APPLICATION FOR FEE WAIVER

SALT LAKE COUNTY

NAME OF ORGANIZATION: Community Development Corporation of Utah; Project Homeless Connect

ADDRESS: 501 E 1700 S

CITY: Salt Lake City STATE: UT ZIP CODE: 84105

CONTACT PERSON: Mike Akerlow PHONE NUMBER: 801-944-7222 EMAIL: Mike@phcslc.org

ORGANIZATION OVERVIEW (which could include mission, history, and demographics served):

Project Homeless Connect is a non-profit organization that hosts a one day event annually to provide much needed services for those experiencing homelessness. We bring together service providers from medical, dental, vision, barbers, stylists, recovery/rehab, veterans services, wound care,immunizations, legal aid, housing aid, etc. to help our homeless friends with the services they need all at one event on one day.

Have you previously requested a fee waiver from SLCo? Yes

If yes, when and for what facility? 10/25/2019 Salt Palace

What fees are you requesting be waived? Rental Fee

Fee waiver value $ 30,000

Please describe your justification for requesting the fee waiver:

This is a non-revenue event aimed at providing vital services for those experiencing homelessness in Salt Lake County.

PLEASE ATTACH:

- [x] Copy of organization's nonprofit status.
- [x] Flyer, invitation or event announcement.
- [x] Copy of independent audit. If you do not have one, please enclose a copy of current financial statements.

The undersigned hereby acknowledges that he or she has authority to bind the organization listed in the applicant. The applicant accepts the following terms and conditions as a condition of receiving and using County funds or the waiver of fees: County funds will be used solely for the purposes approved by the Mayor of Salt Lake County as applied for in this applicant. Any expenditure for purposes other than those approved will require a return of the entire grant amount and may disqualify the applicant from receiving any additional County funds. It is further understood that no grant fund will be made available to any County officer of employee or in violation of the requirements of the Public Employees Ethics Act (67-16-1 et seq.). No grant funds will be used for political or campaign purposes. As a further condition of the grant, all County funds may be subject to an audit as required by Salt Lake County. The grantee is required to complete the Disbursement of Funds Report Form for contributions more than $2,500.00.

Dated this 13th day of January, 2023. Applicant Michael Akerlow (Jan 13, 2023 14:14 MST)

IRS Department of the Treasury
Internal Revenue Service
P.O. Box 2508
Cincinnati OH 45201

In reply refer to: 0248667579
Oct. 21, 2011 LTR 4168C E0
87-0476889 000000 00
00013336
BODC: TE

COMMUNITY DEVELOPMENT CORPORATION
OF UTAH
501 E 1700 S
SALT LAKE CTY UT 84105-2915

012686

Employer Identification Number: 87-0476889
Person to Contact: Mr Gerding
Toll Free Telephone Number: 1-877-829-5500

Dear Taxpayer:

This is in response to your Oct. 12, 2011, request for information regarding your tax-exempt status.

Our records indicate that you were recognized as exempt under section 501(c)(3) of the Internal Revenue Code in a determination letter issued in April 1991.

Our records also indicate that you are not a private foundation within the meaning of section 509(a) of the Code because you are described in section(s) 509(a)(1) and 170(b)(1)(A)(vi).

Donors may deduct contributions to you as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for Federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

Please refer to our website www.irs.gov/eo for information regarding filing requirements. Specifically, section 6033(j) of the Code provides that failure to file an annual information return for three consecutive years results in revocation of tax-exempt status as of the filing due date of the third return for organizations required to file. We will publish a list of organizations whose tax-exempt status was revoked under section 6033(j) of the Code on our website beginning in early 2011.

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OCT 24 2011

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COMMUNITY DEVELOPMENT CORPORATION
OF UTAH
501 E 1700 S
SALT LAKE CTY UT 84105-2915

If you have any questions, please call us at the telephone number shown in the heading of this letter.

Sincerely yours,

Doris P. Kenwright

Doris Kenwright, Operation Mgr.
Accounts Management Operations 1

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COMMUNITY DEVELOPMENT CORPORATION OF UTAH

Combined Financial Statements
and Single Audit Information
For the Years Ended June 30, 2022 and 2021
Together with Independent Auditors' Report

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To the Board of Directors
Community Development Corporation of Utah

Opinion

We have audited the accompanying combined financial statements of Community Development Corporation of Utah and its affiliates (collectively, the Organization), which comprise the combined statements of financial position as of June 30, 2022 and 2021, the related combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of Community Development Corporation of Utah and affiliates as of June 30, 2022 and 2021, and the changes in their net assets and their cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Management's Responsibilities for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Supplementary Information
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards for the year ended June 30, 2022, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (the Uniform Guidance)*, 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 a report dated September XX, 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, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

September XX, 2022

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Combined Statements of Financial Position

		As of June 30,
	2022	**2021**
Assets		
Cash	$ 1,217,790	$ 1,678,906
Restricted cash	630,929	1,151,077
Investments	214,536	214,666
Government and other receivables	594,417	955,426
Prepaid expenses	32,928	37,400
Tenant security deposits	11,892	62,657
Property held for development, rehabilitation and sale	3,259,336	7,169,134
Intangible asset	51,924	51,924
Property and equipment, net	4,471,520	2,566,567
Mortgage loans receivable, net	521,578	600,644
Deferred notes receivable	198,941	140,989
Total assets	$ 11,205,791	$ 14,629,390
Liabilities and Net Assets		
Liabilities:		
Accounts payable	$ 80,609	$ 415,128
Government payables	289,870	352,101
Accrued expenses	493,503	1,179,437
Refundable deposits	66,943	64,613
Deferred revenue	56,395	-
Lines of credit	1,538,299	3,635,944
Notes payable	5,063,517	5,563,787
Total liabilities	7,589,136	11,211,010
Commitments and contingencies		
Net assets:		
Without donor restrictions	2,828,265	2,705,142
With donor restrictions	788,390	713,238
Total net assets	3,616,655	3,418,380
Total liabilities and net assets	$ 11,205,791	$ 14,629,390

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Combined Statements of Activities

	For the Years Ended June 30,	
	2022	**2021**
Change in net assets without donor restrictions:		
Revenues, support, net gains, and reclassifications:		
Property sales	$ 8,398,155	$ 8,967,158
Cost of sales	(8,214,386)	(8,659,941)
Net property sales	183,769	307,217
Rental income	279,447	304,725
Vacancies	(6,202)	(18,825)
Net tenant rent	273,245	285,900
Government grants	1,170,015	889,575
Other grants and contributions	242,308	171,195
Sales commissions	223,408	200,477
Interest income	45,268	80,426
Project management fees	295,004	380,377
Gain (loss) on sale of property and equipment	(2,226)	19,758
Other revenues	13,827	34,483
Net assets released from restrictions	477,248	674,082
Total revenues, support, net gains, and reclassifications	2,921,866	3,043,490
Expenses:		
Program services:		
Neighborhood Homeownership	411,792	525,001
Real Estate Development	371,680	262,675
Mortgage Assistance	331,857	271,811
Affordable Housing	282,276	241,024
Down Payment Assistance	743,659	483,337
Homebuyer Counseling and Education	175,542	155,618
Community Development Fund of Utah	114,211	124,201
Total program services	2,431,017	2,063,667
Supporting services:		
Management and general	302,048	282,297
Fundraising	65,678	80,128
Total supporting services	367,726	362,425
Total expenses	2,798,743	2,426,092
Increase in net assets without donor restrictions	$ 123,123	$ 617,398

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Combined Statements of Activities - Continued

	For the Years Ended June 30,	
	2022	**2021**
Change in net assets with donor restrictions:		
Other grants and contributions	$ 352,400	$ 299,500
Government grants	200,000	-
Other revenues	-	76,655
Net assets released from restrictions	(477,248)	(674,082)
Increase (decrease) in net assets with donor restrictions	75,152	(297,927)
Increase in net assets	198,275	319,471
Net assets, beginning of the year	3,418,380	3,098,909
Net assets, end of the year	$ 3,616,655	$ 3,418,380

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Combined Statement of Functional Expenses

For the Year Ended June 30, 2022

	Program Services							Supporting Services		
	Neighborhood Homeownership	Real Estate Development	Mortgage Assistance	Affordable Housing	Down Payment Assistance	Homebuyer Counseling and Education	Community Development Fund of Utah	Management and General	Fundraising	Total Expenses
Bad debt (recovery)	$ -	$ -	$ -	$ (596)	$ -	$ -	$ -	$ -	$ -	$ (596)
Bank fees	-	-	-	-	29	-	1,711	8,869	-	10,609
Compensation and related expenses	81,306	246,562	45,795	37,404	91,255	145,661	73,644	214,530	24,178	960,335
Computer maintenance and software	2,727	5,988	1,579	664	5,086	3,874	2,764	5,195	126	28,003
Conferences and marketing	185	289	123	281	109	920	237	340	10	2,494
Depreciation and amortization	9,632	3,293	2,481	43,570	3,482	3,459	-	3,949	848	70,714
Down payment assistance	-	-	-	-	622,425	-	-	-	-	622,425
Dues and subscriptions	940	3,129	1,474	2,150	2,385	5,101	5,192	916	190	21,477
Housing development and rehabilitation	204,581	-	-	-	-	-	-	-	-	204,581
Insurance	16,874	7,759	1,134	7,473	1,295	1,133	1,633	5,080	162	42,543
Interest	11,931	64,355	-	99,848	-	-	13,332	2,552	-	192,018
Mortgage assistance	-	-	262,427	-	-	-	-	-	-	262,427
Neighborhood homeownership	-	-	-	-	-	-	-	-	-	-
Office expense	3,463	1,196	821	396	607	814	515	3,163	108	11,083
Outreach and advertising	257	429	1,174	832	1,810	3,457	2,082	182	562	10,785
Postage and printing	321	449	348	76	143	164	278	586	25	2,390
Professional fees	39,031	7,791	9,282	17,628	11,283	5,248	8,352	42,489	38,767	179,871
Program expenses	22,000	10,739	-	-	-	1,707	1,090	-	-	35,536
Real estate taxes	2,365	4,306	-	-	-	-	-	-	-	6,671
Repairs and maintenance	6,729	8,951	2,199	43,769	1,679	1,517	1,264	7,561	334	74,003
Telephone	1,679	1,081	1,324	247	851	947	925	2,417	115	9,586
Travel and mileage	120	1,434	7	65	5	4	11	1,036	120	2,802
Utilities	7,135	3,000	1,122	26,422	813	740	1,135	2,338	118	42,823
Other	516	929	567	2,047	402	796	46	845	15	6,163
Total expenses	$ 411,792	$ 371,680	$ 331,857	$ 282,276	$ 743,659	$ 175,542	$ 114,211	$ 302,048	$ 65,678	$ 2,798,743

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Combined Statement of Functional Expenses

For the Year Ended June 30, 2021

	Program Services							Supporting Services		
	Neighborhood Homeownership	Real Estate Development	Mortgage Assistance	Affordable Housing	Down Payment Assistance	Homebuyer Counseling and Education	Community Development Fund of Utah	Management and General	Fundraising	Total Expenses
Bad debt (recovery)	$ 16,839	$ -	$ -	$ -	$ (8,686)	$ -	$ (18,392)	$ -	$ -	$ (10,239)
Bank fees	574	128	-	-	-	59	-	8,655	9	9,425
Compensation and related expenses	137,378	212,225	50,354	29,046	75,935	122,872	79,532	210,225	32,757	950,324
Computer maintenance and software	6,055	3,606	1,796	796	1,856	1,895	2,697	3,850	594	23,145
Conferences and marketing	-	-	-	307	-	778	327	-	-	1,412
Depreciation and amortization	14,115	2,610	2,970	32,926	583	1,153	-	7,350	124	61,831
Down payment assistance	-	-	-	-	401,110	-	-	-	-	401,110
Dues and subscriptions	2,127	2,258	731	-	939	2,758	1,733	2,943	115	13,604
Housing development and rehabilitation	227,678	6,954	-	-	-	-	-	-	-	234,632
Insurance	8,980	5,654	1,430	7,825	1,355	2,680	2,689	9,005	339	39,957
Interest	10,401	7,892	-	100,967	-	-	19,914	2,427	-	141,601
Mortgage assistance	-	-	206,787	-	-	-	-	-	-	206,787
Neighborhood homeownership	30,216	-	-	-	-	-	-	-	-	30,216
Office expense	3,616	1,004	446	429	631	1,037	1,158	3,883	24	12,228
Outreach and advertising	2,051	172	-	776	38	877	-	743	5	4,662
Postage and printing	768	61	-	82	70	62	124	394	-	1,561
Professional fees	40,869	14,721	5,821	10,860	7,437	14,537	29,463	14,468	45,472	183,648
Program expenses	-	-	-	-	-	-	-	-	-	-
Real estate taxes	-	-	-	-	-	-	-	-	-	-
Repairs and maintenance	5,605	1,232	-	27,498	862	754	1,274	5,990	457	43,672
Telephone	2,424	996	599	247	520	1,029	832	3,429	112	10,188
Travel and mileage	393	1,302	-	53	3	32	-	16	-	1,799
Utilities	8,137	1,198	877	26,105	436	862	1,441	4,161	109	43,326
Other	6,775	662	-	3,107	248	4,233	1,409	4,758	11	21,203
Total expenses	$ 525,001	$ 262,675	$ 271,811	$ 241,024	$ 483,337	$ 155,618	$ 124,201	$ 282,297	$ 80,128	$ 2,426,092

See accompanying notes to combined financial statements.

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Combined Statements of Cash Flows

	For the Years Ended June 30,	
	2022	**2021**
Cash flows from operating activities:		
Increase in net assets	$ 198,275	$ 319,471
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	70,714	61,831
Loss (gain) on sale of property and equipment	2,226	(19,758)
Adjustments to allowance for doubtful accounts	-	(18,392)
Gain on forgiveness of PPP loan	(141,750)	-
Interest expense attributable to amortization of debt issuance costs	1,062	1,062
Change in operating assets and liabilities:		
Government receivables	361,009	(637,923)
Prepaid expenses	4,472	(10,425)
Tenant security deposits	50,765	(24,745)
Property held for development, rehabilitation and sale	2,280,259	1,529,234
Mortgage loans receivable	79,066	224,677
Deferred notes receivable	(57,952)	(16,020)
Accounts payable	(334,519)	(277,877)
Government payables	(62,231)	(60,996)
Accrued expenses	(685,934)	288,601
Deferred revenue	56,395	-
Refundable deposits	2,330	950
Net cash provided by operating activities	1,824,187	1,359,690
Cash flows from investing activities:		
Purchases of property and equipment	(349,014)	(3,367)
Purchases of intangible assets	-	(51,924)
Proceeds from sale of property and equipment	660	239,547
Decrease (increase) in value of investments	130	(8)
Net cash provided by (used in) investing activities	(348,224)	184,248
Cash flows from financing activities:		
Borrowings from lines of credit	350,000	2,317,546
Repayments of lines of credit	(2,447,645)	(258,444)
Borrowings from notes payable	3,814,616	3,528,373
Repayments of notes payable	(4,174,198)	(6,320,542)
Net cash used in financing activities	(2,457,227)	(733,067)
Net change in cash and restricted cash	(981,264)	810,871
Cash and restricted cash, beginning of the year	2,829,983	2,019,112
Cash and restricted cash, end of the year	$ 1,848,719	$ 2,829,983
Supplemental disclosure of noncash investing and financing activities:		
Cash paid for interest	$ 52,990	$ 122,363
Supplemental disclosure of noncash investing and financing activities:		
Property held for development, rehabilitation and sale purchased with notes payable	$ -	$ 2,750,000
Property held for development, rehabilitation and sale transferred to property and equipment	1,629,539	-

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Notes to Combined Financial Statements

1. Summary of Significant Accounting Policies

Organization

Community Development Corporation of Utah (CDCU) is a not-for-profit organization organized under the laws of the state of Utah to develop sustainable and affordable housing, revitalize neighborhoods and communities, and promote self-sufficiency through home ownership throughout the state of Utah with an emphasis in certain Salt Lake County neighborhoods. The following programs are currently in operation:

Neighborhood Homeownership Program provides newly constructed or rehabilitated homes for sale to low or moderate income individuals. The Organization also partners with the U.S. Department of Housing and Urban Development (HUD) to administer the Asset Control Area (ACA) program in which HUD designates target neighborhood revitalization areas (based on low income, low homeownership rates, and high foreclosure rates), which allows CDCU to acquire HUD foreclosed homes at a discount of at least 50% of the fair market value, rehabilitate them, and resell the affordable housing to eligible homebuyers. This program includes home rehabilitation related to grants CDCU received for lead testing/abatement, energy efficiency modifications and emergency home repairs.

Real Estate Development Program assists with constructing new townhomes in Salt Lake City. CDCU sells the townhomes to low-income households with an area median income (AMI) between 20% and 50%. Certain units are provided to veterans, formerly homeless individuals, individuals with disabilities, senior individuals (62 years of age or older), as well as low-income families.

Mortgage Assistance Program provides temporary mortgage assistance for households impacted by the COVID-19 pandemic or those who are experiencing other financial hardships.

Affordable Housing preserves existing affordable housing by acquiring and rehabilitating multi-family properties that can be rented to low to moderate income residents.

Down Payment Assistance Program provides down payment assistance for first-time homebuyers with low to moderate incomes.

Homebuyer Counseling and Education Program provides financial counseling services and training classes to distressed or future homeowners.

Community Development Fund of Utah makes and services loans to homeowners for energy efficiency modifications as part of the Organization’s neighborhood revitalization activities and provides secondary mortgage financing for the acquisition and refinancing of primary residences. This program is operated by the Community Development Fund of Utah (Fund of Utah), a not-for-profit entity with common purpose and common management as CDCU. The Fund of Utah has been approved by the U.S. Department of Treasury to operate as a Community Development Financial Institution.

CDCU is the sole member in CDC Homes, LLC, a real estate brokerage firm, which is intended to reduce transaction costs associated with some of CDCU’s real estate transactions. CDCU is the sole member of Parker Willey LLC, CDCU-Richmond, LLC, and CDCU West Temple, LLC, real estate holding companies, which are intended to hold certain apartment complexes, and related debt, owned by CDCU.

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Combined Financial Statements

The accompanying combined financial statements include the consolidated accounts of Community Development Corporation of Utah, CDC Homes LLC (a wholly-owned subsidiary), Parker Willey LLC (a wholly-owned subsidiary), CDCU-Richmond, LLC (a wholly-owned subsidiary), and CDCU West Temple, LLC (a wholly-owned subsidiary), combined with the accounts of Community Development Fund of Utah (a not-for-profit entity with common board members and management) (collectively referred to as the "Organization"). All significant intercompany balances and transactions have been eliminated in the combined financial statements.

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United State of America (US GAAP), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications, as applicable:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and Board of Directors.

Net assets with donor restrictions: Net assets subject to restrictions imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where the donor stipulates the funds be maintained in perpetuity.

Use of Estimates

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

Concentrations of Credit Risk

Concentrations of government receivables as of June 30, 2022 and 2021 were as follows:

	2022	2021
Grantor A	48%	47%
Grantor B	18%	23%
Grantor C	16%	11%
Grantor D	*	19%

**Grantor did not account for 10% or more of government receivables in the respective year.*

Concentrations of government grant revenue for the years ended June 30, 2022 and 2021 were as follows:

	2022	2021
Grantor E	84%	65%
Grantor B	14%	*

**Grantor did not account for 10% or more of government grant revenue in the respective year.*

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Concentrations of grants and contributions revenue for the years ended June 30, 2022 and 2021 were as follows:

	2022	2021
Donor A	45%	*
Donor B	14%	24%
Donor C	*	16%

**Donor did not account for 10% or more of grants and contribution revenue in the respective year*

The Organization maintains cash in bank deposit accounts which, at times, exceed federally insured limits. As of June 30, 2022, the Organization had approximately $1,729,000 of cash that exceeded federally insured limits. To date, the Organization has not experienced a loss of or lack of access to its invested cash; however, no assurance can be provided that access to the Organization's cash will not be impacted by adverse conditions in the financial markets.

Restricted Cash

The Organization has $630,929 and $1,151,007 of restricted cash as of June 30, 2022 and 2021, respectively, related to government funding.

The following table provides a reconciliation of cash and restricted cash accounts reported within the combined statements of financial position to the total of the same amounts shown in the statements of cash flows as of June 30, 2022 and 2021:

	2022	2021
Cash	$ 1,217,790	$ 1,678,906
Restricted cash	630,929	1,151,077
Total cash and restricted cash	$ 1,848,719	$ 2,829,983

Investments

The Organization records investments at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at fair value in the combined statements of financial position. Unrealized gains and losses, net of investment management fees, are included in the change in net assets.

Property Held for Development, Rehabilitation and Sale

Property held for development, rehabilitation and sale represents property purchased in target areas for development and rehabilitation. Once rehabilitation is complete, these properties are sold to eligible third parties. Management reviews property held for development, rehabilitation and sale to determine estimated net realizable values. An impairment loss is recognized in the combined statements of activities for the excess of property carrying amounts over net realizable values. During the years ended June 30, 2022 and 2021, management determined that recording such an impairment loss was not necessary.

Property and Equipment and Intangibles

The Organization capitalizes all expenditures for property and equipment and intangibles for which the cost exceeds $500. Donated property and equipment are recorded at fair value on the date of donation. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

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Depreciation of property and equipment and amortization of leasehold improvements and intangibles are calculated using the straight-line method based on the shorter of the estimated useful lives or lease terms of the assets as follows:

Assets	Useful Lives
Equipment	3-10 years
Software	5 years
Building Improvements	5-39.5 years
Building	39.5 years

There was no amortization of software during the years ended June 30, 2022 and 2021.

Revenue Recognition

Revenue is measured as the amount of consideration that the Organization expects to receive in exchange for goods or services. Revenue is recognized after the Organization has (1) identified the customer contract, (2) identified the performance obligations in the contract, (3) determined the transaction price, (4) allocated the transaction price to the performance obligations in the contract, and (5) recognized revenue when the performance obligations have been satisfied. The Organization's revenue sources (other than contributions as discussed below), relate to the sale of properties held for sale and the related sales commissions, rental income, and project management fees.

Gains or losses from the sale of properties held for sale are recognized as revenue at the time the property is sold (point in time). Building and property costs are recorded as an asset until sold. Provision for estimated losses on completed but unsold projects is made in the period in which such losses are determined. Commissions related to the sale of properties held for sale are recognized upon the sale (point in time) and are included in sales commissions on the statements of activities.

Housing units are rented under operating lease agreements with terms of one year or less. Rental income from tenants is recognized in the month in which it is earned (over time). Tenant rent represents gross rent for all units. Vacancy losses are netted against rental income on the combined statements of activities.

Project management fees relate to a fee which the Organization receives once a rehabilitation project, requested by HUD, is completed and is either a fixed dollar amount or a percentage of the final property sale amount. The management fee is only recognized as revenue once the project is complete (point in time).

Contributions

Unconditional contributions received are recorded as with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. If a donor restriction expires in the same reporting period in which the support was initially recognized, that support is reported as an increase in net assets without donor restrictions. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the combined statements of activities as net assets released from restrictions.

Conditional promises to give, that is, those with a measurable performance or other barriers, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Certain revenues are recognized under cost reimbursement type contracts (the Organization has such contracts in each fiscal year) as eligible costs are incurred up to an annual maximum, resulting in performance barriers being met. The exact amounts to be received in future years under these reimbursement type contracts are unknown. The Organization has no other conditional promises to give as of June 30, 2022 and 2021.

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Donated Services and In-kind Contributions

In-kind contributions are recorded as support at their estimated fair value on the date of donation. Such donations are reported as support without donor restrictions unless the donor has restricted the donated item to a specific purpose. Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by individuals possessing those skills, and would otherwise be purchased by the Organization. Many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific programs and assignments; however, those services generally do not meet the above criteria.

Expense Allocation

The Organization's policy is to allocate all indirect expenses of administrative overhead to program services and fundraising, based on employee hours.

Mortgage Loans Receivable

Mortgage loans receivable are 30-year loans receivable, which are recorded at the outstanding unpaid principal amount and any deferred fees or costs on originated loans less any adjustments due to estimated uncollectability or impairment.

Income Taxes

The Organization is a qualified charitable organization under Section 501(c)(3) of the Internal Revenue Code and under state of Utah regulations, and as such, is not subject to federal or state income taxes on exempt purpose income. CDCU is subject to taxation on unrelated business income, if any. As limited liability companies with one member, CDC Homes, LLC, Parker Willey LLC, CDCU-Richmond, LLC, and CDCU West Temple, LLC are considered disregarded entities for tax purposes. The activities and balances of each of these entities are included with those of CDCU for tax reporting purposes.

A liability for uncertain tax positions initially needs to be recognized in the financial statements when it is more-likely-than-not the position will not be sustained upon examination by tax authorities. As of June 30, 2022 and 2021, CDCU had no uncertain tax positions that qualify for either recognition or disclosure in the combined financial statements.

Reclassifications

Certain amounts in the combined financial statements for the year ended June 30, 2021 have been reclassified to conform to the presentation for the year ended June 30, 2022.

Subsequent Events

Subsequent events have been evaluated through September XX, 2022, which is the date the accompanying financial statements were available to be issued.

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2. Liquidity and Availability

Financial assets which are available for general expenditure, meaning they are without donor or other restrictions limiting their uses within one year of the most recent date of the combined statement of financial position, comprise the following:

		2022		2021
Cash	$	1,217,790	$	1,678,906
Restricted cash		630,929		1,151,077
Investments		214,536		214,666
Government and other receivables		594,417		955,426
Current portion of mortgage loans receivable		16,490		15,148
Total financial assets		2,674,162		4,015,223
Less amounts not available to be used within one year:				
Net assets with donor restrictions		(473,076)		(543,388)
Financial assets available for general expenditure within one year	$	2,201,086	$	3,471,835

The Organization regularly monitors liquidity in order to meet its operating needs and other contractual commitments using budgets and cash flow projections, while also striving to maximize the investment of its available funds. Restricted cash from donors is included in the table above as it is available for use for program expenses within one year and is not restricted by time. The Organization also has approximately $9,962,000 of unused credit under line of credit agreements as of June 30, 2022.

Operations are funded primarily from government agencies, private donors, and third-party payors. The Organization's receivables are primarily due from government agencies or secured by real property.

The combined statements of cash flows identify the sources and uses of the Organization's cash and restricted cash that resulted in positive cash flows from operating activities during the years ended June 30, 2022 and 2021 of approximately $1,824,000 and $1,360,000, respectively.

3. Investments at Fair Value

US GAAP defines fair value and establishes a framework for measuring fair value. The standard provides a consistent definition of fair value which focuses on an exit price between market participants in an orderly transaction. The standard also prioritizes, within the measurement of fair value, the use of market-based information over entity-specific information and establishes a three-level hierarchy for fair value measurements based on the transparency of information used in the valuation of an asset or liability as of the measurement date.

- Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.
- Level 2 Observable inputs other than quoted prices in active markets for identical assets and liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 Prices or valuation techniques that require inputs that are both significant to the fair value measurement and are unobservable (supported by little or no market activity).

All investments are mutual funds and considered to be Level 1.

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4. Property Held for Development, Rehabilitation and Sale

The Organization owns several properties within the state of Utah which are in the process of being developed or rehabilitated for sale to low or moderate income individuals. These assets are held for resale purposes only and are not intended for long-term ownership or use by the Organization. These properties are funded with federal funds that must be paid back when the properties are sold.

As of June 30, 2022 and 2021, the Organization has capitalized interest totaling $157,086 and $157,086, respectively. These interest costs are capitalized and included in property held for development, rehabilitation and sale and are expensed as cost of sales in the combined statements of activities when the properties are sold.

Property held for development, rehabilitation and sale consists of the following at June 30:

	2022	2021
Land	$ 1,501,480	$ 3,321,000
Residential real estate	1,757,856	3,848,134
Total	$ 3,259,336	$ 7,169,134

5. Property and Equipment

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

	2022	2021
Buildings	$ 2,036,214	$ 1,986,731
Building improvements	328,582	314,764
Land	2,499,700	600,400
Equipment	120,922	120,586
Total	4,985,418	3,022,481
Accumulated depreciation and amortization	(513,898)	(455,914)
Property and equipment, net	$ 4,471,520	$ 2,566,567

Depreciation and amortization expense for property and equipment for the years ended June 30, 2022 and 2021 totaled $70,714 and $61,831, respectively.

6. Mortgage Loans Receivable and Deferred Notes Receivable

As of June 30, 2022 and 2021, deferred notes receivable are comprised of loans to homeowners to provide financing for energy efficiency retrofits. These loans have terms ranging from five to ten years and are secured by trust deeds. All loans have an interest rate of 5.0% with amortizing payments due monthly. The loans have underlying funding from a grant provided by Salt Lake County.

The Organization offers loans that are collateralized by real property. The loans are generally 30 year mortgage loans. These loans are initially recorded, and carried thereafter, at cost. The loans typically provide monthly payments of principal and interest and bear interest rates between 5.5% and 7%.

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Scheduled principal receipts from mortgage loans receivable as of June 30, 2022 are as follows:

Years Ending June 30,		
2023	$	16,490
2024		34,681
2025		36,805
2026		39,060
2027		41,452
Thereafter		506,662
		675,150
Less: allowance for uncollectible receivables		(52,230)
Total	$	622,920

Mortgage loans receivable are stated at the unpaid principal amount reduced by the loan loss reserve. The loan loss reserve is maintained at a level considered adequate to provide for estimated future credit losses, based on past experience. The reserve is increased by provisions charged to operating expense and reduced by net charge-offs.

For the years ended June 30, 2022 and 2021, the aggregate amount of mortgage loans issued by the Organization was $78,051 and $0, respectively. The loans issued were offset by principal repayments of $157,117 and $206,285 for the years ended June 30, 2022 and 2021, respectively. For the years ended June 30, 2022 and 2021 the allowance for uncollectible mortgage loan receivables was $52,230 and $52,230, respectively.

Deferred notes receivable are secured by the respective properties and are due when first mortgage obligations are satisfied or upon resale of the properties. For the years ended June 30, 2022 and 2021, management determined no allowance for uncollectible deferred notes receivable was necessary.

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7. Lines of Credit

Lines of credit consisted of the following as of June 30:

	2022	2021
$9,000,000 revolving line of credit with a financial institution to provide funding for property acquisition and construction. The line is due in June 2023 and requires quarterly interest payments. The interest rate is 1.00% below the prime rate (3.75% and 3.13% at June 30, 2022 and 2021, respectively). The line of credit is secured by certain assets including the Organization's office building.	$ 960,000	$ 2,766,411
$1,500,000 line of credit with a financial institution to provide funding for second mortgages for the Homefit program. The line is due in August 2028 and requires quarterly interest payments. The interest rate is 3.13%. The line of credit is unsecured.	303,299	519,533
$1,000,000 line of credit with a financial institution. The line is due in May 2023 and requires quarterly interest payments. The interest rate is BSBY plus 2.8% (2.98% and 3.07% as of June 30, 2022 and 2021, respectively). The line of credit is unsecured and is subject to certain financial covenants, which management believes they are in compliance with.	275,000	350,000
Total lines of credit	$ 1,538,299	$ 3,635,944

Scheduled principal payments of lines of credit as of June 30, 2022 are as follows:

Years Ending June 30,	
2023	$ 1,235,000
2024 - 2027	-
Thereafter	303,299
Total	$ 1,538,299

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8. Notes Payable

Notes payable consisted of the following as of June 30:

	2022	2021
Note payable to Redevelopment Agency of Salt Lake City, due in one lump sum payment in March 2052, at an interest rate of 1.00%, secured by certain real property of the Organization.	$ 1,800,000	$ 1,535,200
Note payable to a financial institution due in monthly installments of $8,830, at an interest rate of 5.615%, with a maturity date of December 2028, secured by a deed of trust on all property and equipment.	1,490,817	1,482,802
Note payable to lender, due in one lump sum payment in May 2024, at an interest rate of 3.66%, secured by certain real property of the Organization.	1,215,000	1,215,000
Note payable to Salt Lake City Corporation, due in one lump sum payment in December 2028, at an interest rate of 3.00%, secured by certain real property of the Organization.	575,000	575,000
Note payable to a financial institution under the Utah Governor's Office of Economic Development Program, due in monthly installments of $625 beginning in May 2021, at an interest rate of 0.00%, with a maturity date of April 2025.	10,603	28,750
Note payable to the Housing Authority of the County of Salt Lake, due in one lump sum payment in January 2022, at an interest rate of 0.00%, secured by certain real property of the Organization, secured by a deed of trust on all property and equipment.	-	633,000
Note payable to a financial institution under the Paycheck Protection Program (PPP loan), at an interest rate of 1%, with a maturity date of April 2022. This note, and all accrued interest, was forgiven in July 2021.	-	123,000
Total notes payable	5,091,420	5,592,752
Less unamortized discounts	(27,903)	(28,965)
	$ 5,063,517	$ 5,563,787

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Scheduled principal payments of notes payable as of June 30, 2022 are as follows:

Years Ending June 30,	
2023	$ 29,285
2024	1,249,279
2025	34,947
2026	32,365
2027	34,045
Thereafter	3,711,499
	5,091,420
Less: unamortized discounts	(27,903)
Total	$ 5,063,517

9. Net Assets With Donor Restrictions

Net assets with donor restrictions consisted of the following as of June 30:

	2022	2021
Homefit Loans	$ 184,805	$ 190,021
Community Development Financial Institution	168,997	65,144
Warehouse rehabilitation	116,154	-
Counseling	115,565	85,888
Project Homeless Connect	83,370	103,909
Green and Healthy Home Initiative	76,748	53,711
Down Payment Assistance	42,751	134,850
Mortgage Assistance	-	79,715
Total net assets with donor restrictions	$ 788,390	$ 713,238

10. Commitments and Contingencies

The COVID-19 pandemic has caused business disruption through mandated and voluntary closings. While the disruption is currently expected to be temporary, there is still uncertainty due to new variants of COVID-19 that continue to emerge. The related financial impact, if any, cannot be reasonably estimated at this time.

11. Employee Benefit Plans

The Organization has a Simplified Employee Pension Plan (the SEP Plan). Employees who meet certain age and service requirements are eligible to participate in the SEP Plan. The Organization provides a contribution of 8% of eligible employees' compensation to the SEP Plan and contributions vest immediately to the employee. During the years ended June 30, 2022 and 2021, the Organization contributed approximately $52,000 and $44,000, respectively, to the Plan.

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Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2022

Federal Grantor/ Pass Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
Passed through Salt Lake County - Community Development Block Grant	14.218	not available	$ 181,363
Passed through Salt Lake City - Community Development Block Grant	14.218	not available	28,505
Passed through Taylorsville City - Community Development Block Grant	14.218	not available	62,179
Passed through Sandy City - Community Development Block Grant	14.218	not available	64,350
Passed through City of South Jordan - Community Development Block Grant	14.218	not available	40,277
Subtotal CFDA 14.218			376,674
Passed through Salt Lake County - Home Investment Partnership Program	14.239	not available	267,528
Passed through Salt Lake City - Home Investment Partnership Program	14.239	not available	156,100
Passed through Taylorsville City - Home Investment Partnership Program	14.239	not available	79,998
Subtotal CFDA 14.239			503,626
Total U.S. Department of Housing and Urban Development			880,300
U.S. Department of the Treasury			
COVID-19: Coronavirus Aid, Relief and Economic Security Act Mortgage Assistance	21.019	not applicable	20,000
Community Development Financial Institutions Rapid Response Program	21.024	not applicable	100,000
Total U.S. Department of Treasury			120,000
Total Expenditures of Federal Awards			$ 1,000,300

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Community Development Corporation of Utah (CDCU) under programs of the federal government for the year ended June 30, 2022.

The information in this Schedule is presented in accordance with the 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 CDCU, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of CDCU.

Note 2 – Summary of 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 subrecipients.

Note 3 – Indirect Cost Rate

CDCU has elected to use the 10% de minimis cost rate on certain grants.

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

To the Board of Directors
Community Development Corporation of 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 combined financial statements of Community Development Corporation of Utah and affiliates (the Organization), which comprise the combined statement of financial position as of June 30, 2022, the related combined statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to combined financial statements, and have issued our report thereon dated September XX, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

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Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

September XX, 2022

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

To the Board of Directors
Community Development Corporation of Utah

Report on Compliance for the Major Federal Program

Opinion on Each Major Federal Program
We have audited Community Development Corporation of Utah's (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the major federal program of the Organization for the year ended June 30, 2022. The Organization's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

Basis for Opinion on Major Federal Program
We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

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

Auditors' Responsibilities for the Audit of Compliance
Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally

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accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

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

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

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

Report on Internal Control over Compliance

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

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

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

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.

September XX, 2022

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Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2022

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified opinion

Internal control over financial reporting:

Material weakness(es) identified? ___ yes _X_ no

Significant deficiency(ies) identified that are not considered to be material weaknesses? ___ yes _X_ none reported

Noncompliance material to financial statements noted? ___ yes _X_ no

Federal Awards

Internal control over major program:

Material weakness identified? ___ yes _X_ no

Significant deficiency(ies) identified that are not considered to be material weaknesses? ___ yes _X_ none reported

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

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? __ yes _X_ no

Identification of major program:

CFDA Number	Name of Federal Program or Cluster
14.218	Community Development Block Grant

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

Auditee qualified as low-risk auditee? _X_ yes ___ no

Findings - Financial Statement Audit

There were no financial statement findings noted during the audit for the year ended June 30, 2022.

Findings and Questioned Costs – Major Federal Award Program Audit

There were no major federal award program findings noted during the audit for the year ended June 30, 2022.

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Summary Schedule of Prior Audit Findings

For the Year Ended June 30, 2022

<u>2021</u>

Findings:
There were no findings noted during the audit of the year ended June 30, 2021.