrestricted purposes. If the need arose, management could make the board-designated endowment assets and the investments for unrestricted purposes available for general use. CCS is also entitled to make distributions from an endowment. However, the use of the earnings from this fund is restricted to certain programs of CCS and, accordingly, any expected distributions CCS might receive in the next period are not considered in the table above.

### **3. Fair Value Measurements and Disclosures**

Certain assets are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to the entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to CCS' assessment of the quality, risk or liquidity profile of the asset or liability.



The following table presents assets measured at fair value on a recurring basis at June 30, 2024:

|                                                                   | Total         | Fair Value Measurements at Report Date Using Quoted Prices |                                               |                                           |
|-------------------------------------------------------------------|---------------|------------------------------------------------------------|-----------------------------------------------|-------------------------------------------|
|                                                                   |               | in Active Markets for Identical Assets (Level 1)           | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Beneficial interest in assets held by Catholic Foundation of Utah | \$ 9,298,124  | \$ -                                                       | \$ -                                          | \$ 9,298,124                              |
| Investments:                                                      |               |                                                            |                                               |                                           |
| Cash and equivalents (at cost)                                    | 1,159,194     | 1,159,194                                                  | -                                             | -                                         |
| Certificates of deposit (at cost)                                 | 842,257       | -                                                          | 842,257                                       | -                                         |
| Equity securities                                                 | 408,352       | 408,352                                                    | -                                             | -                                         |
| Fixed income securities                                           | 3,405,107     | -                                                          | 3,405,107                                     | -                                         |
|                                                                   | 5,814,910     | 1,567,546                                                  | 4,247,364                                     | -                                         |
|                                                                   | \$ 15,113,034 | \$ 1,567,546                                               | \$ 4,247,364                                  | \$ 9,298,124                              |

The following table presents assets measured at fair value on a recurring basis at June 30, 2023:

|                                                                   | Total         | Fair Value Measurements at Report Date Using Quoted Prices |                                               |                                           |
|-------------------------------------------------------------------|---------------|------------------------------------------------------------|-----------------------------------------------|-------------------------------------------|
|                                                                   |               | in Active Markets for Identical Assets (Level 1)           | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Beneficial interest in assets held by Catholic Foundation of Utah | \$ 8,442,415  | \$ -                                                       | \$ -                                          | \$ 8,442,415                              |
| Investments:                                                      |               |                                                            |                                               |                                           |
| Cash and equivalents (at cost)                                    | 1,573,787     | 1,573,787                                                  | -                                             | -                                         |
| Certificates of deposit (at cost)                                 | 1,087,790     | -                                                          | 1,087,790                                     | -                                         |
| Equity securities                                                 | 69,736        | 69,736                                                     | -                                             | -                                         |
| Fixed income securities                                           | 2,342,271     | -                                                          | 2,342,271                                     | -                                         |
|                                                                   | 5,073,584     | 1,643,523                                                  | 3,430,061                                     | -                                         |
|                                                                   | \$ 13,515,999 | \$ 1,643,523                                               | \$ 3,430,061                                  | \$ 8,442,415                              |

The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended June 30, 2024:

|                                       | <b>Beneficial<br/>Interest in Assets<br/>Held by CFU</b> |
|---------------------------------------|----------------------------------------------------------|
| Balance at July 1, 2023               | \$ 8,442,415                                             |
| Purchase/contributions of investments | 1,000                                                    |
| Investment return, net                | 916,044                                                  |
| Distributions                         | (61,335)                                                 |
| <b>Balance at June 30, 2024</b>       | <b>\$ 9,298,124</b>                                      |

The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended June 30, 2023:

|                                       | <b>Beneficial<br/>Interest in Assets<br/>Held by CFU</b> |
|---------------------------------------|----------------------------------------------------------|
| Balance at July 1, 2022               | \$ 7,859,030                                             |
| Purchase/contributions of investments | -                                                        |
| Investment return, net                | 628,788                                                  |
| Distributions                         | (45,403)                                                 |
| <b>Balance at June 30, 2023</b>       | <b>\$ 8,442,415</b>                                      |

#### 4. Promises to Give and Grants Receivable

Promises to give and grants receivable are expected to be received within one year and consist of the following at June 30, 2024 and 2023:

|                                              | <b>2024</b>         | <b>2023</b>         |
|----------------------------------------------|---------------------|---------------------|
| State of Utah - various                      | \$ 1,187,402        | \$ 1,139,805        |
| United States Conference of Catholic Bishops | 544,839             | 511,769             |
| Shelter the Homeless                         | 158,471             | 98,241              |
| Private donors and other                     | 188,127             | 41,201              |
| Salt Lake City Corporation - various         | 117,863             | 104,531             |
| Catholic Charities USA                       | 22,164              | 4,725               |
| Catholic Diocese of SLC                      | 25,000              | -                   |
| Utah Community Action Program                | -                   | 54,976              |
| Less estimated uncollectible amounts         | (20,000)            | (20,000)            |
|                                              | <b>\$ 2,223,866</b> | <b>\$ 1,935,248</b> |

## 5. Inventory

Inventory consists of the following at June 30, 2024 and 2023:

|                                | 2024              | 2023              |
|--------------------------------|-------------------|-------------------|
| Food and consumables inventory | \$ 518,801        | \$ 492,320        |
| Allowance for perishable food  | (23,049)          | (23,049)          |
| Supplies                       | 23,205            | 6,786             |
|                                | <u>\$ 518,957</u> | <u>\$ 476,057</u> |

## 6. Property and Equipment

Property and equipment consists of the following at June 30, 2024 and 2023:

|                                                | 2024                 | 2023                 |
|------------------------------------------------|----------------------|----------------------|
| Land                                           | \$ 1,824,642         | \$ 1,824,642         |
| Building and improvements                      | 12,758,008           | 12,685,744           |
| Leasehold improvements                         | 549,612              | 549,612              |
| Equipment                                      | 1,734,256            | 1,734,256            |
| Autos and trucks                               | 1,169,205            | 1,112,692            |
| Computer equipment                             | 327,110              | 327,110              |
| Furniture and fixtures                         | 41,480               | 41,480               |
| Software                                       | 223,263              | 209,323              |
| Construction in progress                       | 1,527,442            | 259,931              |
|                                                | <u>20,155,018</u>    | <u>18,744,790</u>    |
| Less accumulated depreciation and amortization | <u>(5,544,721)</u>   | <u>(5,055,256)</u>   |
|                                                | <u>\$ 14,610,297</u> | <u>\$ 13,689,534</u> |

Depreciation and amortization expense totaled \$489,465 and \$531,866 for the years ended June 30, 2024 and 2023, respectively.

## 7. 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.

### **Concentrations**

As the local social service arm of the Diocese, a significant portion of the support received by CCS comes from various Catholic organizations. CCS also receives a substantial portion of its support from governmental entities. As of and for the years ended June 30, 2024 and 2023, government funds represented approximately 48% and 44% of support and revenue, respectively, and 53% and 59% 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 significant impact on CCS's operations.

## Leases

The Organization leases a building under a long-term non-cancelable operating lease agreement. The lease expires in 2026 and provides for a three year renewal option. The Organization includes in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised. The Organization's operating lease provides for increases in future minimum annual rental payments. Additionally, the operating lease agreement requires the Organization to pay real estate taxes, insurance, and repairs.

The weighted-average discount rate is based on the discount rate implicit in the lease. The Organization has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. The Organization has applied the risk-free rate option to the building class of assets. The Organization has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis.

The following table summarizes the supplemental cash flow information for the years ended June 30, 2024 and 2023:

|                                                                        | <u>2024</u> | <u>2023</u> |
|------------------------------------------------------------------------|-------------|-------------|
| Cash paid for amounts included in the measurement of lease liabilities |             |             |
| Operating cash flows from operating lease                              | \$ 75,135   | \$ 3,855    |

The following summarizes the weighted-average remaining lease term and weighted-average discount rate:

|                                                 | <u>2024</u> | <u>2023</u> |
|-------------------------------------------------|-------------|-------------|
| Weighted-average remaining lease term in years: |             |             |
| Operating lease                                 | 3.29        | 5.59        |
| Weighted-average discount rate:                 |             |             |
| Operating lease                                 | 3.48%       | 2.92%       |

The future minimum lease payments under noncancelable operating and finance leases with terms greater than one year are listed below as of June 30, 2024:

| <u>Years Ending June 30,</u>       | <u>Operating</u> |
|------------------------------------|------------------|
| 2025                               | \$ 62,486        |
| 2026                               | 63,450           |
| 2027                               | 30,178           |
| 2028                               | 19,396           |
| 2029                               | 18,897           |
| Total lease payments               | 194,407          |
| Less interest                      | (5,215)          |
| Present value of lease liabilities | \$ 189,192       |

Total lease costs were \$153,061 and \$20,008 for the years ended June 30, 2024 and 2023.

CCS leases, at no cost, the St. Vincent de Paul Dining Hall from the Diocese, a related party, for the operation of part of its Homeless Services program. The free use of this facility is reflected as donated rent (see Note 10).

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## 8. Beneficial Interest in Assets Held by Catholic Foundation of Utah and Endowment Disclosures

In 1992, the Jon and Karen Huntsman Foundation, (the Donor) made a permanently restricted contribution of \$1 million and stipulated that the earnings be used to benefit the St. Vincent de Paul Center operated by CCS. In 1994, CCS, CFU, and the Donor, entered into a gift agreement whereby CFU was made responsible for the investment and administration of the \$1 million permanently restricted contribution.

At June 30, 2024 and 2023, CCS has recorded \$1,308,718 and \$1,205,243, respectively, as the value of the beneficial interest in assets administered by CFU relating to this permanently restricted contribution.

CCS' Board has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At June 30, 2024 and 2023, there were no such donor stipulations. As a result of this interpretation, CCS retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts) donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA.

CCS considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). CCS has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law.

In addition, CCS has established a board-designated endowment from net assets without restrictions. During each of the years ended June 30, 2024 and 2023, CCS transferred \$0 to CFU for the board-designated endowment. This board-designated endowment at CFU was established in order to generate a higher return on investments. Amounts will be distributed back to CCS at the direction of the Board.

During the years ended June 30, 2024 and 2023, CCS recorded gains of \$916,044 and gains of \$628,788, respectively, as change in interest in the net assets of CFU. During the years ended June 30, 2024 and 2023, \$61,335 and \$45,403, respectively, was appropriated and received in cash by CCS.

CFU held other donor-restricted net assets to be held in perpetuity, with a value of approximately \$1,309,000 and \$1,232,000, respectively, at June 30, 2024 and 2023. These contributions were designated by the donors, either in whole or in part, for the benefit of CCS or its programs; however, CFU retains variance power to redirect these contributions and the earnings on these contributions. Accordingly, with respect to these contributions, CCS has not recorded its interest in these net assets of CFU at June 30, 2024 and 2023.

At June 30, 2024, endowment net asset composition by type of fund is as follows:

|                                                                                                       | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total        |
|-------------------------------------------------------------------------------------------------------|-------------------------------|----------------------------|--------------|
| Board-designated endowment fund                                                                       | \$ 7,989,406                  | \$ -                       | \$ 7,989,406 |
| Donor-restricted endowment fund                                                                       |                               |                            |              |
| Original donor-restricted gift amount and amounts<br>required to be maintained in perpetuity by donor | -                             | 1,000,000                  | 1,000,000    |
| Accumulated investment gains                                                                          | -                             | 308,718                    | 308,718      |
|                                                                                                       | \$ 7,989,406                  | \$ 1,308,718               | \$ 9,298,124 |

At June 30, 2023, endowment net asset composition by type of fund is as follows:

|                                                                                                       | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total        |
|-------------------------------------------------------------------------------------------------------|-------------------------------|----------------------------|--------------|
| Board-designated endowment fund                                                                       | \$ 7,237,172                  | \$ -                       | \$ 7,237,172 |
| Donor-restricted endowment fund                                                                       |                               |                            |              |
| Original donor-restricted gift amount and amounts<br>required to be maintained in perpetuity by donor | -                             | 1,000,000                  | 1,000,000    |
| Accumulated investment gains                                                                          | -                             | 205,243                    | 205,243      |
|                                                                                                       | \$ 7,237,172                  | \$ 1,205,243               | \$ 8,442,415 |

Changes in endowment net assets for the year ended June 30, 2024, are as follows:

|                                                                       | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total        |
|-----------------------------------------------------------------------|-------------------------------|----------------------------|--------------|
| Beneficial interest in assets held by CFU, beginning of year          | \$ 7,237,172                  | \$ 1,205,243               | \$ 8,442,415 |
| Investment return, net                                                | 752,234                       | 163,810                    | 916,044      |
| Contributions                                                         | -                             | 1,000                      | 1,000        |
| Appropriation of endowment assets pursuant to<br>spending-rate policy | -                             | (61,335)                   | (61,335)     |
| Beneficial interest in assets held by CFU, end of year                | \$ 7,989,406                  | \$ 1,308,718               | \$ 9,298,124 |

Changes in endowment net assets for the year ended June 30, 2023, are as follows:

|                                                                       | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total        |
|-----------------------------------------------------------------------|-------------------------------|----------------------------|--------------|
| Beneficial interest in assets held by CFU, beginning of year          | \$ 6,697,992                  | \$ 1,161,038               | \$ 7,859,030 |
| Investment return, net                                                | 539,180                       | 89,608                     | 628,788      |
| Contributions                                                         | -                             | -                          | -            |
| Appropriation of endowment assets pursuant to<br>spending-rate policy | -                             | (45,403)                   | (45,403)     |
| Beneficial interest in assets held by CFU, end of year                | \$ 7,237,172                  | \$ 1,205,243               | \$ 8,442,415 |

## 9. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods:

|                                                                       | 2024                | 2023                |
|-----------------------------------------------------------------------|---------------------|---------------------|
| Subject to expenditure for specific purpose:                          |                     |                     |
| Homeless Services - capital needs                                     | \$ 3,579,510        | \$ 4,690,691        |
| Northern Utah - capital needs                                         | 15,000              | 32,161              |
| Northern Utah - operations and client assistance                      | 84,386              | 49,424              |
| Northern Utah - client food                                           | -                   | 11,250              |
| St. Marthas - operations and program supplies                         | 100,954             | 100,954             |
| MRS - staff sustainability                                            | 66,244              | 66,244              |
| Homeless Services - client assistance                                 | 34,572              | 82,418              |
| Homeless Services - stipend for students                              | 1,900               | 4,700               |
| MRS client assistance                                                 | 893,167             | 1,250,152           |
| MRS staff wages and technology                                        | 279,151             | 25,613              |
| Immigration                                                           | 45,849              | 2,075               |
| Refugee Foster Care - client money                                    | -                   | 1,560               |
| Other                                                                 | 48,441              | 53,064              |
| Endowment fund earnings subject to spending policy or appropriation - |                     |                     |
| St. Vincent de Paul Center (held by CFU)                              | 308,718             | 205,243             |
| Endowment fund to be held in perpetuity                               |                     |                     |
| Beneficial interest in assets held by CFU                             | 1,000,000           | 1,000,000           |
|                                                                       | <u>\$ 6,457,892</u> | <u>\$ 7,575,549</u> |

## 10. In-Kind Donations

CCS received the following in-kind donations during the years ended June 30, 2024 and 2023:

|                          | 2024                | 2023                |
|--------------------------|---------------------|---------------------|
| Food and consumables     | \$ 5,576,961        | \$ 4,326,258        |
| Clothing and furnishings | 975,362             | 1,028,481           |
| Rent                     | 178,416             | 194,660             |
| Other                    | 309,622             | 111,809             |
|                          | <u>\$ 7,040,361</u> | <u>\$ 5,661,208</u> |

Related expenses included in the statements of activities total \$7,013,880 and \$5,764,522 for the years ended June 30, 2024 and 2023, respectively. Of this amount, \$178,416 and \$194,660, respectively, are presented as rent and the remainder as participant assistance (in-kind) in the accompanying statements of functional expenses. Donated materials primarily represent the donation of food items that are provided to or consumed by participants in CCS' Homeless Services and Catholic Community Services of Northern Utah programs. The differences between the revenue and expense primarily represent an increase or decrease in food inventory. Substantially all of these donated materials were used in CCS' programs. Contributed use of space was used primarily by the Homeless Services Program. In valuing the use of space, management estimates the value based on market rents of similar spaces in the vicinity. Donations of clothing and furnishings are assessed based on a range of quality from low, average, or high quality and are recorded at estimated fair value of the estimated cost to purchase an item of similar quality.

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## **11. Employee Benefits**

CCS participates in the Lay Employees' Pension Plan and Trust (the Plan), which is the defined contribution (profit sharing) retirement plan sponsored by the Diocese. All employees twenty-one years of age and older who have at least six hundred hours of service in a plan year are eligible to participate in the Plan. An employee begins vesting in the Plan after three years and is fully vested at the end of five years. CCS contributes 6% of its eligible employees' gross wages to the Plan. For the years ended June 30, 2024 and 2023, CCS contributed \$411,032 and \$337,395, respectively, to the Plan.

## **12. Related Party Transactions**

During the years ended June 30, 2024 and 2023, CCS received cash donations of \$134,326 and \$101,867, respectively, and in-kind rent of \$178,416 and \$194,660, respectively, from the Diocese. In addition, CCS reimburses the Diocese for costs of insurance and certain employee benefits as these costs are incurred by the Diocese.

During the years ended June 30, 2024 and 2023, CCS recorded revenue of \$4,228,483 and \$2,612,307, respectively, as a sub-recipient of federal grant awards made by the United States Conference of Catholic Bishops (USCCB). At June 30, 2024 and 2023, \$544,839 and \$511,769 respectively, is recorded as receivable from USCCB.

CFU and CCS are both affiliates of the Diocese. CFU raises and holds contributions for CCS and other local affiliates of the Diocese. At June 30, 2024 and 2023, CCS has recorded its interest in the net assets of CFU totaling \$9,298,124 and \$8,442,415, respectively, relating to funds transferred to CFU over which CFU has not been granted variance power. CCS has not recorded any unconditional promises to give from CFU at June 30, 2024 and 2023.



Supplementary Information  
For the year ended June 30, 2024  
Catholic Community Services of Utah

**Schedule of Expenditures of Federal Awards**

Year Ended June 30, 2024

| Federal Grantor/<br>Pass Through Grantor/<br>Program or Cluster Title                   | Federal<br>Assistance<br>Listing<br>Number (AL) | Pass-<br>Through<br>Entity Identifying<br>Number | Federal<br>Expenditures | COVID-19 Funds<br>Expended (Portion of<br>Federal Expenditures) |
|-----------------------------------------------------------------------------------------|-------------------------------------------------|--------------------------------------------------|-------------------------|-----------------------------------------------------------------|
| <b>U.S. Department of Health and Human Services:</b>                                    |                                                 |                                                  |                         |                                                                 |
| Passed through Utah State Department of Workforce Services                              |                                                 |                                                  |                         |                                                                 |
| Refugee and Entrant Assistance - ORR                                                    | 93.566                                          | 2201UTRSSS                                       | \$ 291,183              | \$ -                                                            |
| Refugee and Entrant Assistance - ORR                                                    | 93.566                                          | 2301UTRCMA                                       | 4,667,122               | -                                                               |
| Youth Mentoring                                                                         | 93.566                                          | 2301UTRSSS                                       | 51,759                  | -                                                               |
| Immigration Related Legal Assistance                                                    | 93.566                                          | 2301UTRSSS                                       | 248,543                 | -                                                               |
| Passed through Utah State Department of Health                                          |                                                 |                                                  |                         |                                                                 |
| Refugee and Entrant Assistance - Refugee Health Screening                               | 93.566                                          | 225350                                           | 318,544                 | -                                                               |
| Refugee and Entrant Assistance - Refugee Health Promotion                               | 93.566                                          | 225350                                           | 82,768                  | -                                                               |
| Refugee and Entrant Assistance -Ukrainian Refugee Health Promotion                      | 93.566                                          | 225350                                           | 3,467                   | -                                                               |
| Refugee and Entrant Assistance - Afghan Refugee Health Promotion                        | 93.566                                          | 225350                                           | 8,401                   | -                                                               |
| Total for Refugee and Entrant Assistance 93.566                                         |                                                 |                                                  | 5,671,787               | -                                                               |
| Passed through United States Conference of Catholic Bishops                             |                                                 |                                                  |                         |                                                                 |
| Refugee and Entrant Assistance - Preferred Communities                                  | 93.576                                          | 90RP0121-03-01                                   | 208,516                 | -                                                               |
| Refugee and Entrant Assistance - Afghan Supplement                                      | 93.576                                          | 90RP0121-03-01                                   | 361,850                 | -                                                               |
| Refugee and Entrant Assistance - Ukranian                                               | 93.576                                          | 90RP0121-03-01                                   | 188,630                 | -                                                               |
| Total for Refugee and Entrant Assistance 93.576                                         |                                                 |                                                  | 758,996                 | -                                                               |
| Passed through Utah State Department of Workforce Services                              |                                                 |                                                  |                         |                                                                 |
| Temporary Assistance for Needy Families (TANF)                                          | 93.558                                          | 23-DWS-0112                                      | 685,857                 | -                                                               |
| Passed through Utah State Department of Health                                          |                                                 |                                                  |                         |                                                                 |
| COVID-19 Public Health Emergency Response: Cooperative Agreement for Emergency Response | 93.354                                          | NU90TP922163                                     | 9,754                   | 9,754                                                           |
| Passed through VERA Institute of Justice                                                |                                                 |                                                  |                         |                                                                 |
| USAID Foreign Assistance for Programs Overseas                                          | 98.001                                          | 75P00121C00019                                   | 291,305                 | -                                                               |
| Passed through United States Conference of Catholic Bishops                             |                                                 |                                                  |                         |                                                                 |
| Refugee and Entrant Assistance - Match Grant Program                                    | 93.567                                          | 2101DCRVMG                                       | 2,038,788               | -                                                               |
| Total for U.S. Department of Health & Human Services                                    |                                                 |                                                  | 9,456,487               | 9,754                                                           |

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

Year Ended June 30, 2024

| Federal Grantor/<br>Pass Through Grantor/<br>Program or Cluster Title                                                        | Federal<br>Assistance<br>Listing<br>Number (AL) | Pass-<br>Through<br>Entity Identifying<br>Number | Federal<br>Expenditures | COVID-19 Funds<br>Expended (Portion of<br>Federal Expenditures) |
|------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|--------------------------------------------------|-------------------------|-----------------------------------------------------------------|
| <b><u>U.S. Department of Housing and Urban Development:</u></b>                                                              |                                                 |                                                  |                         |                                                                 |
| Passed through Salt Lake City Corporation<br>CDBG Entitlement Cluster<br>Community Development Block Grants - Weigand Center | 14.218                                          | 2201705                                          | \$ 41,090               | \$ -                                                            |
| Total CDBG Entitlement Cluster                                                                                               |                                                 |                                                  | <u>41,090</u>           | <u>-</u>                                                        |
| Passed through Salt Lake City Corporation<br>Emergency Solutions Grants - Weigand Center                                     | 14.231                                          | 21-1028                                          | 50,000                  | 50,000                                                          |
| Total for Emergency Solutions Grants                                                                                         |                                                 |                                                  | <u>50,000</u>           | <u>50,000</u>                                                   |
| Total for U.S. Department of Housing & Urban Development                                                                     |                                                 |                                                  | <u>91,090</u>           | <u>50,000</u>                                                   |
| <b><u>U.S. Department of State:</u></b>                                                                                      |                                                 |                                                  |                         |                                                                 |
| Passed through United States Conference of Catholic Bishops<br>Refugee Admissions - R&P - Program Administration             | 19.510                                          | SPRMCO23CA0366                                   | 469,804                 | -                                                               |
| Refugee Admissions - R&P - Direct Assistance                                                                                 | 19.510                                          | SPRMCO23CA0366                                   | 840,559                 | -                                                               |
| Refugee Admissions - R&P - Flex Funds                                                                                        | 19.510                                          | SPRMCO22CA0023                                   | 100,777                 | -                                                               |
| Refugee Admissions - R&P - URM                                                                                               | 19.510                                          | Unavailable                                      | 9,500                   | -                                                               |
| Refugee Admissions - R&P - Remote Placement                                                                                  | 19.510                                          | Unavailable                                      | 10,058                  | -                                                               |
| Total for U.S. Department of State                                                                                           |                                                 |                                                  | <u>1,430,698</u>        | <u>-</u>                                                        |
| <b><u>U.S. Department of Justice:</u></b>                                                                                    |                                                 |                                                  |                         |                                                                 |
| Passed through Catholic Charities USA<br>Juvenile Mentoring Program                                                          | 16.726                                          | 2015-JU-FX-0013                                  | 69,290                  | -                                                               |
| Crime Victim Assistance                                                                                                      | 16.575                                          | 23UVSP05                                         | 49,791                  | -                                                               |
| Total for U.S. Department of Justice                                                                                         |                                                 |                                                  | <u>119,081</u>          | <u>-</u>                                                        |

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

Year Ended June 30, 2024

| Federal Grantor/<br>Pass Through Grantor/<br>Program or Cluster Title                                                                              | Federal<br>Assistance<br>Listing<br>Number (AL) | Pass-<br>Through<br>Entity Identifying<br>Number | Federal<br>Expenditures | COVID-19 Funds<br>Expended (Portion of<br>Federal Expenditures) |
|----------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|--------------------------------------------------|-------------------------|-----------------------------------------------------------------|
| <b><u>U.S. Federal Emergency Management Agency:</u></b>                                                                                            |                                                 |                                                  |                         |                                                                 |
| Passed through Emergency Food and Shelter Program<br>Emergency Food and Shelter - Northern Utah                                                    | 97.024                                          | Unavailable                                      | 4,000                   | 4,000                                                           |
| Total for U.S. Federal Emergency Management Agency                                                                                                 |                                                 |                                                  | 4,000                   | 4,000                                                           |
| <b><u>U.S. Department of the Treasury:</u></b>                                                                                                     |                                                 |                                                  |                         |                                                                 |
| Passed through Utah Department of Workforce Services<br>Emergency Rental Assistance Program - COVID 19                                             | 21.023                                          | ERAE0033                                         | 44,807                  | 44,807                                                          |
| Emergency Food and Shelter - St. Vincent de Paul Center                                                                                            | 21.027                                          | Unavailable                                      | 218,673                 | 218,673                                                         |
| Total for U.S. Department of Treasury                                                                                                              |                                                 |                                                  | 263,480                 | 263,480                                                         |
| <b><u>U.S. Department of Homeland Security:</u></b>                                                                                                |                                                 |                                                  |                         |                                                                 |
| Passed through Office of US Citizen & Immigration Services<br>Citizenship Education & Training - English Skills                                    | 97.010                                          | 20U-CS-010-000007                                | 85,735                  | -                                                               |
| Total for U.S. Federal Emergency Management Agency                                                                                                 |                                                 |                                                  | 85,735                  | -                                                               |
| <b><u>U.S. Department of Agriculture:</u></b>                                                                                                      |                                                 |                                                  |                         |                                                                 |
| Passed through Utah Food Bank<br>Food Distribution Cluster - Emergency Food Assistance<br>Emergency Food Assistance Program (Administrative Costs) | 10.568                                          | 23TEFA                                           | 84,178                  | -                                                               |
| Emergency Food Assistance Program (Food Commodities)                                                                                               | 10.569                                          | 23TEFA                                           | 828,752                 | -                                                               |
| Total Food Distribution Cluster                                                                                                                    |                                                 |                                                  | 912,930                 | -                                                               |
| Total for U.S. Department of Agriculture                                                                                                           |                                                 |                                                  | 912,930                 | -                                                               |
| <b><u>U.S. Federal Communications Commission</u></b>                                                                                               |                                                 |                                                  |                         |                                                                 |
| Affordable Connectivity Outreach Grant Program                                                                                                     | 32.011                                          | Unavailable                                      | 33,713                  | -                                                               |
| Total for U.S. Federal Communications Commission                                                                                                   |                                                 |                                                  | 33,713                  | -                                                               |
| Total Federal Expenditures                                                                                                                         |                                                 |                                                  | \$ 12,397,214           | \$ 327,234                                                      |

## ***Notes to Schedule of Expenditures of Federal Awards***

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### **Note A - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Catholic Community Services of Utah (CCS) under programs of the federal government for the year ended June 30, 2024. The information is presented in accordance with 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). Because the Schedule presents only a selected portion of the operations of CCS, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of CCS.

### **Note B - 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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

### **Note C - Indirect Cost Rate**

CCS has elected to use the 10% de minimis cost rate.

### **Note D – Food Donation**

Nonmonetary assistance is reported in the Schedule at the estimated fair market value of commodities received and disbursed under the Emergency Food Assistance Program (AL 10.569). Federal awards in the form of commodities consist of food that is valued at a rate set by CCS' management based on a nationally established price, which was \$1.93 per pound for the year ended June 30, 2024. This price is used by CCS in valuing all food donations received. At June 30, 2024, CCS had food commodities from federal sources totaling \$151,047 in inventory.

**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  
Catholic Community Services of Utah  
Salt Lake City, Utah**

We have audited the financial statements of Catholic Community Services of Utah (the Organization), 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 December 20, 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 Organization's internal control over financial reporting (internal control) as a basis for designing 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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of Organization'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 the Organization'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 or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Organization'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 financial statements. 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*.

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

*Tanner LLC*

December 20, 2024

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

**To the Board of Trustees of  
Catholic Community Services of Utah  
Salt Lake City, Utah**

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

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

We have audited the compliance of Catholic Community Services of Utah (the Organization) 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 the Organization's major federal programs for the year ended June 30, 2024. The Organization'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, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2024.

**Basis for Opinion on Major Federal Programs**

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 the Organization 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 the major federal program. Our audit does not provide a legal determination of the Organization'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 the Organization'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 the Organization'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



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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 the Organization's compliance with the requirements of the major federal programs 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 the Organization'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 the Organization'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 the Organization'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**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

*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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2024-001 to be a material weakness.

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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.

*Government Auditing Standards* requires the auditors to perform limited procedures on the Organization's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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*

December 20, 2024

**Schedule of Findings and Questioned Costs**

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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  no

Significant deficiency(ies) identified that are not considered to be material weaknesses?

yes  none reported

Noncompliance material to financial statements noted?

yes  no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

yes  no

Significant deficiency(ies) identified that are not considered to be material weaknesses?

yes  none reported

Type of auditors' report issued on compliance for major program:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?

yes  no

Major Federal Programs:

AL Number

Name of Federal Program

19.510

Refugee Admissions – R&P

93.558

Temporary Assistance for Needy Families (TANF)

93.576

Refugee and Entrant Assistance

10.568 and 10.569

Food Distribution Cluster

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?

yes  no

**FINANCIAL STATEMENT AUDIT FINDINGS**

No findings were noted related to our audit of the financial statements for the year ended June 30, 2024.

**FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT**

**2024 – 001      Review of the Schedule of Expenditures of Federal Awards (Material Weakness)**

*Criteria:* CCS should ensure that proper segregation of duties is maintained, including with respect to the preparation and review of the Schedule of Expenditures of Federal Awards (SEFA).

*Condition:* In the course of our Single Audit procedures and our consideration over internal control, we found that the SEFA was not independently reviewed by someone other than the preparer.

*Cause:* CCS' year-end process did not include a separate review of the SEFA after it was prepared.

*Effect:* Adjustments to the SEFA were required to properly present certain amounts. One of the adjustments resulted in that program needing to be tested as a major program. In addition, the disclosures in the SEFA could be incomplete or incorrect and not be detected by management if internal controls and procedures relating to independent review of the SEFA are not implemented.

*Recommendation:* CCS should strengthen its year-end process surrounding the Schedule of Expenditures of Federal Awards to ensure the proper segregation of duties and review of the amounts and disclosures included in the SEFA.

*Views of Responsible Officials:* Management agrees with this finding. CCS had multiple staffing changes within the finance department during the fiscal year. At the time of the creation of the SEFA, there was not a staff member available within the finance department with the knowledge to effectively review or prepare the SEFA. The Finance Director prepared and reviewed the SEFA.

**FINANCIAL STATEMENT FINDINGS**

**2023 – 001      Financial Statement Adjustment  
Significant Deficiency**

*Criteria:* CCS should ensure that all accounts are properly reconciled and adjusted as part of the accounting closing process. Policies and procedures should be adapted to work with current software.

*Condition:* During testing it was discovered that a revenue transaction was duplicated, which also affected accounts receivable. Adjustments were required to the year-end general ledger accounts. Due to the migration to a new software one quarter before fiscal year end, the organization was not fully prepared for the financial statements being audited.

*Cause:* CCS' year-end process did not detect all necessary adjustments. With respect to the preparation of the financial statements, CCS should update internal controls and procedures to match their current software.

*Effect:* Adjustments were required to properly state certain general ledger account balances. The classifications and disclosures in the financial statements could be incomplete or incorrect and not be detected by management if internal controls and procedures that align with the new software are not implemented.

*Recommendation:* CCS should strengthen its year-end process to ensure the proper closing of account balances. The fact that CCS' internal control system did not provide for the preparation of a complete set of financial statements is not unusual for an organization of this size, particularly in light of the implementation of new accounting software. We recommend that CCS evaluate the benefits and expenses of including this element into the organizations system of internal control.

**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

This finding was resolved.