CENTRO DE LA FAMILIA DE UTAH

Financial Statements
For the Year Ended June 30, 2021

2021

Financial Report

CENTRO DE LA FAMILIA DE UTAH

CENTRO DE LA FAMILIA DE UTAH

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For the Year Ended June 30, 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Centro de la Familia de Utah
Salt Lake City, Utah

We have audited the accompanying financial statements of Centro de la Familia de Utah, (the Organization), which comprise the statement of financial position as June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Centro de la Familia de Utah as of June 30, 2021, 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.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirement, 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, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2022 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Centro de la Familia de Utah's internal control over financial reporting on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Centro de la Familia de Utah's internal control over financial reporting and compliance.

Karren, Hendrix, Stagg, Allen & Company

Karren, Hendrix, Stagg, Allen & Company
Salt Lake City, Utah
January 20, 2022

CENTRO DE LA FAMILIA DE UTAH

Statement of Financial Position

June 30, 2021

ASSETS	
CURRENT ASSETS	
Cash equivalents	415,036
Accounts receivable	
Government contracts	995,790
Other	22,248
Prepaid expenses	102,480
Restricted cash	419,583
Total current assets	1,955,137
NONCURRENT ASSETS	
Library collection	28,335
Property and equipment, net	3,772,581
Total noncurrent assets	3,800,916
Total assets	5,756,053
LIABILITIES AND NET ASSETS	
LIABILITIES	
Current liabilities	
Accounts payable	584,504
Accrued payroll and other expenses	503,833
Current portion notes payable	3,751
Total current liabilities	1,092,088
Long -term liabilities	
Accrued vacation	247,183
Notes payable	
Total long-term liabilities	247,183
Total liabilities	1,339,271
NET ASSETS	
Without donor restrictions	
Designated for fixed assets	3,768,830
Designated for library	28,335
Undesignated	447,217
With donor restrictions	172,400
Total net assets	4,416,782
Total liabilities and net assets	5,756,053

The notes to the financial statements are an integral part of this statement.

CENTRO DE LA FAMILIA DE UTAH

Statement of Activities
For the Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue			
Public support			
In-kind support	$ 90,596	$ -	$ 90,596
Other contributions	143,103	-	143,103
Total public support	233,699	-	233,699
Revenue			
Government contracts	18,530,128	-	18,530,128
Other income	20,039	-	20,039
Total revenue	18,550,167	-	18,550,167
Net assets released from restrictions	(71,110)	71,110	-
Total public support and revenue	18,712,756	71,110	18,783,866
Expenses			
Program expenses			
Migrant Head Start (MHSP)	6,848,316	-	6,848,316
Region 8 Head Start	6,360,649	-	6,360,649
Child Care Partnership (CCP)	1,561,282	-	1,561,282
Other programs	874,992	-	874,992
Total program expenses	15,645,239	-	15,645,239
Support expenses			
General and administrative	$ 1,988,798	-	$ 1,988,798
Fund raising	3,350	-	3,350
Total supporting services	1,992,148	-	1,992,148
Total expenses	17,637,387	-	17,637,387
Change in net assets	1,075,369	71,110	1,146,479
Net assets, beginning of year	3,169,013	101,290	3,270,303
Net assets, end of year	$ 4,244,382	$ 172,400	$ 4,416,782

The notes to the financial statements are an integral part of this statement.

CENTRO DE LA FAMILIA DE UTAH

Statement of Functional Expenses

For the Year Ended June 30, 2021

	Program Expenses					Support Expenses			
	Migrant Head Start	Region 8 Head Start	Child Care Partnership	Other Programs	Total Program Expenses	General and Administrative	Fundraising	Total Supportive Services	Total
Salaries	$ 3,683,095	$ 3,185,238	$ 610,746	$ 375,479	$ 7,854,558	$ 1,481,057	$ 3,112	$ 1,484,169	$ 9,338,727
Benefits	988,028	739,496	141,824	154,206	2,023,554	270,541	238	270,779	2,294,333
Total salaries and benefits	4,671,123	3,924,734	752,570	529,685	9,878,112	1,751,598	3,350		11,633,060
Accounting	-	-	-	-	-	25,750	-	25,750	25,750
Advertising	2,349	10,567	-	-	12,916	-	-	-	12,916
Client costs	54	-	340,527	73,626	414,207	-	-	-	414,207
Communications	37,978	29,266	5,935	270	73,449	5,551	-	5,551	79,000
Constsruction	2,509	-	-	-	2,509	-	-	-	2,509
Consultant/professional services	25,145	11,108	612	70	36,935	51,084	-	51,084	88,019
Date processing	108,066	120,231	20,712	2,406	251,415	93,914	-	93,914	345,329
Dues, licenses, and subscriptions	20,887	77,930	6,424	57	105,298	946	-	946	106,244
Equipment, fuel, and repair	459,740	595,899	131,842	11,496	1,198,977	6,168	-	6,168	1,205,145
Food and related costs	132,731	219,094	11,222	127,668	490,715	43	-	43	490,758
Health costs	3,616	3,006	1,111	2,583	10,316	-	-	-	10,316
Insurance	47,285	19,163	7,815	185	74,448	-	-	-	74,448
Interest and bank charges	1,323	4,299	103	133	5,858	1,935	-	1,935	7,793
Leasehold improvements	-	2,185	-	-	2,185	-	-	-	2,185
Maintenance-facilities	280,174	249,364	41,701	1,977	573,216	434	-	434	573,650
Meetings	25,682	39,258	-	4,026	68,966	3,300	-	3,300	72,266
Miscellaneous	667	-	-	26,140	26,807	1,015	-	1,015	27,822
Occupancy	303,171	501,977	70,401	5,298	880,847	43,734	-	43,734	924,581
Postage and freight	2,535	2,744	233	22	5,534	37	-	37	5,571
Printing and copying	1,591	4,234	310	81	6,216	-	-	-	6,216
Supplies	209,284	294,120	84,995	85,976	674,375	195	-	195	674,570
Training and conferences	26,021	15,996	13,049	1,722	56,788	1,000	-	1,000	57,788
Travel	50,603	55,512	21	412	106,548	1,965	-	1,965	108,513
Utilities	91,821	63,673	13,567	1,145	170,206	129	-	129	170,335
					-			-	-
Total operating expenses	1,833,232	2,319,626	750,580	345,293	5,248,731	237,200		237,200	5,485,931
Depreciation	343,961	116,289	58,132	14	518,396	-		-	518,396
Total expenses	$ 6,848,316	$ 6,360,649	$ 1,561,282	$ 874,992	$ 15,645,239	$ 1,988,798	$ 3,350	$ 1,992,148	$ 17,637,387

The notes to the financial statements are an integral part of this statement.

CENTRO DE LA FAMILIA DE UTAH

Statement of Cash Flows

For the Year Ended June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$	1,146,479
Adjustments to reconcile net cash from operating activities		
Depreciation		518,396
Changes in current assets and current liabilities		
Accounts receivable		(367,792)
Prepaid expenses		(47,411)
Accounts payable		463,587
Accrued payroll and other expenses		241,429
Net cash from operating activities		1,954,688
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment and leasehold improvements		(1,386,165)
Total cash flows for investing activities		(1,386,165)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principle payments of long-term debt		(108,337)
Total cash flows for financing activities		(108,337)
Net change in cash equivalents and restricted cash		460,186
CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF YEAR		374,433
CASH EQUIVALENTS AND RESTRICTED CASH, END OF YEAR	$	834,619
RECONCILIATION OF CASH EQUIVALENTS AND RESTRICTED CASH		
Cash equivalents	$	834,619
Restricted cash		-
Total cash equivalents and restricted cash	$	834,619
Income taxes paid	$	-
Interest paid		7,189
NONCASH INVESTING AND FINANCING ACTIVITIES		
Assets purchased with note payable		

The notes to the financial statements are an integral part of this statement.

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Centro de la Familia de Utah is a non-profit organization dedicated to promoting educational success for children through parent engagement and high-quality, comprehensive child services. Founded in 1975, Centro serves low-income, marginalized communities throughout Utah and is especially involved with migrant and seasonal farmworker families in rural, agricultural areas. In 1991, Centro began serving infants, toddlers, and preschoolers when it was awarded its first Head Start grant and now serves 1,200 children throughout Utah, Nevada, and Colorado in Migrant and Seasonal Head Start and Region VIII Head Start centers. In addition to Head Start, Centro maintains a selection of afterschool programs for children and adult education programs for Spanish speakers.

The Organization is governed by an independent, volunteer Board of Directors who oversee the Organization's operations. Revenue to support the Organization is primarily received from federal and state grants.

The accompanying financial statements have been prepared in accordance with standards for not-for-profit organizations adopted by the American Institute of Certified Public Accountants. They are stated on the accrual basis of accounting whereby expense is recorded when incurred, donations are recorded when notice is received, and grant revenue is recorded when earned.

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, as applicable.

Cash Equivalents and Restricted Cash

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. In addition, management also considers money market funds to be cash equivalents. Restricted cash is restricted by an awarding agency.

Receivables and Credit Policies

Accounts receivable consist primarily of amounts due under government contracts. The Organization determines the allowance for uncollectible accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectible. As of June 30, 2021, the Organization determined that all accounts receivable are collectible, and no allowance was recorded.

Financial instruments and Credit Risk

The Organization maintains its cash in bank deposit accounts at high credit quality financial institutions. The balances, at times, may exceed federally insured limits. At June 30, 2021, the Organization had no deposits with financial institutions that were not covered by FDIC insurance. Credit risk associated with government contracts receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies supportive of the Organization's mission.

Property and Equipment

Property and equipment are recorded on the basis of cost for purchased assets or fair value at the date of donation for donated assets. The Organization, as required by its grants, capitalizes all expenditures in excess of $5,000. Depreciation is recorded using the straight-line method with asset lives ranging from 2 to 19 years. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any remaining 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.

The majority of the Organization's property and equipment was acquired with federal awards. Although the Organization holds title to the property and equipment, federal guidelines dictate that the property and equipment be used in the program for which it was acquired. When such property or equipment is sold or is no longer needed in a program, the federal awarding agency has a right to its share of the proceeds on the sale and/or provides instructions on the deposition of such assets.

The carrying values of property and equipment are reviewed 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, the 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 year ended June 30, 2021.

Library Collection

The library collection consists of donated or purchased books. Accessions of these collection items are capitalized at cost, if the items were purchased; or at their appraised or fair value on the accession date, if the items were contributed. Gains or losses from deaccessions of these items are reflected on the statement of activities as changes in the appropriate net asset classes, depending on the existence and type of donor-imposed restrictions.

Contributions and Net Assets

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Assets with donor restrictions - Net assets are required to be reported as assets with restrictions and net assets without restrictions. Net assets with restrictions are reclassified to assets without restrictions upon expiration of the time restriction or appropriate use of the assets. However, net assets with restrictions received during the reporting year and expended in accordance with the donor's restrictions during the same year, are recorded as net assets without restrictions. Net assets with restrictions at June 30, 2021, represent donor-designated revenue that had not yet been expended for its intended purpose and money set aside for compensated absences required by grant agreements.

Net assets without restrictions - All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Donated materials and equipment are reflected as contributions at their estimated fair values at date of receipt. The government contracts are received on a reimbursement basis. All restrictions placed on the money are met when the money is spent and the receivable is recognized. The Organization has, therefore, elected to record the revenue from the government contracts as net assets without restrictions. Within the unrestricted net assets are designated assets. These designations are for fixed assets less loans on fixed assets and library collection.

Revenue and Revenue Recognition

Revenue is recognized when earned. Payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities, or other assets, an unconditional promise to give, or notification of a beneficial interest is received.

In-Kind Support

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 discounts on shipments of food and non-food products, and other services provided to the Organization; primarily medical and teaching services, and discounts on major purchases such as equipment and building materials.

The Organization recognized the following types of in-kind support for the year ended June 30, 2021:

	Head Start Programs				
	Migrant	Region 8	CCP	Non Head Start	Total
Contributed services					
Other services	$ 4,424	$ 4,699	$ -	$ 26,140	$ 35,263
Total contributed services	4,424	4,699	-	26,140	35,263
Occupancy & Building Repairs	10,166	8,409	1,668	-	20,243
Material and Supplies					
Accounting services	4,206	1,288	1,006	-	6,500
Insurance	10,378	7,904	1,718	-	20,000
Supplies	2,200	-	-	-	2,200
Software	2,046	1,985	489	-	4,520
Other	1,195	589	77	9	1,870
Total materials and supplies	30,191	20,175	4,958	9	55,333
Total	$ 34,615	$ 24,874	$ 4,958	$ 26,149	$ 90,596

Head Start programs are required to provide matching non-federal funds for the operation of programs. This match applies to regular Head Start and Early Head Start funds. Non-federal shares include donated cash and in-kind contributions. The Organization receives substantial assistance from volunteers who donate amounts of their time to our program services; however, the financial statements do not reflect the value of these contributions services because they do not meet the recognition, criteria prescribed by the general accounting principles. For the year ended June 30, 2021, the monetary value (unaudited) of the educational activities in the homes, which falls into this category, was $2,528,525 based upon 192,825 hours valued at $19.07 per hour. The volunteer activity in the centers and classrooms was $110,746 based upon 3,348 hours valued at $17.17 per hour. Category other includes mileage paid and meeting time totals of $13,463. Total volunteer activities for the fiscal year was $3,748,122.

Program Services

Support and program services provided by the Organization are as follows:

Head Start – Head Start gives children from at-risk backgrounds the skills they need to be successful in school and life—supporting more kids, families, and communities on their path to success. Head Start children and their families receive comprehensive services, including early childhood education, health care, dental care, and nutritional and social services. For children with special needs, Centro works with therapists, parents, teachers, and caregivers to ensure that the child's intervention plan is understood by everyone involved. Parent engagement is one of Centro's core competencies and the key to its success. Engaging parents while their child is young sets them up to be lifelong advocates as the child continues their education beyond Head Start.

Centro runs four types of Head Start programs:

Migrant & Seasonal Head Start (MSHS) – Centro's MSHS programs serve children and pregnant women in six counties in Utah, five in Colorado, and two in Nevada, with a total funded enrollment of 604. The MSHS programs serve children from 6-weeks-old to 5-years-old. In order to qualify for MSHS, at least 51% of total family income must be from agricultural employment. As most MSHS children are from Spanish-speaking homes, Centro's classrooms are bilingual and cultural competency is expected of all staff.

Region 8 Head Start (HS) – Centro's HS programs serve children from one county in Utah and three in Colorado, with a total funded enrollment of 384 children. The HS programs are for preschool-aged children, 3- to 5-years-old.

Region 8 Early Head Start (EHS) – In Colorado, Centro offers EHS for children 6-weeks to 3-years-old and pregnant women. The funded enrollment for EHS is 76. Services to pregnant women include information about prenatal care, referrals to health providers, and postnatal care for both mother and infant.

Child Care Partnerships (CCP) – Centro partners with local child care providers in Salt Lake and Millard Counties in Utah to encourage high-quality early childhood development and education for the children they serve. The CCP programs have a combined funded enrollment of 100 children, ages 6-weeks to 3-years.

Other Programs – "Other Programs" include smaller grants from various agencies, including:

- Expanded Student Access Grant – Funded by the Department of Workforce Services and the Office of Child Care, this grant allows Centro to serve an additional 24 preschool children in Utah.
- Nuevo Dia – A substance abuse prevention grant for middle schoolers funded by Salt Lake County Health Department.
- Early Escalera – Developed for Latinx students, the program promotes college and career readiness for 9^{th} and 10^{th} grade students.
- Safe Dates – A sexual violence prevention program for teenagers in Salt Lake County. Funded by Utah Health Department.
- Safe Dates Online – An online sexual violence prevention program for teenagers throughout Utah. Funded by Utah Health Department.
- Plazas Comunitarias – An adult education program developed by the Mexican government for Spanish-speaking adults who have not completed their primary or secondary education. Funded by the Institute for Mexican's Abroad.
- Ventanilla de Orientacion Educativa (VOE) – A place within the Mexican consulate offices where people can go to receive information or help with anything related to education.

- Treasure Chest – Funded by The Scottish Rite Foundation, the Treasure Chest provides at-home activities for families with children experiencing developmental or speech delays.

Functional Allocation of Expenses

The costs of providing the various programs and services have been summarized on a functional basis in the statement of activities and statement of functional expenses. Accordingly, certain costs have been allocated among the programs and services benefited. The company uses various methods to allocate expenses to functions including revenues, salaries, floor space and the ratio of kids served in head start areas.

Income Taxes

Centro de la Familia de Utah is organized as a not-for-profit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue code. An organization described in Section 501(c)(3), qualifies for the charitable contribution deduction under Sections 170(b)(1)(A)(vi) and has been determined not to be a private foundation under Sections 509(a)(I). The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. For the year ended June 30, 2021, the Organization did not have any business activities unrelated to its exempt purpose.

The Organization 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. The Organization 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. The Organization's returns respectfully are subject to examination by taxing authorities, generally for three years after they are filed.

Advertising

The Organization follows the policy of charging the costs of advertising to expense as incurred. Advertising expense was $12,916 for the year ended June 30, 2021.

Interest Paid

The Organization paid $7,793 in interest and bank charges all of which was charged to expense and none capitalized. Bank charges were $2,179, and interest on bus purchases were $5,614.

Recent Accounting Guidance

The Financial Accounting Standards Board issued Accounting standards Update: *Not-for-Profit Entities*. This new guidance stipulates that net assets be reported in two classes – net assets with donor restrictions and net assets without donor restrictions – rather than the currently required three classes. A number of enhanced disclosures covering various topics will also be required.

Use of Estimates

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

Accrued PTO

The organization allows employees to accrue Paid Time off (PTO) up to a maximum amount based on years of service. Employees that work from 0-2 years accrue PTO up to a maximum of 72 hours. Employees earn up to a maximum of 96 hours during years 2-4. After four years of service the maximum that can be accrued is 120 hours. Accrued PTO is paid out when an employee terminates their employment.

2. NOTE 2. PROPERTY AND EQUIPMENT

The cost of land, building, and equipment as of June 30, 2021, was as follows:

	Useful Life	
Land	-	$ 344,506
Work in process	-	331,178
Equipment	2 - 12 Years	3,692,622
Leasehold improvements	5 - 15 Years	343,564
Buildings and improvements	19 Years	1,798,957
Total cost		6,510,827
Less accumulated depreciation		(2,738,246)
Net property and equipment		$ 3,772,581

Depreciation expense for the year was $518,396.

3. LEASES

Operating Leases

The Organization leases office space for administration and for the different centers from various lessors. Rent expense for the year ended June 30, 2021, on these operating leases was $820,771.

The following table summarizes the future minimum operating lease payments required by the Organization's leases:

Year Ending June 30,	
2022	$ 922,866
2023	746,096
2024	583,840
2025	508,454
2026	387,768
Thereafter	3,993,828
Total	$ 7,142,852

Included in the table above are three leases in Utah that have been extended for another 15 years, through 2036. The centers are Box Elder, Mount Pleasant, and Centerfield. Fourteen new leases have been added. One in Utah, two in Nevada and Eleven in Colorado. The center leases are non-cancelable, except that the Organization will have the option to cancel the center leases with 30 days' notice in the event that the Organization's federal funding is terminated or reduced by greater than 30%. As of June 21, 2021 Centro, had a total of nineteen leases, with one terminating at June 2021 and eighteen being carried forward into next year.

4. ECONOMIC DEPENDENCY

The Organization receives a substantial amount of its revenue from one federal agency. For the fiscal year ended June 30, 2021, this agency provided 94% of the Organization's total support and revenue through the funding of the Head Start programs. Loss of this support could adversely affect the Organization's activities.

5. SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 20, 2022 the date the financial statements were available to be issued

6. LONG-TERM DEBT

The Organization's long-term debt consists of the following:

Long-term debt:	
Note payable to a bank due in a monthly installments of $1,733.50 plus interest at an annual rate of 6.90%, secured by a school bus	3,751
Total	3,751
Less current portion	3,751
Total long-term debt	$ -

Future scheduled maturities of long-term debt are as follows:

Years ending		
June 30, 2022	$	3,751
June 30, 2023		-
June 30, 2024		-
June 30, 2025		-
Thereafter		-
Total	$	3,751

7. <u>CONTRACTS</u>

The Organization has grants and contracts that are subject to inspection and audit by the appropriate governmental funding agency. The purpose is to determine whether program funds were used in accordance with the respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The ultimate liability, any of which may result from these governmental audits, cannot be reasonably estimated, and accordingly, the Organization has no provision for the possible disallowance of program costs on its financial statements.

8. <u>FUND RAISING</u>

The Organization had fund raising expenses $3,351.

9. <u>401K Plan</u>

The company has a 401k plan that includes all employees that meet the qualifications. The company made a discretionary contribution of $198,567 for the June 2021 year.

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

To the Board of Directors
Centro de la Familia de Utah
Salt Lake City, Utah

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Centro de la Familia de Utah, which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 20, 2022

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Centro de la Familia de Utah's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Centro de la Familia de Utah's internal control. Accordingly, we do not express an opinion on the effectiveness of Centro de la Familia de Utah'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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Centro de la Familia de Utah's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Karren, Hendrix, Stagg, Allen & Company

Karren, Hendrix, Stagg, Allen & Company
Salt Lake City, Utah
January 20, 2022

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR ITS MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER OCMPLIANCE REQUIRED BY UNIFORM GUIDANCE

To the Board of Directors
Centro de la Familia de Utah
Salt Lake City, Utah

Report on Compliance for the Major Federal Program

We have audited Centro de la Familia de Utah's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Centro de la Familia de Utah's major federal program for the year ended June 30, 2021. Centro de la Familia de Utah's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on the compliance for Centro de la Familia de Utah's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United State of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on a major federal program, occurred. An audit includes examining, on a test basis, evidence about Centro de la Familia de Utah's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Centro de la Familia de Utah's compliance.

Opinion on Its Major Federal Program

In our opinion, Centro de la Familia de Utah complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of Centro de la Familia de Utah is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered Centro de la Familia de Utah's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express on opinion on the effectiveness of the Centro de la Familia de Utah's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of 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 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 compliance requirement 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 sever than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Karren, Hendrix, Stagg, Allen & Company

Karren, Hendrix, Stagg, Allen & Company
Salt Lake City, Utah
January 20, 2022

CENTRO DE LA FAMILIA DE UTAH

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures	Amounts Passed Through to Subrecipients
U.S. Department of Health and Human Services				
Head Start Program	93.600	NA	$ 17,306,360	$ -
Passed through Utah Department of workforce Services High Quality School Readness (HQARS) Expansion Grant	93.575	NA	439,656	-
Passed through Salt Lake County Division of Substance Abuse of Substance Abuse Block Grants for Prevention and Treatment of Substance Abuse	93.959	AL16524C	57,875	-
Passed through Utah Department of Health (RPE) Sexual Violence Prevention Education	93.136	NA	28,402	-
Passed Through Utah Department of Health (RPE) Violence and Injury Prevention Program	93.558	NA	17,664	-
Salt Lake County Emergency Rental Assistance Program (ERAP)	21.023	NA	19,159	-
Total Department of Health and Human Services			17,869,116	-
U.S. Department of Agriculture				
Passed through State of Colorado	10,558	CFP10065799	97,355	-
Passed through Utah State Office of Education Child and Adult Care Food Program	10.558	3UT311N2020	304,954	-
Total Department of Agriculture			402,309	-
Total expenditures of federal awards			$ 18,271,425	$ -

The notes to the financial statements are an integral part of this statement.

CENTRO DE LA FAMILIA DE UTAH

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Centro de la Familia de Utah (the Organization), and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. The Organization received federal awards both directly from federal agencies and indirectly through pass-through entities. The Organization receives the bulk of its federal award programs directly from the federal awarding agency. Federal financial assistance provided to a subrecipient is treated as an expenditure when it is paid to the subrecipient.

Note 2 – Significant Accounting Policies

Expenditures reported on the schedule of expenditures of federal awards are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Subpart E – Cost Principles of the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Centro de la Familia de Utah’s summary of significant accounting policies is presented in Note 1 in Centro de la Familia de Utah’s basic financial statements.

Note 3 – Cost Rates

The Organization has not elected to use the 10% de minimis cost rate.

Note 4 – Pass-Through to Sub-Recipients

The Organization did not pass through federal funding to any sub-recipients during the year ended June 30, 2021.

CENTRO DE LA FAMILIA DE UTAH

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

FINANCIAL STATEMENTS

Type of auditors' report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	None reported
Significant deficiencies identified; not considered to be material weaknesses	None reported
Noncompliance material to financial statements noted?	None reported

FEDERAL AWARDS

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified; not considered to be material weaknesses	None reported
Type of auditors' report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516	No

IDENTIFICATION OF MAJOR PROGRAMS:

Name of Federal Program:	CFDA Number
Head Start	93.600
Dollar threshold used to distinguish between type A and type B programs	$ 750,000
Auditee qualified as low-risk auditee?	No