



Financial Statements  
June 30, 2019 and 2018

# Community Action Services and Food Bank

# Community Action Services and Food Bank

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June 30, 2019 and 2018

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## Independent Auditor's Report

To the Board of Directors  
Community Action Services and Food Bank  
Provo, Utah

### Report on the Financial Statements

We have audited the accompanying financial statements of Community Action Services and Food Bank, which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility 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; this includes 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 Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Action Services and Food Bank as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

**Other 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 is presented for purposes of additional analysis 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* (Uniform Guidance), 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 schedule of expenditures of federal awards has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2019 on our consideration of Community Action Services and Food Bank's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Community Action Services and Food Bank's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Community Action Services and Food Bank's internal control over financial reporting and compliance.



Salt Lake City, Utah  
December 10, 2019

# Community Action Services and Food Bank

## Statements of Financial Position

June 30, 2019 and 2018

	2019	2018
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 682,047	\$ 314,430
Cash restricted for Circles and Arrive Utah programs	1,699,164	1,745,156
Grants and contracts receivable	182,194	122,414
Food inventory	962,543	946,157
<b>Total current assets</b>	<b>3,525,948</b>	<b>3,128,157</b>
<b>Property and equipment</b>		
Leasehold improvements	137,238	139,453
Equipment and furnishings	447,289	426,889
Less accumulated depreciation	(413,579)	(408,271)
<b>Net property and equipment</b>	<b>170,948</b>	<b>158,071</b>
<b>Total assets</b>	<b>\$ 3,696,896</b>	<b>\$ 3,286,228</b>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 54,906	\$ 42,745
Accrued expenses	98,881	99,815
<b>Total current liabilities</b>	<b>153,787</b>	<b>142,560</b>
<b>Net assets</b>		
<b>Without donor restrictions</b>		
Undesignated	200,776	11,111
Invested in food inventory	962,543	946,157
Invested in property and equipment	170,948	158,071
	1,334,267	1,115,339
<b>With donor restrictions</b>		
Purpose restrictions	2,208,842	2,028,329
<b>Total net assets</b>	<b>3,543,109</b>	<b>3,143,668</b>
<b>Total liabilities and net assets</b>	<b>\$ 3,696,896</b>	<b>\$ 3,286,228</b>

# Community Action Services and Food Bank

## Statements of Activities

Years Ended June 30, 2019 and 2018

	2019	2018
Change in Net Assets without Donor Restrictions		
Revenue and support		
Grants and contracts	\$ 1,240,380	\$ 1,216,389
Subleases	7,865	9,994
Contributions	269,194	423,504
Food in-kind contributions - non USDA	4,941,077	5,762,544
Food in-kind contributions - USDA	801,371	571,940
Other income	146,172	133,286
Net assets released from donor restrictions	1,368,823	1,436,219
Total revenue and support	8,774,882	9,553,876
Expenses		
Program services expenses		
Family Development	351,823	433,514
Food Bank	6,395,551	6,867,140
Housing Counseling	111,766	129,231
Education & Advocacy	151,525	147,257
Arrive Utah	884,671	1,014,643
Circles	286,136	359,506
Total program services expenses	8,181,472	8,951,291
Supporting services expenses		
Management and general	243,791	249,348
Fundraising and development	130,691	150,364
Total supporting services expenses	374,482	399,712
Total expenses	8,555,954	9,351,003
Change in net assets without donor restrictions	218,928	202,873
Change in Net Assets with Donor Restrictions		
Contributions	1,549,336	1,362,677
Net assets released from restrictions	(1,368,823)	(1,436,219)
Change in net assets with donor restrictions	180,513	(73,542)
Change in Net Assets	399,441	129,331
Net Assets, Beginning of Year	3,143,668	3,014,337
Net Assets, End of Year	\$ 3,543,109	\$ 3,143,668

Community Action Services and Food Bank  
Statement of Functional Expenses  
Year Ended June 30, 2019

	Program Services Expenses						Total	Management and General	Fundraising and Development		Total
	Family Development	Food Bank	Housing Counseling	Education & Advocacy	Arrive Utah	Circles					
Salaries	\$ 140,699	\$ 318,911	\$ 68,962	\$ 77,366	\$ 219,065	\$ 150,664	\$ 975,667	\$ 108,851	\$ 21,069	\$ 1,105,587	
Benefits	37,854	80,201	15,577	19,797	56,799	32,585	242,813	29,285	4,222	276,320	
Consultants	20,517	10,980	5,491	21,885	497,217	31,400	587,490	50,623	-	638,113	
Occupancy	17,851	124,504	11,026	14,328	12,428	34,030	214,167	15,054	7,329	236,550	
Travel	1,477	9,698	662	2,481	3,174	2,962	20,454	1,135	-	21,589	
Supplies	2,015	14,619	1,064	1,940	13,194	1,718	34,550	4,975	2,414	41,939	
Repairs	64	14,325	-	1,756	2,724	1,101	19,970	12,118	-	32,088	
Other	8,219	29,648	8,195	7,144	73,709	28,621	155,536	18,469	7,785	181,790	
Direct assistance	116,785	39,392	-	-	-	-	156,177	-	-	156,177	
Communications	4,993	2,693	361	4,247	2,970	1,958	17,222	2,346	3,374	22,942	
Direct mail fundraising	-	-	-	-	-	-	-	-	83,998	83,998	
Depreciation	1,349	24,518	428	581	3,391	1,097	31,364	935	500	32,799	
Food-in-kind	-	5,013,914	-	-	-	-	5,013,914	-	-	5,013,914	
USDA food distribution	-	712,148	-	-	-	-	712,148	-	-	712,148	
<b>Total expenses included in the expenses section on the statements of activities</b>	<b>\$ 351,823</b>	<b>\$ 6,395,551</b>	<b>\$ 111,766</b>	<b>\$ 151,525</b>	<b>\$ 884,671</b>	<b>\$ 286,136</b>	<b>\$ 8,181,472</b>	<b>\$ 243,791</b>	<b>\$ 130,691</b>	<b>\$ 8,555,954</b>	

Community Action Services and Food Bank  
Statement of Functional Expenses  
Year Ended June 30, 2018

	Program Services Expenses						Total	Management and General	Fundraising and Development		Total
	Family Development	Food Bank	Housing Counseling	Education & Advocacy	Arrive Utah	Circles					
Salaries	\$ 135,453	\$ 313,061	\$ 74,141	\$ 57,590	\$ 191,229	\$ 197,923	\$ 969,397	\$ 113,295	\$ 22,136	\$ 1,104,828	
Benefits	36,100	80,102	24,430	14,741	56,060	49,841	261,274	32,039	4,115	297,428	
Consultants	50,000	7,685	5,186	27,105	-	23,900	113,876	47,920	-	161,796	
Subcontracts	-	-	-	-	663,770	-	663,770	-	-	663,770	
Occupancy	25,032	107,113	17,980	18,710	13,048	35,193	217,076	14,749	7,747	239,572	
Travel	1,382	9,094	1,244	4,070	3,295	4,307	23,392	132	9	23,533	
Supplies	2,372	8,251	579	5,504	9,291	2,290	28,287	4,439	1,732	34,458	
Repairs	151	10,770	-	2,168	-	371	13,460	15,194	-	28,654	
Other	7,539	36,534	4,870	13,626	72,442	40,852	175,863	17,953	11,900	205,716	
Direct assistance	170,505	49,200	-	-	-	-	219,705	-	-	219,705	
Communications	3,481	5,202	354	3,234	1,999	3,586	17,856	2,709	3,761	24,326	
Direct mail fundraising	-	-	-	-	-	-	-	-	98,444	98,444	
Depreciation	1,499	23,750	447	509	3,509	1,243	30,957	918	520	32,395	
Food-in-kind	-	5,733,427	-	-	-	-	5,733,427	-	-	5,733,427	
USDA food distribution	-	482,951	-	-	-	-	482,951	-	-	482,951	
<b>Total expenses included in the expenses section on the statements of activities</b>	<b>\$ 433,514</b>	<b>\$ 6,867,140</b>	<b>\$ 129,231</b>	<b>\$ 147,257</b>	<b>\$ 1,014,643</b>	<b>\$ 359,506</b>	<b>\$ 8,951,291</b>	<b>\$ 249,348</b>	<b>\$ 150,364</b>	<b>\$ 9,351,003</b>	



# Community Action Services and Food Bank

Statements of Cash Flows  
Years Ended June 30, 2019 and 2018

	2019	2018
<b>Operating Activities</b>		
Change in net assets	\$ 399,441	\$ 129,331
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	32,799	32,395
In-kind food contributions	(5,742,448)	(6,334,484)
In-kind food distributions	5,726,062	6,216,378
Gain on disposal of property and equipment	(8,103)	-
Changes in operating assets and liabilities		
Grants and contracts receivable	(59,780)	96,697
Accounts payable	(1,693)	11,164
Accrued expenses	(934)	9,923
<b>Net Cash from Operating Activities</b>	<b>345,344</b>	<b>161,404</b>
<b>Investing Activities</b>		
Purchase of property and equipment	(33,219)	(68,549)
Proceeds from sale of equipment	9,500	-
Change in cash restricted for Circles and Arrive Utah	45,992	160,852
<b>Net Cash from Investing Activities</b>	<b>22,273</b>	<b>92,303</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>367,617</b>	<b>253,707</b>
Cash and Cash Equivalents, Beginning of Year	314,430	60,723
Cash and Cash Equivalents, End of Year	<b>\$ 682,047</b>	<b>\$ 314,430</b>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Accounts payable for property and equipment	<b>\$ 13,854</b>	<b>\$ -</b>

## **Note 1 - Summary of Significant Accounting Policies**

### **Organization**

Community Action Services and Food Bank (CASFB) is a nonprofit corporation organized under the laws of the State of Utah. The purposes of CASFB are to establish, operate, and coordinate community action programs in order to prevent and alleviate poverty and its causes, to cooperate with other organizations, and to secure and expend monies for these purposes. CASFB operates primarily in Utah County in the State of Utah.

CASFB's principal programs comprise the following:

Family Development – Provides a variety of direct services to help eligible households stabilize and work toward self-reliance.

Food Bank – Alleviates hunger by providing food, basic needs packages, counseling, budgeting and referrals to other community services.

Housing Counseling – Educates moderate and low-income families on how to purchase a home and helps to resolve mortgage problems.

Education & Advocacy – Educates the community about poverty and resources and connects people with resources in the community to engage community members as volunteers and in a variety of service opportunities.

Arrive Utah – Arrive Utah works to provide training to and expand Circles and Bridges Initiatives throughout the state.

Circles – Works to help families move out of generational poverty through training and matching with highly trained community volunteers from the middle class.

### **Cash and Cash Equivalents**

CASFB 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 or designated by the board for grant restrictions, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to capital expenditures or other long-term purposes of CASFB are excluded from this definition.

### **Restricted Cash**

The CASFB board has designated cash related to net assets with donor restrictions for Arrive Utah and Circles to be restricted cash.

**Receivables and Credit Policies**

Grants and contracts receivable consist primarily of noninterest-bearing amounts due from governmental agencies. Management determines the allowance for uncollectable grants and contracts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Amounts are written off when deemed uncollectible. At June 30, 2019 and 2018, management determined that no allowance was necessary.

**Inventory**

Inventory consists principally of donated food which is valued at a rate set by the board based on a nationally established price consistently applied, which was \$1.67 per pound for each of the years ended June 30, 2019 and 2018.

**Property and Equipment**

Property and equipment additions over \$5,000 are recorded at cost or, if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method based on estimated useful lives of the assets ranging from 3 to 15 years or, in the case of leasehold improvements, over the corresponding term of the lease. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any remaining gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

CASFB reviews the carrying values 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. There were no indicators of asset impairment during the years ended June 30, 2019 and 2018.

**Net Assets**

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

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

*Net Assets With Donor Restrictions* – Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. CASFB reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

### **Revenue and Revenue Recognition**

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable grants and contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

### **Donated Services and In-Kind Contributions**

Volunteers contribute significant amounts of time to CASFB's program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods consist principally of food donated for distribution and is valued at a rate set by the board based on a nationally established price (Note 4).

### **Functional Allocation of Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements 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. The expenses that are allocated include salaries, benefits, occupancy, supplies, communications and depreciation, which are allocated on the basis of estimates of time and effort.

### **Income Taxes**

CASFB is organized as a Utah nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), and qualifies for the charitable contribution deduction, and has been determined not to be a private foundation. CASFB is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, CASFB is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. CASFB has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

CASFB believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. CASFB would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

**Financial Instruments and Credit Risk**

CASFB manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, CASFB has not experienced losses in any of these accounts. Credit risk associated with grants and contracts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies and foundations supportive of CASFB's mission.

**Adoption of FASB Accounting Standards Update 2016-14**

As of July 1, 2018, CASFB adopted the provisions of FASB Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-For-Profit Entities*, because CASFB believes the standard improves the usefulness and understandability of CASFB's financial statement reporting. Accordingly, the accompanying financial statements and related notes follow the net asset classifications, presentation and disclosure requirements prescribed by the ASU.

The amendments should be applied on a retrospective basis; however, if presenting comparative financial statements, the ASU allows for the option to omit, for any periods presented before the period of adoption, the analysis of expenses by both natural classification and functional classification (the separate presentation of expenses by functional classification and expenses by natural classification is still required), and the disclosure about liquidity and availability of resources. The Organization has elected not to present comparative information for the disclosure about liquidity and availability of resources.

**Subsequent Events**

CASFB has evaluated subsequent events through December 10, 2019, the date the financial statements were available to be issued.

**Note 2 - Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at June 30, 2019:

Cash and cash equivalents	\$ 682,047
Grants and contracts receivable	<u>182,194</u>
	<u>\$ 864,241</u>

**Note 3 - Grants and Contracts Receivable**

Grants and contracts receivable consist of the following at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Department of Workforce Services	\$ 42,515	\$ 47,483
U.S. Department of Health and Human Services	10,585	23,118
TEFAP	20,941	9,246
U.S. Department of Homeland Security	47,198	-
Other	<u>60,955</u>	<u>42,567</u>
	<u>\$ 182,194</u>	<u>\$ 122,414</u>

**Note 4 - Food Inventory**

The following table presents food inventory activity for the year ended June 30, 2019:

	<u>Pounds</u>	<u>Dollars</u>
Beginning food inventory	566,561	\$ 946,157
Contributions of food inventory	3,438,592	5,742,448
Distributions of food inventory	<u>(3,428,780)</u>	<u>(5,726,062)</u>
Ending food inventory	<u>576,373</u>	<u>\$ 962,543</u>

Community Action Services and Food Bank

Notes to Financial Statements

June 30, 2019 and 2018

The following table presents food inventory activity for the year ended June 30, 2018:

	Pounds	Dollars
Beginning food inventory	495,839	\$ 828,051
Contributions of food inventory	3,793,104	6,334,484
Distributions of food inventory	(3,722,382)	(6,216,378)
Ending food inventory	566,561	\$ 946,157

**Note 5 - Leases**

CASFB leases office and warehouse space under various operating leases. Future minimum lease payments are as follows:

Year Ending June 30,	
2020	\$ 135,216
2021	22,536
	\$ 157,752

Lease expense for the years ended June 30, 2019 and 2018, totaled \$153,991 and \$155,066, respectively.

CASFB subleases portions of the leased space to other agencies. The combined sublease income for the years ended June 30, 2019 and 2018, was \$7,865 and \$9,994, respectively.

Community Action Services and Food Bank

Notes to Financial Statements

June 30, 2019 and 2018

**Note 6 - Net Assets with Donor Restrictions**

Net assets with donor restrictions consist of the following at June 30, 2019 and 2018:

	2019	2018
Subject to expenditure for specified purposes		
Community garden	\$ 12,390	\$ 13,196
Food Bank program	242,868	93,574
Motel vouchers	183,669	104,625
Utility assistance	43,324	41,196
Circles program	1,699,162	1,745,156
Other	27,429	20,582
	2,208,842	2,018,329
Subject to the passage of time		
Receivables that are not restricted by donors, but which are unavailable for expenditure until due	-	10,000
	\$ 2,208,842	\$ 2,028,329

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30, 2019 and 2018:

	2019	2018
Expiration of time restrictions	\$ 10,000	\$ 35,834
Satisfaction of purpose restrictions		
Community garden	6,891	5,127
Food Bank program	43,810	-
Motel vouchers	78,533	75,110
Utility assistance	1,448	1,978
Circles program	1,216,034	1,297,966
Other	12,107	20,204
	1,358,823	1,400,385
	\$ 1,368,823	\$ 1,436,219



**Note 7 - Retirement Plan**

CASFB participates in a 403(b) retirement plan. The plan is managed by Mutual of America. Under this plan, CASFB contributes 5% of qualified employees' gross earnings to the plan. The employees are allowed to contribute up to 25% of compensation up to Internal Revenue Service contribution limits. Employees are eligible to participate after one year of full-time employment and are 100% vested in CASFB's contributions after the third year of employment. For the years ended June 30, 2019 and 2018, retirement expense was \$38,526 and \$35,205, respectively.



Federal Awards Reports in Accordance  
with the Uniform Guidance  
June 30, 2019

# Community Action Services and Food Bank



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

To the Board of Directors  
Community Action Services and Food Bank  
Provo, Utah

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Community Action Services and Food Bank (CASFB), which comprise the statement of financial position as of June 30, 2019, 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 December 10, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Community Action Services and Food Bank's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Community Action Services and Food Bank's internal control. Accordingly, we do not express an opinion on the effectiveness of Community Action Services and Food Bank'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting 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.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Community Action Services and Food Bank's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP".

Salt Lake City, Utah  
December 10, 2019



## **Independent Auditor's Report on Compliance for the Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance**

To the Board of Directors and Management of  
Community Action Services and Food Bank  
Provo, Utah

### **Report on Compliance for the Major Federal Program**

We have audited Community Action Services and Food Bank's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended June 30, 2019. The Organization's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for Community Action Services and Food Bank's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Community Action Services and Food Bank's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, Community Action Services and Food Bank complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2019.

## **Report on Internal Control over Compliance**

Management of Community Action Services and Food Bank is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

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

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

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

*Eide Bailly LLP*

Salt Lake City, Utah  
December 10, 2019

Community Action Services and Food Bank  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<i><u>U.S. Department of Health and Human Services</u></i>			
Passed Through from Utah Department of Workforce Services			
Community Services Block Grant	93.569	19-1130	\$ 173,150
Community Services Block Grant	93.569	18-1476	<u>496,673</u>
Total Community Services Block Grant			669,823
Temporary Assistance for Needy Families- RRH	93.558	15DWS0175 - 6 Co	62,151
Temporary Assistance for Needy Families- Diverson	93.558	17-1112	13,879
Temporary Assistance for Needy Families- FL	93.558	None assigned	<u>25,620</u>
Total Temporary Assistance for Needy Families Cluster			<u>101,650</u>
Total for U.S. Department of Health and Human Services			<u>771,473</u>
<i><u>U.S. Department of Housing and Urban Development</u></i>			
Direct Award:			
Special Needs Assistance Program	14.235		69,001
SNAP-SHP Leasing	14.235		41,174
SNAP-SHP Leasing	14.235		<u>6,706</u>
Total Special Needs Assistance Program			116,881
Direct Award:			
Comprehensive Housing Counseling	14.169		<u>6,264</u>
Passed Through from City of Provo			
Community Development Block Grant	14.128	None assigned	13,492
Passed Through from City of Orem			
Community Development Block Grant	14.218	None assigned	12,500
Passed Through from Mountainland Association of Governments			
Utah County CDBG-Circles	14.218	2018-510	16,761
Utah County CDBG-Homeless	14.218	B-19-UC-49-0003	<u>4,640</u>
Total Community Development Block Grant/Entitlement Grant Cluster			<u>47,393</u>
Total U.S. Department of Housing and Urban Development			<u>170,538</u>

Community Action Services and Food Bank  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2019

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U.S. Department of Homeland Security

Passed Through from United Way Worldwide			
Federal Emergency Management Food and Shelter	97.024	35-852800-002	36,421
Federal Emergency Management Food and Shelter	97.024	36-852800-002	<u>10,777</u>
Total Federal Emergency Management Food and Shelter			<u>47,198</u>

U.S. Department of Agriculture

Food Distribution Cluster - Passed Through Utah Food Bank			
Commodity Assistance	10.568	4000-3UT84009	74,886
USDA Commodities	10.569	None assigned	<u>712,148</u>
Total Food Distribution Cluster			787,034
SNAP Food Stamps/SNAP Cluster	10.561	None assigned	<u>285</u>
Total U.S. Department of Agriculture			<u>787,319</u>
Total Federal Financial Assistance			<u><u>\$ 1,776,528</u></u>



**Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of Community Action Services and Food Bank (CASFB) under programs of the federal government for the year ended June 30, 2019. 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 CASFB, it is not intended to and does not present the financial position, changes in net assets, or cash flows of CASFB.

**Note 2 - Significant Accounting Policies**

Expenditures reported in the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

**Note 3 - Indirect Cost Rate**

CASFB has not elected to use the 10% de minimis cost rate.

**Note 4 - Food Donation**

Nonmonetary assistance is reported in the schedule at the fair market value of commodities received and disbursed. Federal awards in the form of commodities consist of food that is valued at a rate set by the board based on a nationally established price, which was \$1.67 per pound for the year ended June 30, 2019. This price is used by the Organization in valuing all of its food donations received. At June 30, 2019, CASFB had food commodities from federal sources totaling \$236,895 in inventory.

**Section I – Summary of Auditor’s Results**

**FINANCIAL STATEMENTS**

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported
Noncompliance material to financial statements noted?	No

**FEDERAL AWARDS**

Internal control over major program	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	No

**Identification of major programs:**

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Food distribution cluster	10.568, 10.569
Dollar threshold used to distinguish between type A and type B programs	\$ 750,000
Auditee qualified as low-risk auditee?	Yes

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**Section II – Financial Statement Findings**

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**None Reported**

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**Section III – Federal Award Findings and Questioned Costs**

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**None Reported**