

**UTAH CONGRESS OF PARENTS AND TEACHERS**  
**AUDITED FINANCIAL STATEMENTS**

Year Ended June 30, 2022

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Utah Congress of Parents and Teachers

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Utah Congress of Parents and Teachers (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets – modified cash basis as of June 30, 2022, the related statements of revenues, expenses, and changes in net assets – modified cash basis and functional expenses – modified cash basis for the year then ended, and the related notes to the basic financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the assets, liabilities, and net assets of Utah Congress of Parents and Teachers as of June 30, 2022, and its revenue, expenses, and changes in net assets for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Utah Congress of Parents and Teachers 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.

#### ***Emphasis of Matter — Basis of Accounting***

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting Utah Congress of Parents and Teachers uses for income tax purposes, 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.

### ***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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 Utah Congress of Parents and Teachers' 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 Utah Congress of Parents and Teachers' 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.

### **Report on Summarized Comparative Information**

We have previously audited Utah Congress of Parents and Teachers' 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 23, 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.

*Squire & Company, PC*

Orem, Utah  
June 26, 2023

**UTAH CONGRESS OF PARENTS AND TEACHERS**  
**STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS -**  
**MODIFIED CASH BASIS**

June 30, 2022 with Summarized Comparative Totals for 2021

	2022	2021
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash	\$ 453,241	\$ 222,760
Certificates of deposit	473,662	732,985
Prepaid expenses	1,171	1,288
Total current assets	928,074	957,033
<b>Net Property and Equipment</b>	325,230	343,421
Total assets	<u>\$ 1,253,304</u>	<u>\$ 1,300,454</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 19,391	\$ 15,300
Current portion of obligation under capital lease	3,690	3,351
Total current liabilities	23,081	18,651
<b>Obligation under Capital Lease, less current portion</b>	-	3,914
Total liabilities	23,081	22,565
<b>Net Assets:</b>		
Without donor restrictions:		
Undesignated	785,729	816,931
Designated for net property and equipment	325,230	343,421
Board designated	73,724	75,385
Total net assets without donor restrictions	1,184,683	1,235,737
With donor restrictions	45,540	42,152
Total net assets	1,230,223	1,277,889
Total liabilities and net assets	<u>\$ 1,253,304</u>	<u>\$ 1,300,454</u>

The accompanying notes are an integral part of this financial statement.

**UTAH CONGRESS OF PARENTS AND TEACHERS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS -**  
**MODIFIED CASH BASIS**

Year Ended June 30, 2022 with Summarized Comparative Totals for 2021

	2022	2021
<b>Net Assets without Donor Restrictions:</b>		
Revenue and Support:		
Membership dues	\$ 148,952	\$ 126,702
Contributions	13,786	12,790
In-kind contributions	11,079	1,852
Grants and contracts	1,500	5,000
Convention revenue	110,731	95,274
Interest	10,048	18,511
Other	20,945	14,900
Net assets released from restrictions	<u>2,316</u>	<u>33,672</u>
Total revenue and support	319,357	308,701
Expenses:		
Program services	283,451	260,081
Management and general	<u>86,960</u>	<u>99,878</u>
Total expenses	<u>370,411</u>	<u>359,959</u>
Change in net assets without donor restrictions	(51,054)	(51,258)
<b>Net Assets with Donor Restrictions:</b>		
Contributions	5,000	5,415
Interest income	704	1,181
Net assets released from restrictions	<u>(2,316)</u>	<u>(33,672)</u>
Change in net assets with donor restrictions	<u>3,388</u>	<u>(27,076)</u>
<b>Change in Net Assets</b>	(47,666)	(78,334)
<b>Net Assets at Beginning of Year</b>	<u>1,277,889</u>	<u>1,356,223</u>
<b>Net Assets at End of Year</b>	<u><u>\$ 1,230,223</u></u>	<u><u>\$ 1,277,889</u></u>

The accompanying notes are an integral part of this financial statement.

**UTAH CONGRESS OF PARENTS AND TEACHERS**  
**STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS**

Year Ended June 30, 2022 with Summarized Comparative Totals for 2021

	Program Services	Management and General	Total	
			2022	2021
Publication printing and mailing	\$ 14,442	\$ 965	\$ 15,407	\$ 26,030
Awards and scholarships	10,877	-	10,877	16,832
Conventions and meetings	104,117	1,717	105,834	85,735
Travel	4,685	-	4,685	2,902
Personnel	71,639	21,342	92,981	103,728
Other	60,516	8,790	69,306	55,734
Occupany	-	18,642	18,642	11,442
Office	7,928	5,713	13,641	15,421
Insurance	-	4,175	4,175	4,230
Outside services	9,247	7,425	16,672	17,416
Depreciation and amortization	-	18,191	18,191	20,489
Total	<u>\$ 283,451</u>	<u>\$ 86,960</u>	<u>\$ 370,411</u>	<u>\$ 359,959</u>

The accompanying notes are an integral part of this financial statement.

## **UTAH CONGRESS OF PARENTS AND TEACHERS**

### **NOTES TO THE FINANCIAL STATEMENTS**

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#### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Utah Congress of Parents and Teachers (the Organization) have been prepared on the modified cash basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

##### **Organization**

Utah Congress of Parents and Teachers was incorporated in the state of Utah in 1940 as a nonprofit organization. The purposes of the Organization are to promote the health and welfare of school children throughout Utah and encourage collaboration among parents, schools, and communities. These purposes are accomplished through advocacy and education efforts and a variety of conferences, conventions, committees, and programs.

##### **Basis of Accounting**

The accompanying financial statements have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under that basis, certain revenues and the related assets are recognized when received rather than when earned and certain expenses are recognized when paid rather than when the obligations are incurred. In addition, property and equipment and investments are recorded as assets when paid for. Cash received on behalf of other organizations are also recorded as current liabilities. Consequently, the Organization has not recognized all accrual basis transactions such as grants receivable from grantors, in-kind revenues and expenses, donated services, accounts payable to vendors, and their related effects on the change in net assets in the accompanying financial statements. The Organization has also not presented a statement of cash flows.

##### **Financial Statement Presentation**

The Organization reports information regarding its financial position and activities according to the following net asset classifications:

*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. Board-designated net assets are included in this category and consist of net assets designated by the board for property and equipment, leadership, membership, and several smaller designations (flowers and gifts, scholarship, and region monies). These net assets may be used at the discretion of the Board of Directors.

*Net assets with donor restrictions* – Net assets subject to stipulations imposed by donors and grantors.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are classified to net assets without donor restrictions and reported in the statement of revenues, expenses, and changes in net assets – modified cash basis as net assets released from restrictions.



## **UTAH CONGRESS OF PARENTS AND TEACHERS**

### **NOTES TO THE FINANCIAL STATEMENTS**

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#### **Revenue Recognition**

Membership dues, fees for conferences and other events, and receipts of grants and donations are recognized as revenues when received.

When both restricted and unrestricted resources are available for use, it is the Organization policy to use restricted funds first, then unrestricted resources as they are needed.

#### **Property and Equipment**

Property and equipment are recorded at cost. Capital assets valued at \$1,000 or more are capitalized and depreciated over the estimated useful lives using the straight-line method. Maintenance, repairs, and renewals that do not improve or extend the useful lives of the respective assets are expensed.

#### **Income Taxes**

The Organization is incorporated exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code (IRC), though it would be subject to tax on income unrelated to its exempt purposes (unless that income is otherwise excluded by the IRC). Contributions to the Organization are tax deductible to donors under Section 170 of the IRC. The Organization is not classified as a private foundation.

#### **Allocation of Expenses**

Directly identifiable expenses are charged to program and support services and indirect costs are allocated based on personnel costs. Management and general expenses include those expenses that are not directly identifiable with any specific function, but provide overall support and direction of the Organization.

#### **Subsequent Events**

The Organization has evaluated subsequent events through June 26, 2023, the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

**UTAH CONGRESS OF PARENTS AND TEACHERS**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 2 – AVAILABILITY AND LIQUIDITY**

The following represents the Organization’s financial assets at June 30, 2022:

Financial assets at year end:		
Cash	\$	453,241
Investments		<u>473,662</u>
Total financial assets		926,903
Less amount not available to be used within one year:		
Board-designated net assets		73,724
Net assets with donor restrictions		<u>45,540</u>
Total amount not available to be used within one year		<u>119,264</u>
Financial assets available to meet general expenditures over the next twelve months	\$	<u><u>807,639</u></u>

The Organization’s goal is generally to maintain financial assets to meet one year of operating expenses (approximately \$350,000). Operating expenses are defined by the Organization as total expenses less depreciation. Excess cash is invested in certificates of deposit.

**NOTE 3 – PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at June 30, 2022:

		<u>Depreciable Lives (Years)</u>
Land	\$ 137,348	
Buildings and improvements	451,658	7 to 39
Furniture and equipment	<u>112,776</u>	5 to 10
Total	701,782	
Less accumulated depreciation	<u>(376,552)</u>	
Net property and equipment	<u><u>\$ 325,230</u></u>	

**UTAH CONGRESS OF PARENTS AND TEACHERS**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 4 – OBLIGATION UNDER CAPITAL LEASE**

The Organization leases office space under a noncancellable lease. Future minimum lease payments are as follows:

Year Ending June 30,	
2023	\$ 3,927
Less amount representing interest	<u>(237)</u>
Present value of minimum lease payments	<u>\$ 3,690</u>

The cost of the office equipment is \$15,868. Accumulated amortization for this equipment was \$12,694 at June 30, 2022 and amortization expense was \$3,174 for the year ended June 30, 2022.

**NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS**

Donor-restricted net assets are summarized as follows at June 30, 2022:

Specific-purpose restrictions:	
Arts education	\$ 41,876
BIA grant for Region 21	664
Reflections	2,000
Civic and charter education	<u>1,000</u>
Total net assets with donor restrictions	<u>\$ 45,540</u>

Net assets released from donor restrictions are summarized as follows for the year ended June 30, 2022:

Satisfaction of purpose restrictions:	
Arts education	\$ 2,316

**NOTE 6 – BOARD-DESIGNATED NET ASSETS**

Total board-designated net assets are as follows at June 30, 2022:

Board-designated net assets:	
Scholarships	\$ 8,250
Membership	5,494
Development	49,511
Other	<u>10,469</u>
Total board-designated net assets	<u>\$ 73,724</u>

## UTAH CONGRESS OF PARENTS AND TEACHERS

### NOTES TO THE FINANCIAL STATEMENTS

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#### **NOTE 7 – FAIR VALUE MEASUREMENTS**

The Organization uses various methods to measure the fair value of its investments on a recurring basis. Generally accepted accounting principles establish a hierarchy that prioritizes inputs to valuation methods. The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that Organization has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety, is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Certificates of deposit are valued amortized costs, which approximates fair value. During 2022, no changes in valuation techniques and related inputs have occurred. Fair value of assets measured on a recurring basis is as follows at June 30, 2022:

<u>Description</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Certificates of deposit	<u>\$ 473,662</u>	<u>\$ -</u>	<u>\$ 473,662</u>	<u>\$ -</u>

#### **NOTE 8 – CONCENTRATIONS**

Cash is comprised of deposits with various financial institutions. The Organization's carrying amount of bank deposits at June 30, 2022 was \$453,241, and the bank balance was \$487,151; all of which was covered by federal depository insurance.

#### **NOTE 9 – CONTINGENCY**

The Organization receives membership dues for members who join through local credit unions. All membership dues collected by the credit unions are remitted to the Organization; the Organization is then responsible for distributing the portion of the dues attributable to the National Parent Teacher Association and the local parent teacher association (PTA). The Organization has received membership dues during the past five years of approximately \$41,500 that could have been distributed to local PTAs. Management believes that the Organization, as the statewide umbrella organization of the local PTAs, has the right to the membership dues received, but it is possible these dues could require distribution at a future date to these local PTAs.