

The Consolidated Financial Statements
June 30, 2021 and 2020



The Children's Center Utah and Affiliates

Independent Auditor’s Report	1
Consolidated Financial Statements	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4
Consolidated Statements of Functional Expenses	6
Consolidated Statements of Cash Flows	8
Notes to Consolidated Financial Statements	9
Supplementary Information	
Consolidating Schedules of Financial Position	23
Consolidating Schedules of Activities	25
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	27
Independent Auditor’s Report on Compliance for the Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance	29
Schedule of Expenditures of Federal Awards	31
Notes to Schedule of Expenditures of Federal Awards	32
Schedule of Findings and Questioned Costs	33



CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To the Board of Directors
The Children's Center Utah
Salt Lake City, Utah

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of The Children's Center Utah, which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Children's Center Utah as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Report on Supplementary Information

The supplementary schedules on pages 23 to 26 are presented for the purpose of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in our audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements taken as a whole.

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated 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 Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated 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 May 20, 2022, on our consideration of The Children's Center Utah's internal control over financial reporting and on our tests of its 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 Children's Center Utah'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 Children's Center Utah's internal control over financial reporting and compliance.



Salt Lake City, Utah
May 20, 2022

The Children's Center Utah
Consolidated Statements of Financial Position
June 30, 2021 and 2020

	2021	2020
Assets		
Current Assets		
Cash and cash equivalents	\$ 3,998,086	\$ 2,276,851
Accounts receivable, net	899,126	248,879
Unconditional promises to give, net	455,346	451,406
Prepaid expenses and other assets	91,782	40,165
Total current assets	5,444,340	3,017,301
Property and Equipment, Net	8,596,722	9,534,233
Unconditional Promises to Give, Less Current Portion Endowment	9,833,310	340,000 8,025,954
Total assets	\$ 23,874,372	\$ 20,917,488
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and other liabilities	\$ 363,667	\$ 605,206
Line of credit	400,000	-
Promise to grant space, current	-	15,976
Total current liabilities	763,667	621,182
Paycheck Protection Program Loan	818,962	879,371
Promise to Grant Space, Less Current Portion	-	175,736
Total liabilities	1,582,629	1,676,289
Net Assets		
Without donor restrictions		
Undesignated	2,871,365	800,106
Investment in property and equipment	8,596,722	9,534,233
The Children's Center Trust	6,431,896	5,128,597
	17,899,983	15,462,936
With donor restrictions	4,391,760	3,778,263
Total net assets	22,291,743	19,241,199
Total liabilities and net assets	\$ 23,874,372	\$ 20,917,488

The Children's Center Utah
Consolidated Statement of Activities
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support			
Contributions	\$ 1,215,071	\$ 320,500	\$ 1,535,571
Special events, less cost of direct benefits to donors of \$37,921	739,687	-	739,687
	<u>1,954,758</u>	<u>320,500</u>	<u>2,275,258</u>
Revenue			
Program services			
Federal and state contracts	429,740	-	429,740
Private contracts	742,659	-	742,659
Private fees	749,617	-	749,617
	<u>1,922,016</u>	<u>-</u>	<u>1,922,016</u>
Less contractual allowances	(130,383)	-	(130,383)
Less bad debt	(50,081)	-	(50,081)
Total program services revenue	<u>1,741,552</u>	<u>-</u>	<u>1,741,552</u>
Other federal service revenue	810,718	-	810,718
Endowment net investment return/(loss)	1,154,904	652,452	1,807,356
PPP loan forgiveness	884,852	-	884,852
Gain on sale of property and equipment	762,183	-	762,183
Other revenue	263,284	-	263,284
	<u>3,875,941</u>	<u>652,452</u>	<u>4,528,393</u>
Net assets released from restriction	<u>359,455</u>	<u>(359,455)</u>	<u>-</u>
Total public support and revenue	<u>7,931,706</u>	<u>613,497</u>	<u>8,545,203</u>
Expenses			
Program services			
Therapeutic Preschool	1,812,735	-	1,812,735
Training, Consultation and Research	817,341	-	817,341
Outpatient Services	1,540,268	-	1,540,268
Total program services	<u>4,170,344</u>	<u>-</u>	<u>4,170,344</u>
Supporting services			
Management and general	731,570	-	731,570
Fundraising	592,745	-	592,745
Total supporting services	<u>1,324,315</u>	<u>-</u>	<u>1,324,315</u>
Total program and supporting services expenses	<u>5,494,659</u>	<u>-</u>	<u>5,494,659</u>
Change in Net Assets	2,437,047	613,497	3,050,544
Net Assets, Beginning of Year	<u>15,462,936</u>	<u>3,778,263</u>	<u>19,241,199</u>
Net Assets, End of Year	<u>\$ 17,899,983</u>	<u>\$ 4,391,760</u>	<u>\$ 22,291,743</u>

See Notes to Consolidated Financial Statements

The Children's Center Utah
Consolidated Statement of Activities
Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support			
Contributions	\$ 938,310	\$ 1,158,175	\$ 2,096,485
Special events, less cost of direct benefits to donors of \$16,471	623,555	-	623,555
	<u>1,561,865</u>	<u>1,158,175</u>	<u>2,720,040</u>
Revenue			
Program services			
Federal and state contracts	525,595	-	525,595
Private contracts	881,291	-	881,291
Private fees	426,172	-	426,172
	<u>1,833,058</u>	<u>-</u>	<u>1,833,058</u>
Less contractual allowances	(167,398)	-	(167,398)
Less bad debt	(49,666)	-	(49,666)
Total program services revenue	<u>1,615,994</u>	<u>-</u>	<u>1,615,994</u>
Other federal service revenue	686,763	-	686,763
Endowment net investment return/(loss)	(25,949)	(20,912)	(46,861)
Other revenue	21,934	-	21,934
	<u>682,748</u>	<u>(20,912)</u>	<u>661,836</u>
Net Assets Released from Restrictions	689,158	(689,158)	-
Total public support and revenue	<u>4,549,765</u>	<u>448,105</u>	<u>4,997,870</u>
Expenses			
Program services			
Therapeutic Preschool	2,249,653	-	2,249,653
Training, Consultation and Research	730,347	-	730,347
Outpatient Services	1,653,166	-	1,653,166
Total program services	<u>4,633,166</u>	<u>-</u>	<u>4,633,166</u>
Supporting services			
Management and general	715,263	-	715,263
Fundraising	599,835	-	599,835
Total supporting services	<u>1,315,098</u>	<u>-</u>	<u>1,315,098</u>
Total program and supporting services expenses	<u>5,948,264</u>	<u>-</u>	<u>5,948,264</u>
Change in Net Assets	(1,398,499)	448,105	(950,394)
Net Assets, Beginning of Year	16,861,435	3,330,158	20,191,593
Net Assets, End of Year	<u>\$ 15,462,936</u>	<u>\$ 3,778,263</u>	<u>\$ 19,241,199</u>

See Notes to Consolidated Financial Statements

The Children's Center Utah
Consolidated Statement of Functional Expenses
Year Ended June 30, 2021

	Program Services			Supporting Services			Total	
	Therapeutic Preschool	Training, Consultation and Research	Outpatient Services	Total Program Services	Management and General	Fundraising		Total Supporting Services
Salaries and related	\$ 1,319,718	\$ 692,246	\$ 1,203,708	\$ 3,215,672	\$ 536,765	\$ 455,772	\$ 992,537	\$ 4,208,209
Professional insurance	17,322	5,543	11,779	34,644	-	-	-	34,644
Office supplies	12,981	5,930	8,565	27,476	1,254	940	2,194	29,670
Program materials	14,550	6,708	5,785	27,043	-	-	-	27,043
Food	8,645	-	267	8,912	-	15,137	15,137	24,049
Postage and printing	6,460	2,129	4,205	12,794	19,431	38,254	57,685	70,479
Publications and testing material	4,552	2,714	3,150	10,416	1,009	2,266	3,275	13,691
Utilities	35,631	10,956	24,196	70,783	7,896	5,922	13,818	84,601
Repairs and maintenance	43,256	13,300	28,158	84,714	23,303	7,189	30,492	115,206
Janitorial service and supplies	24,368	4,874	14,621	43,863	2,437	2,437	4,874	48,737
Rent	-	-	-	-	2,670	3,970	6,640	6,640
Property insurance	7,504	1,548	3,278	12,330	1,116	837	1,953	14,283
Professional fees	3,499	3,900	119,127	126,526	99,504	8,078	107,582	234,108
Transportation	77,350	4,410	41	81,801	-	-	-	81,801
Meetings and conventions	11,508	17,745	19,893	49,146	270	270	540	49,686
Miscellaneous	14,656	4,545	9,326	28,527	14,227	70,489	84,716	113,243
Total expenses before depreciation	1,602,000	776,548	1,456,099	3,834,647	709,882	611,561	1,321,443	5,156,090
Depreciation	210,735	40,793	84,169	335,697	21,688	19,105	40,793	376,490
	1,812,735	817,341	1,540,268	4,170,344	731,570	630,666	1,362,236	5,532,580
Less expenses included with public support and revenue on the consolidated statement of activities								
Cost of direct benefits to donors	-	-	-	-	-	(37,921)	(37,921)	(37,921)
Total expenses included in the expense section on the consolidated statement of activities	<u>\$ 1,812,735</u>	<u>\$ 817,341</u>	<u>\$ 1,540,268</u>	<u>\$ 4,170,344</u>	<u>\$ 731,570</u>	<u>\$ 592,745</u>	<u>\$ 1,324,315</u>	<u>\$ 5,494,659</u>

The Children's Center Utah
Consolidated Statement of Functional Expenses
Year Ended June 30, 2020

	Program Services			Supporting Services				Total
	Therapeutic Preschool	Training, Consultation and Research	Outpatient Services	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries and related	\$ 1,689,695	\$ 601,746	\$ 1,209,822	\$ 3,501,263	\$ 539,918	\$ 472,299	\$ 1,012,217	\$ 4,513,480
Professional insurance	14,557	4,658	9,899	29,114	-	-	-	29,114
Office supplies	15,496	5,033	10,190	30,719	1,989	1,492	3,481	34,200
Program materials	17,698	9,374	8,367	35,439	-	-	-	35,439
Food	11,437	-	354	11,791	-	-	-	11,791
Postage and printing	5,043	1,913	3,283	10,239	1,118	19,113	20,231	30,470
Publications and testing material	1,118	344	2,178	3,640	248	3,947	4,195	7,835
Utilities	53,540	14,360	30,401	98,301	10,349	7,762	18,111	116,412
Repairs and maintenance	47,026	14,189	30,040	91,255	10,226	7,670	17,896	109,151
Janitorial service and supplies	34,192	6,838	20,515	61,545	3,419	3,419	6,838	68,383
Rent	117	27	54	198	14	14	28	226
Property insurance	7,158	1,483	3,139	11,780	1,069	802	1,871	13,651
Professional fees	20,274	2,359	188,638	211,271	118,138	505	118,643	329,914
Transportation	66,871	6,909	44	73,824	-	-	-	73,824
Meetings and conventions	31,245	15,293	41,466	88,004	1,174	1,174	2,348	90,352
Miscellaneous	18,945	4,986	10,526	34,457	5,894	78,981	84,875	119,332
Total expenses before depreciation	2,034,412	689,512	1,568,916	4,292,840	693,556	597,178	1,290,734	5,583,574
Depreciation	215,241	40,835	84,250	340,326	21,707	19,128	40,835	381,161
	2,249,653	730,347	1,653,166	4,633,166	715,263	616,306	1,331,569	5,964,735
Less expenses included with public support and revenue on the consolidated statement of activities								
Cost of direct benefits to donors	-	-	-	-	-	(16,471)	(16,471)	(16,471)
Total expenses included in the expense section on the consolidated statement of activities	<u>\$ 2,249,653</u>	<u>\$ 730,347</u>	<u>\$ 1,653,166</u>	<u>\$ 4,633,166</u>	<u>\$ 715,263</u>	<u>\$ 599,835</u>	<u>\$ 1,315,098</u>	<u>\$ 5,948,264</u>

The Children's Center Utah
Consolidated Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Reconciliation of Change in Net Assets to Net Cash used for Operating Activities		
Change in net assets	\$ 3,050,544	\$ (950,394)
Adjustments to reconcile change in net assets to net cash used for operating activities		
Depreciation	376,490	381,161
Promise to grant space	(191,712)	(15,976)
Endowment net investment (return)/loss	(1,807,356)	46,861
Gain from sale of property and equipment	(762,183)	-
PPP loan forgiveness	(879,371)	-
Change in operating assets and liabilities		
Accounts receivable, net	(650,247)	(18,976)
Unconditional promises to give	336,060	(576,961)
Prepaid expenses and other assets	(51,617)	(5,731)
Accounts payable and other liabilities	<u>(241,539)</u>	<u>197,459</u>
Net Cash used for Operating Activities	<u>(820,931)</u>	<u>(942,557)</u>
Investing Activities		
Purchase of property and equipment	(216,796)	(113,280)
Proceeds from sales of property and equipment	1,540,000	-
Purchases of endowment investments	(2,741,621)	5,704,316
Proceeds from sales of endowment investments	2,741,621	(5,704,316)
Distribution from endowment	-	<u>1,050,000</u>
Net Cash from Investing Activities	<u>1,323,204</u>	<u>936,720</u>
Financing Activities		
Proceeds from line of credit	400,000	-
Proceeds from Paycheck Protection Program loan	<u>818,962</u>	<u>879,371</u>
Net Cash from Financing Activities	<u>1,218,962</u>	<u>879,371</u>
Net Change in Cash and Cash Equivalents	1,721,235	873,534
Cash and Cash Equivalents, Beginning of Year	<u>2,276,851</u>	<u>1,403,317</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,998,086</u>	<u>\$ 2,276,851</u>
Supplemental Disclosure of Non-Cash Investing and Financing Activity		
Forgiveness of Paycheck Protection Program loan	<u>\$ (879,371)</u>	<u>\$ -</u>

Note 1 - Principal Activity and Significant Accounting Policies

Operational Purpose

Founded in 1962 by Dr. Agi Plenk, The Children's Center Utah provides comprehensive mental health care to enhance the emotional well-being of infants, toddlers, preschoolers, and their families. The Children's Center Utah operates a treatment facility in Salt Lake City. The only clinical agency of its kind in Utah, and one of the largest in the country, The Children's Center Utah is the recognized local expert in evidence-based, trauma-informed treatments for preschool-aged children with emotional and behavioral concerns. The Children's Center Utah believes in being a resource for community organizations and a training center to improve care for young children and their families. The Children's Center Utah's programs consist of the following:

Therapeutic Preschool: Provides treatment for preschool-aged children with emotional and behavioral problems, three hours per day, five days per week, 52 weeks per year.

Training, Consultation and Research: Provides training and consultation for mental health clinicians, community professionals, and staff in childcare centers and preschool providers to improve and enhance mental health services to young children in the State of Utah.

Outpatient Services: Provides psychological evaluations, mental health assessments, psychiatric evaluations, weekly therapy groups for children with emotional and behavioral problems, as well as therapy with children and families.

The Children's Center Utah Endowment Trust (the Trust) is a separate nonprofit entity, governed by a board of seven trustees, which holds investments to provide for the future needs of The Children's Center Utah. Earnings from the Trust's investments are not restricted by the terms of the endowment and are used for capital improvements, research, and program development.

Historic Oquirrh School Manager, Inc., a wholly-owned subsidiary, was formed on September 3, 2008. This entity was formed to own and operate the Historic Oquirrh School (the School). The Children's Center Utah renovated the School and uses it as its administrative office and treatment center in Salt Lake City, Utah. The Children's Center Utah moved into the School in July 2009.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts and operations of The Children's Center Utah and the Trust because The Children's Center Utah has both control and an economic interest in the Trust. The accounts and operations of Historic Oquirrh School Manager, Inc., wholly-owned by The Children's Center Utah, are also included in the consolidated financial statements. All significant intercompany accounts and transactions have been eliminated in consolidation. Unless otherwise noted, the consolidated entities are hereinafter referred to as "TCCU."

Cash and Cash Equivalents

TCCU considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to capital expenditures, permanent endowment, or other long-term purposes of TCCU are excluded from this definition.

Accounts Receivable and Credit Policies

Accounts receivable consist primarily of noninterest-bearing amounts due for therapeutic programs. Management determines the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. At June 30, 2021 and 2020, the allowance was \$75,000 and \$160,000, respectively. Accounts receivable at July 1, 2020 were \$235,015.

Unconditional 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 discount is included in contribution revenue in the consolidated statements of activities. Allowance for uncollectable promises to give is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable.

Property and Equipment

Property and equipment additions over \$500 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 3 to 39 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. 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 consolidated statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

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, an impairment loss is recognized to the extent the carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended June 30, 2021 and 2020.

Endowment

Endowment purchases are recorded at cost or, if donated, at fair value on the date of donation. Thereafter, endowments are reported at their fair values in the consolidated statements of financial position. Net endowment return is reported in the consolidated statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment management and custodial fees.

Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board of directors (the 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 (or certain grantor) restrictions. Some donor imposed (or grantor) 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 restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. TCCU reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Revenue and Revenue Recognition

Contributions, including public support and other federal service revenue as shown on the consolidated statement of activities for the year ended June 30, 2021, 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. Consequently, at June 30, 2021 and 2020, conditional contributions consisting mainly of cost reimbursement grants where costs were not yet incurred at June 30, 2021 and 2020, for which no amounts had been received in advance and approximating \$820,000 and \$495,000, respectively, have not been recognized in the accompanying consolidated financial statements. TCCU records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place.

TCCU recognizes all revenue from program services at the time services are performed. Program service fees and payments under contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to TCCU's program services, administration, and fundraising and development activities; however, the consolidated financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. TCCU records donated professional services at the respective fair values of the services received. No significant contributions of such goods or services were received during the years ended June 30, 2021 and 2020.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated 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. The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, utilities, repair and maintenance, which are allocated on a square footage basis, as well as salaries and related, office expenses, insurance, and other, which are allocated on the basis of estimates of time and effort.

Income Taxes

The Children's Center Utah is organized as a Utah nonprofit corporation and The Children's Center Utah Endowment Trust is organized as a trust. The entities have been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as organizations described in Section 501(c)(3), that qualify for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and (viii), and have been determined not to be private foundations under Sections 509(a)(1) and (3), respectively. Each entity is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the entities are subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. Each entity 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.

Historic Oquirrh School Manager, Inc. is taxed as a corporation but does not have any significant differences between book and tax accounting. Therefore, no tax provision is recorded in the accompanying consolidated financial statements.

Each entity 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 consolidated financial statements. The entities 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 consolidated 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 consolidated 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

TCCU manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, TCCU has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from board members, governmental agencies, and foundations supportive of TCCU's mission. Investments are made by diversified investment managers whose performance is monitored by management and the Investment Committee of the Board of Trustees. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the Investment Committee believe that the investment policies and guidelines are prudent for the long-term welfare of TCCU.

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date, comprise the following at June 30, 2021 and 2020:

	2021	2020
Cash and cash equivalents	\$ 3,998,086	\$ 2,276,851
Accounts receivable, net	899,126	248,879
Unconditional promises to give, net	455,346	451,406
Endowment spending-rate distributions and appropriations - board designated (estimated)	772,648	1,130,871
With donor restrictions	(860,000)	(739,500)
	\$ 5,265,206	\$ 3,368,507

Endowment funds consist of donor-restricted endowments and funds designated by the Board as endowments. Income from the donor-restricted endowment funds and funds designated by the Board are both available for general expenditure. The endowment is subject to an annual spending rate formula as described in Note 6. Although TCCU does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), the funds designated by the Board could be made available for operational purposes if necessary.

Additionally, TCCU has a business revolving line of credit that can be drawn up to \$500,000 (Note 7).

Note 3 - Promises to Give

Unconditional promises to give are estimated to be collected as follows at June 30, 2021 and 2020:

	2021	2020
Within one year	\$ 456,485	\$ 452,545
In one to five years	-	340,000
Discount and allowance	(1,139)	(1,139)
	\$ 455,346	\$ 791,406

Note 4 - Property and Equipment

Property and equipment consists of the following at June 30, 2021 and 2020:

	2021	2020
Land	\$ 2,039,775	\$ 2,051,925
Buildings and leasehold improvements	9,587,613	11,236,036
Furniture, fixtures and equipment	1,304,333	1,197,877
Land improvements	213,134	244,233
	13,144,855	14,730,071
Less accumulated depreciation	(4,548,133)	(5,195,838)
	\$ 8,596,722	\$ 9,534,233

Note 5 - Fair Value Measurements and Disclosures

Certain assets are reported at fair value in the consolidated 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 TCCU can access 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, TCCU develops inputs 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 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 TCCU's assessment of the quality, risk or liquidity profile of the asset or liability.

TCCU's endowment investment assets are classified within Level 1 because they are comprised of common stocks with readily determinable fair values based on quoted market prices and open-end mutual funds with readily determinable fair values based on daily redemption values.

The following table presents assets measured at fair value on a recurring basis at June 30, 2021:

Assets	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)
Cash and money market funds (at cost)	\$ 109,811	\$ -	\$ -	\$ -
Common stocks	3,032,842	3,032,842	-	-
Mutual funds - stocks	2,068,431	2,068,431	-	-
Mutual funds - bonds	4,205,703	4,205,703	-	-
Mutual funds - real assets	224,527	224,527	-	-
Mutual funds - alternatives	191,996	191,996	-	-
Total assets at fair value	\$ 9,833,310	\$ 9,723,499	\$ -	\$ -

The following table presents assets measured at fair value on a recurring basis at June 30, 2020:

Assets	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)
Cash and money market funds (at cost)	\$ 445,187	\$ -	\$ -	\$ -
Common stocks	2,070,024	2,070,024	-	-
Mutual funds - stocks	3,519,779	3,519,779	-	-
Mutual funds - bonds	1,729,505	1,729,505	-	-
Mutual funds - real assets	162,157	162,157	-	-
Mutual funds - alternatives	99,302	99,302	-	-
Total assets at fair value	\$ 8,025,954	\$ 7,580,767	\$ -	\$ -

Note 6 - Endowment

TCCU's endowment (the Endowment) was established by donors to provide annual funding for specific activities and general operations. The Endowment also includes certain unrestricted net assets designated for quasi-endowment by the Board. Net assets associated with Endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

TCCU's Board has interpreted the Utah 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, 2021 and 2020, there were no such donor stipulations. As a result of this interpretation, TCCU classifies as net assets with donor restrictions (a) the original value of gifts donated to the Endowment, (b) the original value of subsequent gifts donated to the Endowment (including promises to give net of discount and allowance for doubtful accounts, and (c) accumulations to the Endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. The remaining portion of the donor-restricted Endowment is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by TCCU in a manner consistent with the standard of prudence prescribed by UPMIFA.

The following factors are considered 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

The Endowment net asset composition by type of fund is as follows:

	Without Donor Restriction	With Donor Restriction	Total
<u>June 30, 2021</u>			
Board-designated quasi-endowment	\$ 6,431,896	\$ -	\$ 6,431,896
Donor-restricted endowment			
Original donor-restricted gift amount and amount required to be maintained in perpetuity by donor	-	1,995,000	1,995,000
Accumulated investment gains	-	1,406,414	1,406,414
	<u>\$ 6,431,896</u>	<u>\$ 3,401,414</u>	<u>\$ 9,833,310</u>
<u>June 30, 2020</u>			
Board-designated quasi-endowment	\$ 5,128,597	\$ -	\$ 5,128,597
Donor-restricted endowment			
Original donor-restricted gift amount and amount required to be maintained in perpetuity by donor	-	1,995,000	1,995,000
Accumulated investment gains	-	902,357	902,357
	<u>\$ 5,128,597</u>	<u>\$ 2,897,357</u>	<u>\$ 8,025,954</u>

Investment and Spending Policies

The Endowment was established to support the treatment of young children with emotional and behavioral problems and their families. Amounts, once appropriated by the Board, may be distributed for the unrestricted use of TCCU.

The investment objective is to preserve and grow principal. The spending policy for the Endowment was established to allow for growth in excess of the long-term inflation rate. Distributions of income and up to 25% of the principal may be made with approval of the Board.

Changes in Endowment net assets for the year ending June 30, 2021, are as follows:

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of year	\$ 5,128,597	\$ 2,897,357	\$ 8,025,954
Investment return			
Investment income, net of fees	51,862	29,298	81,160
Net realized and unrealized gain	<u>1,103,042</u>	<u>623,154</u>	<u>1,726,196</u>
	6,283,501	3,549,809	9,833,310
Appropriation of endowment assets pursuant to spending-rate policy	<u>148,395</u>	<u>(148,395)</u>	<u>-</u>
Endowment net assets, end of year	<u>\$ 6,431,896</u>	<u>\$ 3,401,414</u>	<u>\$ 9,833,310</u>

Changes in Endowment net assets for the year ending June 30, 2020, are as follows:

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of year	\$ 6,050,841	\$ 3,071,974	\$ 9,122,815
Investment return			
Investment income, net of fees	72,170	55,873	128,043
Net realized and unrealized loss	<u>(98,119)</u>	<u>(76,785)</u>	<u>(174,904)</u>
	6,024,892	3,051,062	9,075,954
Distributions	(1,050,000)	-	(1,050,000)
Appropriation of endowment assets pursuant to spending-rate policy	<u>153,705</u>	<u>(153,705)</u>	<u>-</u>
Endowment net assets, end of year	<u>\$ 5,128,597</u>	<u>\$ 2,897,357</u>	<u>\$ 8,025,954</u>

Endowment assets are invested as follows at June 30, 2021 and 2020:

	2021	2020
Cash and cash equivalents	\$ 109,811	\$ 445,187
Investments	9,723,499	7,580,767
	\$ 9,833,310	\$ 8,025,954

Note 7 - Line of Credit

During the year ended June 30, 2020, TCCU entered into a \$500,000 revolving line of credit with a bank, secured by the endowment and generally all assets of TCCU. Borrowings under the line bear interest at the three-month London Interbank Offered Rate (LIBOR) plus 1.9% (2.9% at June 30, 2021). Unused commitments are subject to interest at a rate of 0.25% per annum. Accrued interest and principal are due at maturity (February 13, 2022). The agreement requires TCCU to comply with certain financial and non-financial covenants. At June 30, 2021 and 2020, the outstanding balance on the line of credit was \$400,000 and \$0, respectively.

Note 8 - Paycheck Protection Program (PPP) Loan

On April 10, 2020, TCCU was granted a \$879,371 loan under the Paycheck Protection Program (PPP) administered by a Small Business Administration (SBA) approved partner. The loan was uncollateralized and fully guaranteed by the Federal government. TCCU initially recorded a note payable and subsequently recorded forgiveness when the loan obligation was legally released by the SBA. TCCU recognized \$884,852 (\$879,371 principal and \$5,481 interest) of loan forgiveness income for the year ended June 30, 2021.

On January 26, 2021, TCCU was granted a \$815,454 loan under the Paycheck Protection Program (PPP) administered by a Small Business Administrative (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the federal government. TCCU is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. TCCU has recorded a note payable and will record forgiveness upon being legally released from the loan by the SBA. On April 19, 2022, TCCU received forgiveness on this loan which will be recorded as forgiveness income during the year ended June 30, 2022.

Note 9 - Promise to Grant Space

During the year ended June 30, 2018, TCCU entered into a lease agreement with an unrelated nonprofit organization wherein TCCU committed to lease space to the nonprofit organization rent-free for a period of 15 years. In connection with this lease agreement, TCCU recorded a promise to grant space liability and amortized the liability over the term of the lease. The value of the promise to grant space was determined based on the estimated fair value of the leased space. At June 30, 2021 and 2020, the promise to grant space liability totals \$0 and \$191,712, respectively. On April 14, 2021, TCCU sold the building and terminated the lease with the unrelated nonprofit organization and recognized a gain for the unamortized portion of the lease liability.

Note 10 - Employee Benefits

TCCU sponsors a defined contribution retirement plan (the Plan). Eligible employees can make contributions to the Plan on a pre-tax basis. TCCU offers a three-year vesting schedule, with 50% at the end of year two and 100% at year three, immediate dollar-for-dollar matching up to 5% of their annual salary. During the years ended June 30, 2021 and 2020, TCCU contributed \$9,960 and \$106,591, respectively, to the Plan. TCCU terminated the Plan during the year ended June 30, 2021.

Note 11 - Net Assets with Donor Restrictions

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

	2021	2020
Subject to Expenditure for Specified Purpose		
Outpatient Services, Training, Capital Improvements	\$ 535,000	\$ 89,500
Promises to give, the proceeds from which have been restricted by donors	325,000	650,000
Subject to the Passage of Time		
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	130,346	141,406
Endowments		
Earnings subject to endowment spending policy appropriation	1,406,414	902,357
Perpetual in nature, earnings from which are subject to endowment spending policy appropriation	1,995,000	1,995,000
	\$ 4,391,760	\$ 3,778,263

Appropriations of earnings on endowment funds are available for the unrestricted use of TCCU subject to appropriation by the Board.

Note 12 - Contingencies

TCCU is subject to the usual contingencies in the normal course of operations relating to the performance of its tasks under its various programs. In the opinion of management, the ultimate settlement of any litigation, claims, and disputes in process will not have a material adverse effect on TCCU.

Note 13 - Subsequent Events

On April 19, 2022, TCCU received forgiveness in full of its \$815,454 PPP loan (Note 8), which will be recorded as forgiveness income during the year ended June 30, 2022.

The general investment market has declined significantly since June 30, 2021. TCCU's endowment, which is recorded at its fair value of \$9,833,310 at June 30, 2021, has declined to a fair value of approximately \$8,900,000 as of April 30, 2022.

TCCU has evaluated subsequent events through May 20, 2022, the date the consolidated financial statements were available to be issued.



Supplementary Information
June 30, 2021 and 2020

The Children's Center Utah and Affiliates

The Children's Center Utah
Consolidating Schedule of Financial Position
June 30, 2021

	The Children's Center Utah	The Children's Center Utah Endowment Trust	Historic Oquirrh School Manager, Inc.	Eliminations	Total
Assets					
Current Assets					
Cash and cash equivalents	\$ 3,291,061	\$ -	\$ 707,025	\$ -	\$ 3,998,086
Accounts receivable, net	899,126	-	207,240	(207,240)	899,126
Unconditional promises to give, net	455,346	-	-	-	455,346
Prepaid expenses and other assets	91,782	-	-	-	91,782
Total current assets	4,737,315	-	914,265	(207,240)	5,444,340
Property and Equipment, Net	2,385,699	-	6,211,023	-	8,596,722
Endowment	-	9,833,310	-	-	9,833,310
Other Assets	7,069,345	-	-	(7,069,345)	-
Total assets	\$ 14,192,359	\$ 9,833,310	\$ 7,125,288	\$ (7,276,585)	\$ 23,874,372
Liabilities and Net Assets					
Current Liabilities					
Accounts payable and other liabilities	\$ 557,190	\$ -	\$ 13,717	\$ (207,240)	\$ 363,667
Line of credit	400,000	-	-	-	400,000
Total current liabilities	957,190	-	13,717	(207,240)	763,667
Payroll Protection Program Loan	818,962	-	-	-	818,962
Total liabilities	1,776,152	-	13,717	(207,240)	1,582,629
Net Assets					
Equity	-	-	7,111,571	(7,111,571)	-
Without donor restrictions					
Undesignated	2,829,139	-	-	42,226	2,871,365
Investment in property and equipment	8,596,722	-	-	-	8,596,722
The Children's Center Trust	-	6,431,896	-	-	6,431,896
	11,425,861	6,431,896	-	42,226	17,899,983
With donor restrictions	990,346	3,401,414	-	-	4,391,760
Total net assets	12,416,207	9,833,310	7,111,571	(7,069,345)	22,291,743
Total liabilities and net assets	\$ 14,192,359	\$ 9,833,310	\$ 7,125,288	\$ (7,276,585)	\$ 23,874,372

The Children's Center Utah
Consolidating Schedule of Financial Position
June 30, 2020

	The Children's Center Utah	The Children's Center Utah Endowment Trust	Historic Oquirrh School Manager, Inc.	Eliminations	Total
Assets					
Current Assets					
Cash and cash equivalents	\$ 1,561,553	\$ -	\$ 715,298	\$ -	\$ 2,276,851
Accounts receivable, net	248,879	-	57,240	(57,240)	248,879
Unconditional promises to give, net	451,406	-	-	-	451,406
Prepaid expenses and other assets	40,165	-	-	-	40,165
Total current assets	2,302,003	-	772,538	(57,240)	3,017,301
Property and Equipment, Net	3,072,746	-	6,461,487	-	9,534,233
Unconditional Promises to Give, Less Current Portion	340,000	-	-	-	340,000
Endowment	-	8,025,954	-	-	8,025,954
Other Assets	7,069,345	-	-	(7,069,345)	-
Total assets	\$ 12,784,094	\$ 8,025,954	\$ 7,234,025	\$ (7,126,585)	\$ 20,917,488
Liabilities and Net Assets					
Current Liabilities					
Accounts payable and other liabilities	\$ 662,446	\$ -	\$ -	\$ (57,240)	\$ 605,206
Promise to grant space, current	15,976	-	-	-	15,976
Total current liabilities	678,422	-	-	(57,240)	621,182
Payroll Protection Program Loan	879,371	-	-	-	879,371
Promise to Grant Space, Less Current Portion	175,736	-	-	-	175,736
Total liabilities	1,733,529	-	-	(57,240)	1,676,289
Net Assets					
Equity	-	-	7,234,025	(7,234,025)	-
Without donor restrictions					
Undesignated	635,426	-	-	164,680	800,106
Investment in property and equipment	9,534,233	-	-	-	9,534,233
The Children's Center Trust	-	5,128,597	-	-	5,128,597
	10,169,659	5,128,597	-	164,680	15,462,936
With donor restrictions	880,906	2,897,357	-	-	3,778,263
Total net assets	11,050,565	8,025,954	7,234,025	(7,069,345)	19,241,199
Total liabilities and net assets	\$ 12,784,094	\$ 8,025,954	\$ 7,234,025	\$ (7,126,585)	\$ 20,917,488

The Children's Center Utah
Consolidating Schedule of Activities
Year Ended June 30, 2021

	The Children's Center Utah	The Children's Center Utah Endowment Trust	Historic Oquirrh School Manager, Inc.	Eliminations	Total
Public Support					
Contributions	\$ 1,535,571	\$ -	\$ -	\$ -	\$ 1,535,571
Special events, less cost of direct benefits to donors of \$37,921	739,687	-	-	-	739,687
	<u>2,275,258</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,275,258</u>
Revenue					
Program services					
Federal and state contracts	429,740	-	-	-	429,740
Private contracts	742,659	-	-	-	742,659
Private fees	749,617	-	-	-	749,617
	<u>1,922,016</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,922,016</u>
Less contractual allowances	(130,383)	-	-	-	(130,383)
Less bad debt	(50,081)	-	-	-	(50,081)
	<u>1,741,552</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,741,552</u>
Total program services revenue	<u>1,741,552</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,741,552</u>
Other federal service revenue	810,718	-	-	-	810,718
Endowment net investment return/(loss)	-	1,807,356	-	-	1,807,356
Rental income	-	-	150,000	(150,000)	-
PPP loan forgiveness	884,852	-	-	-	884,852
Gain on sale of property and equipment	762,183	-	-	-	762,183
Other revenue	263,284	-	-	-	263,284
	<u>2,721,037</u>	<u>1,807,356</u>	<u>150,000</u>	<u>(150,000)</u>	<u>4,528,393</u>
Total public support and revenue	<u>6,737,847</u>	<u>1,807,356</u>	<u>150,000</u>	<u>(150,000)</u>	<u>8,545,203</u>
Expenses					
Program services					
Therapeutic Preschool	1,736,655	-	142,080	(66,000)	1,812,735
Training, Consultation and Research	809,925	-	28,416	(21,000)	817,341
Outpatient Services	1,525,853	-	59,415	(45,000)	1,540,268
	<u>4,072,433</u>	<u>-</u>	<u>229,911</u>	<u>(132,000)</u>	<u>4,170,344</u>
Supporting services					
Management and general	710,943	-	29,627	(9,000)	731,570
Fundraising	588,829	-	12,916	(9,000)	592,745
	<u>1,299,772</u>	<u>-</u>	<u>42,543</u>	<u>(18,000)</u>	<u>1,324,315</u>
Total program and supporting services expenses	<u>5,372,205</u>	<u>-</u>	<u>272,454</u>	<u>(150,000)</u>	<u>5,494,659</u>
Change in Net Assets	1,365,642	1,807,356	(122,454)	-	3,050,544
Net Assets, Beginning of Year	<u>11,050,565</u>	<u>8,025,954</u>	<u>7,234,025</u>	<u>(7,069,345)</u>	<u>19,241,199</u>
Net Assets, End of Year	<u>\$ 12,416,207</u>	<u>\$ 9,833,310</u>	<u>\$ 7,111,571</u>	<u>\$ (7,069,345)</u>	<u>\$ 22,291,743</u>

The Children's Center Utah
Consolidating Schedule of Activities
Year Ended June 30, 2020

	The Children's Center Utah	The Children's Center Utah Endowment Trust	Historic Oquirrh School Manager, Inc.	Eliminations	Total
Public Support					
Contributions	\$ 2,096,485	\$ -	\$ -	\$ -	\$ 2,096,485
Special events, less cost of direct benefits to donors of \$16,471	623,555	-	-	-	623,555
	<u>2,720,040</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,720,040</u>
Revenue					
Program services					
Federal and state contracts	525,595	-	-	-	525,595
Private contracts	881,291	-	-	-	881,291
Private fees	426,172	-	-	-	426,172
	<u>1,833,058</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,833,058</u>
Less contractual allowances	(167,398)	-	-	-	(167,398)
Less bad debt	(49,666)	-	-	-	(49,666)
	<u>1,615,994</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,615,994</u>
Total program services revenue	<u>1,615,994</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,615,994</u>
Other federal service revenue	686,763	-	-	-	686,763
Endowment net investment return/(loss)	-	(46,861)	-	-	(46,861)
Rental income	-	-	150,000	(150,000)	-
Other revenue	21,934	-	-	-	21,934
	<u>708,697</u>	<u>(46,861)</u>	<u>150,000</u>	<u>(150,000)</u>	<u>661,836</u>
Total public support and revenue	<u>5,044,731</u>	<u>(46,861)</u>	<u>150,000</u>	<u>(150,000)</u>	<u>4,997,870</u>
Expenses					
Program services					
Therapeutic Preschool	2,173,766	-	141,887	(66,000)	2,249,653
Training, Consultation and Research	722,970	-	28,377	(21,000)	730,347
Outpatient Services	1,638,832	-	59,334	(45,000)	1,653,166
	<u>4,535,568</u>	<u>-</u>	<u>229,598</u>	<u>(132,000)</u>	<u>4,633,166</u>
Supporting services					
Management and general	708,521	-	15,742	(9,000)	715,263
Fundraising	595,936	-	12,899	(9,000)	599,835
	<u>1,304,457</u>	<u>-</u>	<u>28,641</u>	<u>(18,000)</u>	<u>1,315,098</u>
Total program and supporting services expenses	<u>5,840,025</u>	<u>-</u>	<u>258,239</u>	<u>(150,000)</u>	<u>5,948,264</u>
Change in Net Assets	(795,294)	(46,861)	(108,239)	-	(950,394)
Net Assets, Beginning of Year	10,795,859	9,122,815	7,342,264	(7,069,345)	20,191,593
Transfer of net assets	1,050,000	(1,050,000)	-	-	-
Net Assets, End of Year	<u>\$ 11,050,565</u>	<u>\$ 8,025,954</u>	<u>\$ 7,234,025</u>	<u>\$ (7,069,345)</u>	<u>\$ 19,241,199</u>



**Independent Auditor’s Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Consolidated Financial Statements Performed in
Accordance with *Government Auditing Standards***

To the Board of Directors
The Children's Center 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 consolidated financial statements of The Children's Center Utah, which comprise the consolidated 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 consolidated financial statements, and have issued our report thereon dated May 20, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered The Children's Center Utah'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Children's Center Utah’s internal control. Accordingly, we do not express an opinion on the effectiveness of The Children's Center 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 consolidated 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 The Children's Center Utah's consolidated 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*.

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.



Salt Lake City, Utah
May 20, 2022



Independent Auditor's Report on Compliance for the Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Directors
The Children's Center Utah
Salt Lake City, Utah

Report on Compliance for the Major Federal Program

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

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for The Children's Center 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 States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about The Children's Center 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 The Children's Center Utah's compliance.

Opinion on the Major Federal Program

In our opinion, The Children's Center Utah's 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 program for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of The Children's Center Utah is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered The Children's Center Utah's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 an opinion on the effectiveness of The Children's Center Utah's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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



Salt Lake City, Utah
May 20, 2022

The Children's Center Utah
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
U.S. Department of Health & Human Services			
Passed through Utah State Department of Workforce Services			
CCDF Cluster			
Child Care and Development Block Grant	93.575	16DWS0081	\$ 80,652
Child Care and Development Block Grant	93.575	17DWS0002	339,324
Child Care and Development Block Grant	93.575	21DWS0065	<u>387,381</u>
Total CCDF Cluster			807,357
Passed through the State of Utah Department of Human Services			
Substance Abuse and Mental Health Services	93.958	Unavailable	44,213
Passed through Zero to Three: National Center for Infants, Toddlers, and Families			
Maternal and Child Health Federal Consolidated Programs	93.110	Unavailable	<u>74,744</u>
Total U.S. Department of Health & Human Services			<u>926,314</u>
Total Federal Financial Assistance			<u>\$ 926,314</u>

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of The Children's Center Utah (TCCU) under programs of the federal government for the year ended June 30, 2021. 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 TCCU, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of TCCU.

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

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

Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	No
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	No
Type of auditor's 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
Child Care and Development Block Grant	93.575
Dollar threshold used to distinguish between type A and type B programs	\$ 750,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None