



**South Valley Sanctuary, Inc.**

**Financial Statements and Single Audit Information**

**with Independent Auditors' Reports**

**As of June 30, 2022**

**and for the year then ended**

**with summarized comparative information for 2021**

**South Valley Sanctuary, Inc.**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
South Valley Sanctuary, Inc.  
dba South Valley Services  
West Jordan, Utah

### *Opinion*

We have audited the accompanying financial statements of South Valley Sanctuary, Inc. dba South Valley Services (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of South Valley Sanctuary, Inc. dba South Valley Services as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

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

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 South Valley Sanctuary, Inc. dba South Valley Services' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### *Auditor's 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 auditor's 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of South Valley Sanctuary, Inc. dba South Valley Services' 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 South Valley Sanctuary, Inc. dba South Valley Services' 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, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

#### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our reported dated March 23, 2023 on our consideration of South Valley Sanctuary, Inc. dba South Valley Services' 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 South Valley Sanctuary, Inc. dba South Valley Services' 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 South Valley Sanctuary, Inc. dba South Valley Services' internal control over financial reporting and compliance.

***Report on Summarized Comparative Information***

We have previously audited South Valley Sanctuary, Inc. dba South Valley Services' June 30, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 14, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Bountiful Peak Advisors*

Bountiful, Utah  
March 23, 2023

# South Valley Sanctuary, Inc.

## Statement of Financial Position

June 30, 2022

With Summarized Comparative Information as of June 30, 2021

	<u>06/30/2022</u>	<u>06/30/2021</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 141,201	\$ 201,977
Accounts and grants receivable	265,048	304,921
Prepaid expenses	<u>28,210</u>	<u>10,645</u>
Total current assets	<u>434,459</u>	<u>517,543</u>
Investments, other, restricted	177,172	174,120
Land	130,700	130,700
Building and improvements	1,814,017	1,905,416
Equipment and furnishings	41,108	56,362
Accumulated depreciation	<u>(1,097,934)</u>	<u>(1,106,274)</u>
Total assets	<u>\$ 1,499,522</u>	<u>\$ 1,677,867</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable	\$ 12,022	\$ 15,720
Accrued payroll	99,989	118,754
Line of credit	48,511	-
Paycheck protection loan, current portion	<u>-</u>	<u>8,376</u>
Total current liabilities	<u>160,522</u>	<u>142,850</u>
Paycheck protection loan, net of current portion	<u>-</u>	<u>253,723</u>
Total liabilities	<u>160,522</u>	<u>396,573</u>
Net assets		
Without donor restrictions		
Undesignated	999,301	937,890
Board-designated	177,172	174,120
With donor restrictions	<u>162,527</u>	<u>169,284</u>
Total net assets	<u>1,339,000</u>	<u>1,281,294</u>
Total liabilities and net assets	<u>\$ 1,499,522</u>	<u>\$ 1,677,867</u>

See accompanying notes to financial statements.

## South Valley Sanctuary, Inc.

### Statement of Activities

Year Ended June 30, 2022

With Summarized Comparative Information for the Year Ended June 30, 2021

	June 30, 2022		06/30/2022 Total	06/30/2021 Total
	Without Donor Restrictions	With Donor Restrictions		
<b>REVENUES AND SUPPORT</b>				
Government grants	\$ 1,686,842	\$ 100,000	\$ 1,786,842	\$ 1,822,268
Foundation and corporate contributions	175,318	243,500	418,818	394,818
Contributions of nonfinancial assets	425,399	-	425,399	340,446
Paycheck protection loan forgiveness	262,099	-	262,099	216,500
Individual contributions	42,833	2,000	44,833	48,777
Investment income, net	3,052	-	3,052	3,272
Interest	2	-	2	41
Loss on disposal of property and equipment	(22,327)	-	(22,327)	-
Net assets released from restrictions	352,257	(352,257)	-	-
Total revenues and support	2,925,475	(6,757)	2,918,718	2,826,122
<b>EXPENSES</b>				
Program services	2,276,464	-	2,276,464	2,398,291
Management and general	428,929	-	428,929	399,772
Fundraising	155,619	-	155,619	141,301
Total expenses	2,861,012	-	2,861,012	2,939,364
Change in net assets	64,463	(6,757)	57,706	(113,242)
Net assets, beginning of year	1,112,010	169,284	1,281,294	1,394,536
Net assets, end of year	\$ 1,176,473	\$ 162,527	\$ 1,339,000	\$ 1,281,294

See accompanying notes to financial statements.

## South Valley Sanctuary, Inc.

### Statement of Functional Expenses

Year Ended June 30, 2022

With Summarized Comparative Information for the Year Ended June 30, 2021

**June 30, 2022**

	Program Services				Support Services			06/30/2022 Total	06/30/2021 Total
	Shelter Services	Case Management	Education & Outreach	Total	Management & General	Fundraising	Total		
Salaries and wages	\$ 539,156	\$ 423,266	\$ 70,907	\$ 1,033,329	\$ 192,492	\$ 119,129	\$ 311,621	\$ 1,344,950	\$ 1,476,011
Payroll taxes	42,422	32,707	5,522	80,651	18,557	9,199	27,756	108,407	113,198
Employee benefits	69,231	46,741	5,521	121,493	32,567	5,768	38,335	159,828	184,223
Clothing and household	324,365	-	-	324,365	-	-	-	324,365	234,016
Housing	62,840	237,969	-	300,809	-	-	-	300,809	274,048
Professional services	541	-	14,622	15,163	139,689	1,283	140,972	156,135	80,501
Food	101,034	-	-	101,034	123	9,529	9,652	110,686	96,290
Supplies	13,722	18,687	52,423	84,832	7,247	777	8,024	92,856	85,705
Depreciation	70,627	-	-	70,627	14,466	-	14,466	85,093	70,088
Repairs and maintenance	37,790	384	169	38,343	266	169	435	38,778	121,213
Occupancy	27,152	1,031	451	28,634	1,027	454	1,481	30,115	39,758
Information technology	16,398	2,987	556	19,941	5,970	3,915	9,885	29,826	44,790
Small and leased equipment	16,340	3,570	575	20,485	567	575	1,142	21,627	55,213
Travel	9,913	2,609	596	13,118	40	-	40	13,158	11,663
Communications	5,642	4,875	464	10,981	619	464	1,083	12,064	11,249
Conferences and training	443	1,287	27	1,757	7,145	-	7,145	8,902	15,454
Insurance	2,707	244	48	2,999	4,274	98	4,372	7,371	16,490
Dues and subscriptions	1,535	200	108	1,843	1,628	1,706	3,334	5,177	2,798
Miscellaneous	16	4,700	-	4,716	150	-	150	4,866	146
Bank and merchant	-	-	-	-	898	1,208	2,106	2,106	1,874
Office	296	8	-	304	722	385	1,107	1,411	3,628
Contract labor	1,040	-	-	1,040	-	-	-	1,040	829
Marketing	-	-	-	-	-	960	960	960	-
Interest	-	-	-	-	482	-	482	482	179
								-	
<b>Total expenses</b>	<b>\$ 1,343,210</b>	<b>\$ 781,265</b>	<b>\$ 151,989</b>	<b>\$ 2,276,464</b>	<b>\$ 428,929</b>	<b>\$ 155,619</b>	<b>\$ 584,548</b>	<b>\$ 2,861,012</b>	<b>\$ 2,939,364</b>

See accompanying notes to financial statements.

**South Valley Sanctuary, Inc.**  
**Statement of Cash Flows**  
**Year Ended June 30, 2022**  
**With Summarized Comparative Information for the Year Ended June 30, 2021**

	<u>06/30/2022</u>	<u>06/30/2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 57,706	\$ (113,242)
Items not requiring cash		
Depreciation	85,093	70,088
Loss on disposal of property and equipment	22,327	-
Paycheck protection loan forgiveness	(262,099)	(216,500)
Changes in		
Accounts and grants receivable	39,873	20,531
Prepays	(17,564)	24,813
Accounts payable	(3,698)	(4,339)
Accrued payroll	<u>(18,765)</u>	<u>43,017</u>
Net cash provided used in operating activities	<u>(97,127)</u>	<u>(175,632)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments, other	(3,052)	(3,272)
Purchase of property and equipment	<u>(9,108)</u>	<u>(116,740)</u>
Net cash used in investing activities	<u>(12,160)</u>	<u>(120,012)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from line of credit	49,999	262,099
Principal payments on line of credit	<u>(1,488)</u>	<u>-</u>
Net cash provided by financing activities	<u>48,511</u>	<u>262,099</u>
Net change in cash and cash equivalents	(60,776)	(33,545)
Cash and cash equivalents, beginning of year	<u>201,977</u>	<u>235,522</u>
Cash and cash equivalents, end of year	<u>\$ 141,201</u>	<u>\$ 201,977</u>
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH FINANCING ACTIVITIES</b>		
Paycheck protection loan forgiveness	<u>\$ (262,099)</u>	<u>\$ (216,500)</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid for interest	<u>\$ 482</u>	<u>\$ 179</u>
Cash paid for income taxes	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

# South Valley Sanctuary, Inc.

## Notes to Financial Statements

June 30, 2022

### 1. ORGANIZATION HISTORY AND NATURE OF ACTIVITIES

South Valley Sanctuary, Inc. (the “Organization”) was incorporated as a nonprofit in the State of Utah in 1994. The Organization is a public charity with a mission to provide safe shelter, advocacy, case management, and prevention services to men, women, and children experiencing physical, psychological, emotional, economic, or sexual abuse at home. The Organization operates under the dba South Valley Services. The Organization’s major sources of revenue include government grants and private contributions. Its major programs include the following:

#### Shelter Services

The Organization provides shelter and supportive services to men, women, and children who are seeking refuge due to a high risk of lethality. Shelter services include hotline, intake, food, clothing, over-the-counter medications, transportation, hygiene, therapy, psychoeducational classes, and children’s learning.

#### Case Management

The Organization provides intensive case management for residents of the shelter and members of the community. For shelter residents, case managers implement safety and action plans and perform comprehensive needs assessments to aid in their transition to permanent housing. For community members, case managers perform needs assessments and provide assistance in accessing resources and long-term social services.

#### Education & Outreach

The Organization provides education about healthy relationships and domestic violence, targeted at the specific needs of participants. Initiatives within education and outreach include the Latino coalition against domestic violence, the West Jordan coalition against domestic violence, Enough (a teen dating program), and healthy relationship psychoeducational classes in Spanish and English. The Organization also provides education and outreach to the community through presentations at fairs, churches, schools, and clinics.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Accounting

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

#### Cash and Cash Equivalents

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

#### Concentrations of Credit Risks

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents. The Organization maintains its cash and cash equivalents in various financial institution accounts that, at times, may exceed federally insured limits. At June 30, 2022, cash in bank deposit accounts did not exceed federally insured limits. These assets have been placed with high credit quality financial institutions and the Organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

Accounts Receivable and Allowance for Doubtful Accounts

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

Accounts receivable are periodically evaluated for collectability based on past credit history with customers and their current financial condition. An allowance for doubtful accounts related to accounts receivable has not been established at June 30, 2022 because management believes that all accounts receivable will be fully collectable.

Grants Receivable

Grants receivable consist of unconditional promises to give. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. The Organization determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. An allowance for doubtful promises has not been established at June 30, 2022 because management believes that all promises to give will be fully collectable.

Investments, other

Investments, other, consist of certificates of deposit with original maturities of more than three months that are held with a credit union. The investments are reported at amortized cost in the statement of financial position. Net investment return is reported in the statement of activities and consists of interest. Investments, other, are presented as restricted on the statement of financial position because they have been board-designated as an operating reserve.

Property and Equipment

Property and equipment are recorded at acquisition cost, or if donated, at the fair market value at the date donated. The Organization capitalizes additions that exceed \$1,500. If donors stipulate how long the assets must be used, the contributions are recorded as revenue with donor restrictions. In the absence of such stipulations, contributions of property and equipment are recorded as revenue without donor restrictions. Depreciation expense is provided on a straight-line basis over the estimated useful lives of the respective assets or lease terms. Estimated useful lives by type of property and equipment are as follows:

Building and improvements	3 – 40 years
Equipment and furnishings	3 – 5 years

Depreciation expense for the year ended June 30, 2022 was \$85,093.

Management reviews the carrying value of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset.

### Classes of Net Assets

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

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

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

Donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

### Revenue Recognition

***Contributions*** – Contributions are recognized as support when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give (those with a measurable performance or other barrier and a right of return) are not recognized until the conditions on which they depend have been substantially met. Contributions are considered to be without donor restrictions unless restricted by the donor.

A portion of the Organization's revenue is derived from cost-reimbursement government grants, which are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with grant provisions. Amounts received prior to incurring qualifying expenditures, if any, are reported as refundable advances in the statement of financial position. The Organization has been awarded cost-reimbursement grants of \$498,039 that have not been recognized as revenue at June 30, 2022 because qualifying expenditures have not yet been incurred.

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

### Income Taxes

The Organization has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(c)(3), qualifying for the charitable contribution deduction under section 170(b)(1)(A)(iv) and has been determined not to be a private foundation under Section 509(a). The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) and is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. Management has determined that the Organization is not subject to unrelated business income tax. Management believes that the Organization has appropriate support for any tax positions taken in its annual filing and does not have any uncertain tax positions that are material to the financial statements. The Organization's Forms 990 are no longer subject to tax examination for years before 2019.

Advertising

Advertising costs are expensed when the advertising first takes place. Advertising expense for the year ended June 30, 2022 was \$960. Advertising costs are included in marketing in the statement of functional expenses.

Functional Allocation of Expenses

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

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Allocation bases used by the Organization include square footage, employee time, and other relevant bases.

Estimates in the Financial Statements

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

Reclassifications

Certain items from June 30, 2021 have been reclassified to conform to the June 30, 2022 presentation.

**3. LIQUIDITY AND AVAILABILITY**

The Organization regularly monitors liquidity required to meet annual operating needs and other commitments. The following chart reflects the Organization's financial assets available as of June 30, 2022 for general expenditure over the next twelve months.

Cash and cash equivalents	\$ 141,201
Accounts and grants receivable	<u>265,048</u>
Current financial assets	<u>406,249</u>
Less those unavailable for general expenditure within one year, due to donor-imposed purpose restrictions	<u>(162,527)</u>
Total financial assets available to meet cash needs for general expenditure within one year	<u>\$ 243,722</u>

To help manage unanticipated liquidity needs, the Organization maintains a line of credit with a limit of \$50,000, which it could draw upon. Additionally, the Organization has investments which have been designated by the board as an operating reserve and which are included in non-current assets on the statement of financial position. Although the Organization does not intend to spend from their board-designated reserves, these amounts could be made available through board appropriation, if necessary.

**4. ACCOUNTS AND GRANTS RECEIVABLE**

Accounts and grants receivable consisted of the following at June 30, 2022:

Government cost reimbursement grants receivable	\$ 257,431
Sales tax refund receivable	<u>7,617</u>
	<u>\$ 265,048</u>

Accounts and grants receivable are expected to be collected in full within the next year.

**5. LINE OF CREDIT**

At June 30, 2022, the Organization had an unsecured \$50,000 line of credit, which expires September 2022. At June 30, 2022, there was \$48,511 borrowed against the line of credit and the interest rate was 6.74%.

**6. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consisted of the following at June 30, 2022:

Subject to expenditure for specified purpose	
Shelter and support services	\$ 74,573
Financial empowerment	66,694
Kids' club and moms' empowerment	2,282
Case management	2,143
Healthcare screenings	14,229
Transportation and hotels	<u>2,606</u>
	<u>\$ 162,527</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by the donors as follows for the year ended June 30, 2022:

Satisfaction of purpose restrictions	
Shelter and support services	\$ 245,478
Community resources	15,000
Financial empowerment	54,170
Kids' club and moms' empowerment	6,835
Case management	15,351
Healthcare screenings	306
Housing for homeless	4,723
Transportation and hotels	<u>10,394</u>
	<u>\$ 352,257</u>

**7. NET ASSETS WITHOUT DONOR RESTRICTIONS, BOARD-DESIGNATED**

Net assets without donor restrictions that are board-designated for an operating reserve totaled \$177,172 at June 30, 2022 and consisted of investments, other, restricted. The purpose of the operating reserve is to build and maintain an adequate level of financial resources to support the Organization’s day-to-day operations in the event of unforeseen shortfalls. Use of up to one-third of the fund may be approved by the Finance Committee. Use of the remainder of the fund must be approved by the Board of Directors.

**8. CONTRIBUTIONS OF NONFINANCIAL ASSETS**

During the year ended June 30, 2022, the Organization received the following contributions of nonfinancial assets:

Donated goods		
Clothing and household supplies	\$	324,365
Food		<u>101,034</u>
	\$	<u><u>425,399</u></u>

Donated clothing, household supplies, and food were utilized in the shelter services program and were not subject to donor-imposed restrictions. Their fair market value was estimated based on wholesale values that would be available for similar products.

**9. COMMITMENTS AND CONTINGENCIES**

The Organization leases office equipment under non-cancellable operating leases. These leases require monthly payments of \$1,141 and expire between 2025 and 2026. Future minimum payments required under these leases are as follows:

<u>Year ending June 30,</u>		
2023	\$	13,699
2024		13,183
2025		10,047
2026		2,831
Thereafter		<u>-</u>
	\$	<u><u>39,760</u></u>

Total expense for equipment leasing during the year ended June 30, 2022 was \$12,067. The Organization has entered into non-cancellable service agreements with certain vendors. Some service agreements contain provisions under which the contract will automatically renew unless cancelled in writing during a specified time frame.

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

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

## **10. CONCENTRATIONS**

A significant portion of the Organization's total revenue and support is derived from government grants. During the year ended June 30, 2022, approximately 70% of the Organization's total revenue and support was received from government agencies. At June 30, 2022, amounts due from government agencies represented approximately 88% of the Organization's total accounts and grants receivable.

## **11. COMPARATIVE FINANCIAL INFORMATION**

The accompanying financial statements include certain prior year summarized comparative information in total but not by net asset class or functional expense category. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2021 from which the summarized information was derived.

## **12. SUBSEQUENT EVENTS**

All other subsequent events were evaluated through March 23, 2023, which is the date the financial statements were available to be issued. From their review, management has determined that there were no other significant recognizable or unrecognizable subsequent events that were not properly disclosed.

## **13. ADOPTION OF NEW ACCOUNTING STANDARD**

During the year ended June 30, 2022, the Organization adopted Financial Accounting Standards Board Accounting Standards Update 2020-07 *Not-for-Profit Entities: Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This standard requires separate presentation of contributions of noncash assets in the statement of activities as well as disclosures related to the nature, disposition, restrictions, and valuation of the assets.

**South Valley Sanctuary, Inc.**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2022**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>COVID-19 Funding</u>	<u>Agency or Pass-through Number</u>	<u>Assistance Listing Number</u>	<u>Federal Expenditures</u>	<u>Passed through to Subrecipients</u>
<u>U.S. Department of Housing and Urban Development</u>					
Passed through Salt Lake City					
CDBG – Entitlements Grants Cluster					
Community Development Block Grants		N/A	14.218	\$ 99,984	\$ -
Passed through Salt Lake County					
CDBG – Entitlements Grants Cluster					
Community Development Block Grants		HCD21525CS	14.218	40,000	-
Community Development Block Grants	COVID-19	HCDCV525CS	14.218	71,724	-
Passed through Sandy City					
CDBG – Entitlements Grants Cluster					
Community Development Block Grants		N/A	14.218	52,351	-
Passed through South Jordan					
CDBG – Entitlements Grants Cluster					
Community Development Block Grants		N/A	14.218	7,892	-
Passed through West Jordan					
CDBG – Entitlements Grants Cluster					
Community Development Block Grants		4801-473420	14.218	18,812	-
Passed through West Valley City					
CDBG – Entitlements Grants Cluster					
Community Development Block Grants		N/A	14.218	20,000	-
Passed through Utah Community Action					
CDBG – Entitlements Grants Cluster					
Community Development Block Grants		NA	14.218	<u>161,135</u>	<u>-</u>
Total U.S Department of Housing and Urban Development				<u>471,898</u>	<u>-</u>
<u>U.S. Department of Justice</u>					
Passed through State of Utah Office for Victims of Crime					
Crime Victim Assistance		21/22VOCA91	16.575	<u>430,609</u>	<u>-</u>
Total U.S. Department of Justice				<u>430,609</u>	<u>-</u>

**South Valley Sanctuary, Inc.**  
**Schedule of Expenditures of Federal Awards - Continued**  
**Year Ended June 30, 2022**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>COVID-19 Funding</u>	<u>Agency or Pass-through Number</u>	<u>Assistance Listing Number</u>	<u>Federal Expenditures</u>	<u>Passed through to Subrecipients</u>
<u>U.S. Department of Health and Human Services</u>					
Passed through Utah Department of Human Services					
Family Violence Prevention and Services	COVID-19	A03462	93.671	42,974	-
Social Services Block Grant		A02447	93.667	65,900	-
477 Cluster					
Temporary Assistance for Needy Families		A02447	93.558	103,400	-
Temporary Assistance for Needy Families		2001UTTANF	93.558	93,995	-
Passed through Utah Department of Health					
477 Cluster					
Temporary Assistance for Needy Families		22-DWS-0002	93.558	<u>103,139</u>	<u>-</u>
Total U.S. Department of Health and Human Services				<u>409,408</u>	<u>-</u>
<u>U.S. Department of Homeland Security</u>					
Emergency Food and Shelter National Board Program		LRO ID 851000-012	97.024	<u>6,308</u>	<u>-</u>
Total U.S. Department of Homeland Security				<u>6,308</u>	<u>-</u>
Total federal expenditures				<u>\$ 1,318,223</u>	<u>\$ -</u>

**South Valley Sanctuary, Inc.**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2022**

**Note 1 - Basis of Accounting**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of South Valley Sanctuary, Inc. dba South Valley Services 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 South Valley Sanctuary, Inc. dba South Valley Services, it is not intended to and does not present the financial position, changes in net assets, or cash flows of South Valley Sanctuary, Inc. dba South Valley Services

**Note 2 - Summary of Significant Accounting Policies**

- (1) 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.
- (2) South Valley Sanctuary, Inc. dba South Valley Services has elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.
- (3) Pass-through entity identifying numbers are presented where available.



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

The Board of Directors  
South Valley Sanctuary, Inc.  
dba South Valley Services  
West Valley, Utah

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of South Valley Sanctuary, Inc. dba South Valley Services (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 23, 2023.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered South Valley Sanctuary, Inc. dba South Valley Services' 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 South Valley Sanctuary, Inc. dba South Valley Services' 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 South Valley Sanctuary, Inc. dba South Valley Services' financial statements are free of 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 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 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.

*Bountiful Peak Advisors*

Bountiful, Utah  
March 23, 2023



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

The Board of Directors  
South Valley Sanctuary, Inc.  
dba South Valley Services  
West Valley, Utah

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

We have audited South Valley Sanctuary, Inc. dba South Valley Services' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of South Valley Sanctuary, Inc. dba South Valley Services' major federal programs for the year ended June 30, 2022. South Valley Sanctuary, Inc. dba South Valley Services' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, South Valley Sanctuary, Inc. dba South Valley Services complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of South Valley Sanctuary, Inc. dba South Valley Services 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 South Valley Sanctuary, Inc. dba South Valley Services' 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 South Valley Sanctuary, Inc. dba South Valley Services' federal programs.

### ***Auditor's 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 South Valley Sanctuary, Inc. dba South Valley Services' 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 GAAS, *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 South Valley Sanctuary, Inc. dba South Valley Services' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 South Valley Sanctuary, Inc. dba South Valley Services dba South Valley Services' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of South Valley Sanctuary, Inc. dba South Valley Services' 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 South Valley Sanctuary, Inc. dba South Valley Services' 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.

### ***Other Matters***

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance.

### ***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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. 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.

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.

*Bountiful Peak Advisors*

Bountiful, Utah  
March 23, 2023

**South Valley Sanctuary, Inc.**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2022**

**Summary of Auditor's Results**

*Financial Statements*

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?  Yes  None reported

Noncompliance material to financial statements noted?  Yes  No

*Federal Awards*

Internal control over major programs:

- Material weaknesses identified?  Yes  No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?  Yes  None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings that are required to be reported in accordance with 2 CFR section 200.516(a)?  Yes  No

Identification of major programs:

<u>CFDA #</u>	<u>Name of Federal Program</u>
16.575	Crime Victim Assistance
93.558	Temporary Assistance for Needy Families

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

Auditee qualified as low-risk auditee?  Yes  No

**South Valley Sanctuary, Inc.**  
**Schedule of Findings and Questioned Costs (continued)**  
**Year Ended June 30, 2022**

**Federal Award Findings and Questioned Costs**

There were no findings or questioned costs related to Federal Awards for the year ended June 30, 2022.

**Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2022**

**Federal Award Findings and Questioned Costs**

**2021-001 (Noncompliance): Inadequate Written Procurement Policy**

**Criteria**

The Organization should have a formal, written procurement policy that addresses the elements outlined in 2 CFR 200.318-200.326.

**Condition**

The Organization's written accounting policies and procedures did not include adequate procurement policies. Significant elements that were missing included procurement thresholds and required methods of procurement within those thresholds.

**Questioned Costs**

There were no questioned costs associated with this finding.

**Effect**

The Organization lacks an appropriate standard to which management is held to ensure that the Organization is minimizing waste and spending in accordance with compliance requirements.

**Recommendation**

The Organization should update its procurement policy to ensure that it addresses the elements outlined in 2 CFR 200.318-200.326.

**Status**

Corrected



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