

# Holy Cross Ministries of Utah

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## FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

*As of and for the Years Ended December 31, 2021 and 2020*



# HOLY CROSS MINISTRIES OF UTAH

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## Independent Auditor's Report

To the Board of Trustees  
**Holy Cross Ministries of Utah**

### **Opinion**

We have audited the accompanying financial statements of **Holy Cross Ministries of Utah** (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Holy Cross Ministries of Utah** as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **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 **Holy Cross Ministries of Utah** 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 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 **Holy Cross Ministries of Utah's** ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

### **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, 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 **Holy Cross Ministries of Utah'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 **Holy Cross Ministries of Utah'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 audits.

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

The financial statements of **Holy Cross Ministries of Utah** as of December 31, 2020, were audited by other auditors whose report dated August 2, 2021, expressed an unmodified opinion on those statements.

A handwritten signature in cursive script that reads "Larson & Company P.C.".

Larson & Company PC  
August 4, 2022

# HOLY CROSS MINISTRIES OF UTAH

Statements of Financial Position  
As of December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b><u>ASSETS</u></b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 290,426	\$ 465,009
Investments	17,196,248	14,007,954
Accounts receivable, less allowance	<u>72,482</u>	<u>24,517</u>
<b>Total current assets</b>	<b>17,559,156</b>	<b>14,497,480</b>
<b>Property and equipment, net</b>	<b><u>8,528</u></b>	<b><u>19,163</u></b>
<b>Total assets</b>	<b><u>\$ 17,567,684</u></b>	<b><u>\$ 14,516,643</u></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	<b><u>\$ 320,041</u></b>	<b><u>\$ 451,306</u></b>
<b>Total current liabilities</b>	<b>320,041</b>	<b>451,306</b>
Paycheck protection program loan	<u>-</u>	<u>183,500</u>
<b>Total liabilities</b>	<b><u>320,041</u></b>	<b><u>634,806</u></b>
<b>Net assets:</b>		
Net assets without donor restrictions	17,189,122	13,737,567
Net assets with donor restrictions	<u>58,521</u>	<u>144,270</u>
<b>Total net assets</b>	<b><u>17,247,643</u></b>	<b><u>13,881,837</u></b>
<b>Total liabilities and net assets</b>	<b><u>\$ 17,567,684</u></b>	<b><u>\$ 14,516,643</u></b>

The accompanying notes to the financial statements  
are an integral part of these statements

# HOLY CROSS MINISTRIES OF UTAH

## Statement of Activities

For the Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues, support, and gains:</b>			
Grant revenues and contribution income	\$ 277,785	\$ 1,317,624	\$ 1,595,409
Program fees	271,567	-	271,567
Other income	14,631	-	14,631
Interest income	108,833	-	108,833
Net realized investment gain	1,376,578	-	1,376,578
Net unrealized investment gain	2,383,232	20,089	2,403,321
Net assets released from restriction	1,423,462	(1,423,462)	-
Total revenues, support, and gains	<u>5,856,088</u>	<u>(85,749)</u>	<u>5,770,339</u>
<b>Expenses:</b>			
Programs and services:			
Education expenses	486,372	-	486,372
Health expenses	659,276	-	659,276
Justice expenses	647,406	-	647,406
Total programs and services	<u>1,793,054</u>	<u>-</u>	<u>1,793,054</u>
Management and general expenses	584,808	-	584,808
Fundraising expenses	26,671	-	26,671
Total expenses	<u>2,404,533</u>	<u>-</u>	<u>2,404,533</u>
<b>Change in net assets</b>	<b>3,451,555</b>	<b>(85,749)</b>	<b>3,365,806</b>
<b>Net assets, beginning of year</b>	<u>13,737,567</u>	<u>144,270</u>	<u>13,881,837</u>
<b>Net assets, end of year</b>	<u><u>\$ 17,189,122</u></u>	<u><u>\$ 58,521</u></u>	<u><u>\$ 17,247,643</u></u>

The accompanying notes to the financial statements are an integral part of these statements

# HOLY CROSS MINISTRIES OF UTAH

## Statement of Activities

For the Year Ended December 31, 2020

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenues, support, and gains:</b>			
Grant revenues and contribution income	\$ 334,164	\$ 1,227,159	\$ 1,561,323
Program fees	128,752	-	128,752
Interest income	26,278	-	26,278
Net realized investment gain	726,306	-	726,306
Net unrealized investment gain	1,572,642	11,058	1,583,700
Net assets released from restriction	1,095,597	(1,095,597)	-
Total revenues, support, and gains	<u>3,883,739</u>	<u>142,620</u>	<u>4,026,359</u>
<b>Expenses:</b>			
Programs and services:			
Education expenses	567,038	-	567,038
Health expenses	629,213	-	629,213
Justice expenses	550,944	-	550,944
Total programs and services	<u>1,747,195</u>	<u>-</u>	<u>1,747,195</u>
Management and general expenses	567,746	-	567,746
Fundraising expenses	12,902	-	12,902
Total expenses	<u>2,327,843</u>	<u>-</u>	<u>2,327,843</u>
<b>Change in net assets</b>	1,555,896	142,620	1,698,516
<b>Net assets, beginning of year</b>	<u>12,181,671</u>	<u>1,650</u>	<u>12,183,321</u>
<b>Net assets, end of year</b>	<u>\$ 13,737,567</u>	<u>\$ 144,270</u>	<u>\$ 13,881,837</u>

The accompanying notes to the financial statements are an integral part of these statements

## HOLY CROSS MINISTRIES OF UTAH

Statement of Functional Expenses  
For the Year Ended December 31, 2021

	Program Services			Supporting Services		Total Expenses
	Education Expenses	Health Expenses	Justice Expenses	Management and General Expenses	Fundraising Expenses	
Salaries and wages	\$ 250,009	\$ 387,981	\$ 394,761	\$ 403,982	\$ -	\$ 1,436,733
Benefits	141,342	175,112	149,527	112,689	-	578,670
Supplies, equipment, IT infrastructure	29,946	22,834	25,791	9,754	-	88,325
Rent	23,757	27,898	29,771	17,152	-	98,578
Professional fees	14,957	19,641	20,247	10,815	9,000	74,660
Direct client assistance	2,000	8,920		2,000	-	12,920
Operations	7,452	5,499	5,732	2,681	-	21,364
Insurance	-	-	-	15,722	-	15,722
Training, development, and dues	7,899	3,755	10,248	1,944	-	23,846
Communications, public relations, gifts, and gratuities	3,041	1,492	1,557	3,762	17,671	27,523
Depreciation	2,563	3,010	3,212	1,850	-	10,635
Travel	2,451	2,255	2,718	1,520	-	8,944
Investment fees	563	662	2,928	764	-	4,917
Miscellaneous	392	217	914	173	-	1,696
<b>Total functional expenses</b>	<b>\$ 486,372</b>	<b>\$ 659,276</b>	<b>\$ 647,406</b>	<b>\$ 584,808</b>	<b>\$ 26,671</b>	<b>\$ 2,404,533</b>

The accompanying notes to the financial statements are an integral part of these statements



# HOLY CROSS MINISTRIES OF UTAH

Statement of Functional Expenses  
For the Year Ended December 31, 2020

	<u>Program Services</u>			<u>Supporting Services</u>		<u>Total Expenses</u>
	<u>Education Expenses</u>	<u>Health Expenses</u>	<u>Justice Expenses</u>	<u>Management and General Expenses</u>	<u>Fundraising Expenses</u>	
Salaries and wages	\$ 305,796	\$ 344,486	\$ 335,414	\$ 382,106	\$ -	\$ 1,367,802
Benefits	130,259	171,611	122,302	111,244	-	535,416
Supplies, equipment, IT infrastructure	30,745	27,178	31,854	16,525	-	106,302
Rent	29,385	27,126	23,385	20,183	-	100,079
Professional fees	16,914	18,478	18,431	13,261	5,350	72,434
Direct client assistance	29,334	14,666	-	-	-	44,000
Operations	9,530	7,415	6,405	4,643	-	27,993
Insurance	5,674	6,582	5,674	4,767	-	22,697
Training, development, and dues	3,238	6,293	1,337	5,768	-	16,636
Communications, public relations, gifts, and gratuities	1,529	763	858	1,729	7,552	12,431
Depreciation	2,310	2,750	3,190	2,751	-	11,001
Travel	1,612	1,062	411	1,472	-	4,557
Investment fees	347	414	878	2,039	-	3,678
Miscellaneous	365	389	805	1,258	-	2,817
<b>Total functional expenses</b>	<b>\$ 567,038</b>	<b>\$ 629,213</b>	<b>\$ 550,944</b>	<b>\$ 567,746</b>	<b>\$ 12,902</b>	<b>\$ 2,327,843</b>

The accompanying notes to the financial statements are an integral part of these statements

**HOLY CROSS MINISTRIES OF UTAH**  
 Statements of Cash Flows  
 For the Years Ended December 31, 2021 and 2020

	<b>2021</b>	<b>2020</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 3,365,806	\$ 1,698,516
<b>Adjustments to reconcile change in net assets to cash flows from operating activities:</b>		
Depreciation and amortization	10,635	11,001
Interest income	(108,833)	(26,278)
Net investment gain	(3,779,899)	(2,310,006)
Payroll Protection Program loan forgiveness	(183,500)	-
<b>Decrease (increase) in operating assets:</b>		
Accounts receivable	(47,965)	(20,327)
<b>Increase (decrease) in operating liabilities:</b>		
Accounts payable and accrued expenses	(131,265)	329,271
<b>Net cash flows from operating activities</b>	<b>(875,021)</b>	<b>(317,823)</b>
<b>Cash flows from investing activities:</b>		
Proceeds from disposal of property and equipment	-	325
Proceeds from sale of investments	702,438	530,371
Cash paid for purchase of investments	(2,000)	-
<b>Net cash flows from investing activities</b>	<b>700,438</b>	<b>530,696</b>
<b>Cash flows from financing activities:</b>		
Proceeds from Payroll Protection Program loan	-	183,500
<b>Net cash flows from financing activities</b>	<b>-</b>	<b>183,500</b>
<b>Net change in cash and cash equivalents</b>	<b>(174,583)</b>	<b>396,373</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>465,009</b>	<b>68,636</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 290,426</b>	<b>\$ 465,009</b>
<b>Supplemental disclosures of cash flow information:</b>		
Cash paid during the year for:		
Interest	\$ -	\$ -
Income taxes	\$ -	\$ -

The accompanying notes to the financial statements are an integral part of these statements

# HOLY CROSS MINISTRIES OF UTAH

Notes to the Financial Statements

As of and for the Years Ended December 31, 2021 and 2020

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Business Activity

**Holy Cross Ministries of Utah** (the “Organization” or “HCM”) is a Utah non-profit organization. The Organization is organized for the purposes of engaging in charitable, benevolent, eleemosynary, educational, and social service activities and purposes, all in furtherance of the healing mission of the Roman Catholic Church and care for the poor and underserved.

The Organization is sponsored by the Congregation of the Sisters of the Holy Cross (the “Congregation”), a religious Order of the Roman Catholic Church. The Organization is exempt from federal income taxes on related activities pursuant to Section 501(a) of the Internal Revenue Code.

The mission statement of the Organization is as follows:

We respond to the underserved community’s need for health and wellbeing. We share God-given resources, connect people to community services, and assist individuals, and families towards independence and full participation in the community. We do this to fulfill the mission of Jesus Christ and in the spirit of the Sisters of the Holy Cross.

The Organization fulfills its mission by soliciting and receiving gifts, grants, bequests, contributions, and other financial aid from the general public and other sources, including lawful grants and distributions from foundations or current affiliates of the Organization. The Organization has the authority to accumulate, distribute, and administer such funds and property in accordance with the discretion of its Board of Trustees (the “Board”), and subject to the reserved powers of the Members for the purposes of: (1) responding to the unmet needs in Utah communities; (2) developing and delivering services complimentary to those of the Organization's community partners with specific emphasis on outreach to the undocumented, underserved, and at-risk persons - in education, health, and justice services as detailed below; (3) providing other support to people in the community through charitable and benevolent programs; and (4) providing assistance and meeting the current and capital needs of any qualified, tax-exempt organization.

The Organization's three main programs are:

**Education:** HCM's education programs serve low-income families by providing affordable, high-quality early childhood education options regardless of a family's ability to pay. Currently, HCM offers two early childhood education programs: the School Readiness Program, classroom-based preschool curriculum for three and four-year-olds.

The Parents as Teachers (“PAT”) Program is a home visiting service for families with children ages zero to three years old. This program provides educational programming for children and their parents regarding early childhood development and academics.

# HOLY CROSS MINISTRIES OF UTAH

Notes to the Financial Statements

As of and for the Years Ended December 31, 2021 and 2020

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Business Activity (Continued)

**Health:** HCM offers two health related programs, Promotora Outreach and Counseling. HCM's Promotora Outreach program was one of the core programs the agency offered when it was first established as a non-profit organization in 1995. HCM's promotoras are bilingual, bicultural community health workers who help clients navigate the complexities of the healthcare system. They also connect clients with available community resources to help meet their basic needs. HCM's bilingual, bicultural licensed clinical social workers ("LCSWs") provide trauma-informed, evidence-based individual, family and group therapy for victims of crime, primarily immigrant women and children fleeing domestic violence.

**Justice:** HCM's Legal Immigration Program has become a trusted source of affordable legal aid, serving multiple generations of immigrant families. HCM's Legal Immigration team operates Utah's first and largest U visa program for victims of crime. Since opening in 2000, the Legal Immigration Program has served over 17,000 clients, primarily women and children, who have experienced some form of victimization and need assistance obtaining legal status.

### Basis of Presentation

The Organization prepares its financial statements on the accrual basis of accounting and follows accounting principles generally accepted in the United States for nonprofit organizations and reports information regarding its financial position and activities according to two classes of net assets, with donor restrictions and without donor restrictions, based upon the following criteria:

**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 the designation of the board of directors.

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

### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 financial statements and reported amounts of revenues and expenditures during the reporting period. Accordingly, actual amounts could differ from these estimates.

# HOLY CROSS MINISTRIES OF UTAH

Notes to the Financial Statements

As of and for the Years Ended December 31, 2021 and 2020

## 1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Concentrations of Credit Risk**

The Organization's financial instruments that may be exposed to concentrations of credit risk consist primarily of temporary cash investments and investments.

The Organization maintains its cash balances at financial institutions. At times such balances may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash.

As discussed in Note 3, most of the Organization's investments are held and managed by the Congregation. Accordingly, the Organization believes it is not exposed to any significant credit risk on investments.

### **Cash and Cash Equivalents**

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

### **Accounts Receivable**

Accounts receivable are stated net of an allowance for uncollectible accounts. The Organization estimates the allowance based on its historical experience and on an analysis of specific customers, taking into consideration the age of past due accounts and an assessment of the customer's ability to pay. An account is written off when it is determined that all collection efforts have been exhausted.

### **Promises to Give**

The Organization receives certain promises to give from outside organizations. Promises to give may be unconditional or conditional. A promise is unconditional if its receipt depends only on the passage of time or demand by the Organization and no right of return of any assets transferred exists. Conditional promises generally (a) depend on some future event occurring before the promisor is bound or (b) allow for a right of return of assets depending on some future event. A conditional promise to give is not recorded as a contribution until the condition on which it depends is substantially met. As of December 31, 2021 and 2020, the organization had conditional promises to give from a single cost reimbursement grant in the amount of **\$98,780** and \$93,642 respectively. The promise is recorded as revenue once the expenditures related to the grant are incurred.

### **Investments**

The Organization's investments are reported at fair value, with unrealized gains and losses included in income. Realized gains and losses are determined based on the actual cost of the securities sold. Permanent declines in value, if any, are included in income. Dividends on equity securities are recognized in income when declared.

# HOLY CROSS MINISTRIES OF UTAH

Notes to the Financial Statements

As of and for the Years Ended December 31, 2021 and 2020

## 1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Fair Value of Investments**

Fair value is defined as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following hierarchy prioritizes the inputs to valuation methodologies used to measure fair value:

- Level 1 inputs are quoted prices for identical assets and liabilities in active markets.
- Level 2 inputs are observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets or quoted prices for identical or similar assets and liabilities in markets that are not active.
- Level 3 inputs are unobservable inputs that reflect the Organization's own assumptions, consistent with reasonably available assumptions made by other market participants.

### **Property and Equipment**

Property and equipment are stated at cost net of accumulated depreciation. Expenditures that increase values or extend useful lives are capitalized and routine maintenance and repairs are charged to expense in the year incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

<b><u>Assets</u></b>	<b><u>Useful Lives</u></b>
Vehicles	5 to 7 years
Computers and software	3 years
Furniture and equipment	5 years

Depreciation begins in the month of acquisition or when constructed or developed assets are ready for their intended use.

### **Revenue Recognition**

Revenue is recognized when control of the goods or services promised under a contract is transferred to the customer either at a point in time (e.g., upon delivery) or over time (e.g., as the Organization performs under the contract) in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for the goods or services. The Organization accounts for a contract when it has approval and commitment from both parties to perform their respective performance obligations, the rights and payment terms to be transferred are identified, the contract has commercial substance and collectability of consideration is probable. If collectability is not probable, the sale is deferred until collection becomes probable or payment is received. Upon completion of the performance obligation, revenue is recognized.

# HOLY CROSS MINISTRIES OF UTAH

Notes to the Financial Statements

As of and for the Years Ended December 31, 2021 and 2020

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Revenue Recognition (Continued)

Program fees consist of revenues earned in conducting the Organization's programs and services and are charged on a sliding scale based on the participant's ability to pay. The Organization charges a nominal fee to families who participate in its school readiness program, as well as for legal immigration services.

Contributions of donated cash and other assets are recorded at their fair values in the period in which they are received. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. 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 Statement of Activities as net assets released from restriction. Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that 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 their fair values in the period received.

### Income Taxes

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and accordingly, no provision has been made for federal or state income tax provisions, assets or liabilities. The Financial Accounting Standards Board ("FASB") has provided guidance for how uncertain tax positions should be recognized, measured, and disclosed in the financial statements. Management has evaluated the Organization's tax positions and determined that there are no uncertain tax positions. Generally, tax years remain open to examination for three years from the date filed with the IRS.

### Functional Allocation of Expenses

The costs of programs and supporting services have been summarized on a functional basis in the statement of activities. All direct costs are charged to the functional area they pertain to. Indirect costs are charged to the programs and supporting services based on estimates made by management, taking into account the nature of the expense and how it relates to the functional area. General and administrative costs include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

### Advertising Costs

All costs associated with advertising and promoting the Organization's goods and services are expensed in the year incurred. Advertising expense for the public sector was **\$27,523** and \$12,431 the years ended December 31, 2021 and 2020, respectively, these expenses are included in communications, public relations, and gifts, and gratuities in the statement of functional expenses.

# HOLY CROSS MINISTRIES OF UTAH

Notes to the Financial Statements

As of and for the Years Ended December 31, 2021 and 2020

## 1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Recent Developments Related to COVID-19**

The World Health Organization has declared the recent COVID-19 outbreak to constitute a “Public Health Emergency of International Concern.” The outbreak has caused business disruption through mandated and voluntary closings of various industry business operations. While the disruption is expected to be temporary, there is considerable uncertainty around the continued impact on the Organization. The exact financial impact and duration cannot be reasonably estimated at this time.

### **Recently Issued Accounting Pronouncements**

In March of 2016, the FASB issued Accounting Standards Update (“ASU”) 2016-02, *Leases*, which requires all leases that have a term of more than 12 months to be recognized as assets and liabilities on the balance sheet at inception. A lessee would recognize a lease liability to make lease payments owed to a lessor (liability) and a benefit for the right to use the leased asset (asset) for the lease term. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee would depend on whether the lessee is expected to consume more than an insignificant portion of the economic benefits embedded in the underlying asset. This new guidance is effective for fiscal years beginning after December 15, 2021. The Organization does not anticipate a significant impact on results of operations, financial position, or cash flows as a result of this new standard.

In September of 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which increases the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure requirements. The amendments in this update require organizations to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. Additionally, organizations are required to enhance disclosures by disaggregating the amount of nonfinancial assets recognized within the statement of activities by type of contributed nonfinancial asset and providing additional qualitative information for each disaggregated category. This new guidance is effective for fiscal years beginning after June 15, 2021. The Organization is currently in the process of evaluating the impacts this update will have on the presentation of its financial statements.



# HOLY CROSS MINISTRIES OF UTAH

## Notes to the Financial Statements

As of and for the Years Ended December 31, 2021 and 2020

### 2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 290,426	\$ 465,009
Investments	17,196,248	14,007,954
Accounts receivable, less allowance	<u>72,482</u>	<u>24,517</u>
<b>Total financial assets</b>	<b>17,559,156</b>	<b>14,472,963</b>
Less: contractual or donor-imposed funds		
Other donor restrictions	<u>(58,521)</u>	<u>(144,270)</u>
<b>Financial assets available for general expenditures within one year</b>	<b><u>\$ 17,500,635</u></b>	<b><u>\$ 14,328,693</u></b>

As part of the Organization's liquidity management, the Organization invests its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in short-term liquid investments. To help manage unanticipated liquidity needs, or in the event of financial distress, the Organization has investments in government securities and other securities that can be quickly turned into cash, and which bear favorable rates in the investment strategy.

### 3. INVESTMENTS

The Organization's investments consisted of the following as of December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Investments held in the Augusta fund	\$ 17,044,798	\$ 13,876,593
Other investments	<u>151,450</u>	<u>131,361</u>
<b>Total investments</b>	<b><u>\$ 17,196,248</u></b>	<b><u>\$ 14,007,954</u></b>

The Organization has commingled assets in the Augusta Fund of the Congregation. Such investments are held and managed by the Congregation. Investment income from the Augusta Fund is utilized to support operational activities. The Organization participates in a pro-rata share of interest and dividend income, income from partnerships, realized gains and losses on investments, and investment fees and expenses.

# HOLY CROSS MINISTRIES OF UTAH

Notes to the Financial Statements

As of and for the Years Ended December 31, 2021 and 2020

### 3. INVESTMENTS (Continued)

The fair value measurements for the Organization's investments are as follows:

	Fair Value Measurement			
	Total	Level 1	Level 2	Level 3
<b>December 31, 2021</b>				
Mutual funds	\$ 151,450	\$ 151,450	\$ -	\$ -
Investments held in the Augusta Fund*	<u>17,044,798</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 17,196,248</u></b>	<b><u>\$ 151,450</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>
<b>December 31, 2020</b>				
Mutual funds	\$ 131,361	\$ 131,361	\$ -	\$ -
Investments held in the Augusta Fund*	<u>13,876,593</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 14,007,954</u></b>	<b><u>\$ 131,361</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>

\*The Organization's investment in the Augusta Fund is measured at net asset value (NAV) and consists of the Catholic Endowment Fund and the Endowment Fund Pool. The net asset value is used as a practical expedient to estimate fair value. This practical expedient would not be used if it is determined to be probable that the fund will sell the investment for an amount different from the reported net asset value.

The Catholic Endowment was organized to operate as a private investment partnership designed for institutions, endowed charitable organizations, and certain other Roman Catholic non-profit organizations. The investment program designed by the General Partner reflects the teachings of the Roman Catholic Church and is informed by the Socially Responsible Investment Guidelines published by the U.S. Conference of Catholic Bishops. The assets of the Partnership may be invested with independent money managers (each such manager, a "Money Manager") to manage assets in separately managed accounts, or in other collective investment vehicles (each a "CIV"), such as exchange-traded funds, open-end mutual funds, and private investment funds. The Fund invests in a broad variety of assets, including global equities, high-yield bonds, commodities, REITs, TIPS, inflation-linked bonds, and cash equivalents.

The objectives of the Endowment Fund Pool are to provide a predictable stable stream of earnings to fund participants and ensure the purchasing power of the fund assets does not decline over time. The religious affiliate's investment policies govern the underlying investments of the pooled fund. All asset managers are required to follow specific guidelines set forth by the religious affiliate and various targets have been established with regard to allowable investments purchased by the pooled fund.

# HOLY CROSS MINISTRIES OF UTAH

## Notes to the Financial Statements

As of and for the Years Ended December 31, 2021 and 2020

### 3. INVESTMENTS (Continued)

Return on investment securities recorded on the accompanying statements of activities as of December 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Unrealized gains	\$ 2,383,232	\$ 1,583,700
Interest and dividend income	128,922	26,278
Realized gains	<u>1,376,578</u>	<u>726,306</u>
<b>Total investment return</b>	<b><u>\$ 3,888,733</u></b>	<b><u>\$ 2,336,284</u></b>

### 4. PROPERTY AND EQUIPMENT

The cost and related accumulated depreciation and amortization of property and equipment as of December 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
<b>Cost</b>		
Vehicles	\$ 76,360	\$ 76,360
Computers and software	5,003	5,003
Furniture and equipment	<u>11,970</u>	<u>11,970</u>
Total cost of property and equipment	93,333	93,333
Accumulated depreciation and amortization	<u>(84,805)</u>	<u>(74,170)</u>
<b>Total property and equipment, net</b>	<b><u>\$ 8,528</u></b>	<b><u>\$ 19,163</u></b>

Depreciation and amortization expense was \$10,635 and \$10,333 for the years ended December 31, 2021 and 2020, respectively.

### 5. PAYCHECK PROTECTION PROGRAM LOAN

In response to the COVID-19 outbreak in 2020, the U.S. Federal Government enacted the Coronavirus Aid, Relief, and Economic Security Act that established the Paycheck Protection Program ("PPP") to provide small business loans as administered through the Small Business Administration ("SBA"). On April 19, 2020, the Company obtained a PPP loan for \$183,500. The note includes a maturity date of April 19, 2022 and bears interest at a fixed annual rate of 1% with the first six months of payments and interest deferred. All or a portion of the loan was eligible for forgiveness by the SBA depending on the extent of proceeds used for payroll costs and other designated expenses incurred. The loan was forgiven and recognized as loan forgiveness revenue in April 2021.

# HOLY CROSS MINISTRIES OF UTAH

Notes to the Financial Statements

As of and for the Years Ended December 31, 2021 and 2020

## 6. NET ASSETS WITH DONOR RESTRICTIONS

The Organization had **\$58,521** and \$144,270, respectively, in net assets with donor restrictions as of December 31, 2021 and 2020. Net assets with donor restrictions of **\$1,423,462** and \$1,095,597, respectively, were released from restriction during the years ended December 31, 2021 and 2020. The December 31, 2021 and 2020 net assets with donor restrictions included the following amounts:

	<u>2021</u>	<u>2020</u>
Grants for administration	\$ 35,000	\$ -
Grants for health and education	23,521	104,270
Grants for counseling	-	40,000
<b>Total financial assets</b>	<b><u>\$ 58,521</u></b>	<b><u>\$ 144,270</u></b>

## 7. OPERATING LEASES

The Organization leases office space and office equipment under non-cancelable operating leases. Future minimum lease payments are as follows:

### Years Ending December 31,

2022	\$ 84,630
2023	74,048
Thereafter	-
<b>Total minimum lease payments</b>	<b><u>\$ 158,678</u></b>

Total rent expense for the years ended December 31, 2021 and 2020 was **\$98,578** and \$100,079, respectively.

## 8. EMPLOYEE BENEFIT PLAN

The Organization maintains a 403(b) Retirement Savings Plan (the "Plan") for the benefit of its employees. Retirement plan expenses were **\$35,265** and \$58,783 during the years ended December 31, 2021 and 2020, respectively.

## 9. RELATED PARTY TRANSACTIONS

The Congregation holds and manages the Augusta Fund on behalf of the Organization. See Note 3 for details. The Congregation also processes payroll on behalf of the Organization.

**HOLY CROSS MINISTRIES OF UTAH**  
Notes to the Financial Statements  
As of and for the Years Ended December 31, 2021 and 2020

**10. SUBSEQUENT EVENTS**

Subsequent events have been evaluated by management through the date of the audit report, which is the date the financial statements were available to be issued