



Financial Statements
June 30, 2020 and 2019

Community Action Services and Food Bank

Community Action Services and Food Bank

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June 30, 2020 and 2019

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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, 2020 and 2019, 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, 2020 and 2019, 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.

Change in Accounting Principle

As discussed in Note 8 to the financial statements, the Company has adopted the provisions of Financial Accounting Standards Board Accounting Standards Update No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. Accordingly, the June 30, 2019 statement of cash flows has been adjusted to adopt this standard. Our opinion is not modified with respect to this matter.

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 30, 2020, 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 30, 2020

Community Action Services and Food Bank

Statements of Financial Position

June 30, 2020 and 2019

	2020	2019
Assets		
Current assets		
Cash and cash equivalents	\$ 1,543,246	\$ 682,047
Cash restricted for Circles and Arrive Utah programs	934,406	1,699,164
Grants and contracts receivable	280,330	182,194
Prepaid expenses	2,528	-
Food inventory	912,855	962,543
Total current assets	3,673,365	3,525,948
Property and equipment		
Leasehold improvements	137,238	137,238
Equipment and furnishings	530,338	447,289
Less accumulated depreciation	(450,411)	(413,579)
Net property and equipment	217,165	170,948
Total assets	\$ 3,890,530	\$ 3,696,896
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 40,081	\$ 54,906
Accrued expenses	102,530	98,881
Total current liabilities	142,611	153,787
Net assets		
Without donor restrictions		
Undesignated	851,776	200,776
Invested in food inventory	912,855	962,543
Invested in property and equipment	217,165	170,948
	1,981,796	1,334,267
With donor restrictions		
Purpose restrictions	1,766,123	2,208,842
Total net assets	3,747,919	3,543,109
Total liabilities and net assets	\$ 3,890,530	\$ 3,696,896

Community Action Services and Food Bank

Statements of Activities

Years Ended June 30, 2020 and 2019

	2020	2019
Change in Net Assets without Donor Restrictions		
Revenue and support		
Grants and contracts	\$ 1,071,744	\$ 1,240,380
Subleases	8,043	7,865
Contributions	808,507	269,194
Food in-kind contributions - non USDA	4,342,812	4,941,077
Food in-kind contributions - USDA	1,229,958	801,371
Rent in-kind contributions	181,200	-
Other income	139,997	146,172
Net assets released from donor restrictions	1,508,796	1,368,823
	9,291,057	8,774,882
Expenses		
Program services expenses		
Family Development	457,456	351,823
Food Bank	6,301,197	6,395,551
Housing Counseling	113,647	111,766
Education & Advocacy	165,586	151,525
Arrive Utah	850,718	884,671
Circles	274,775	286,136
	8,163,379	8,181,472
Supporting services expenses		
Management and general	306,713	243,791
Fundraising and development	173,436	130,691
	480,149	374,482
	8,643,528	8,555,954
Change in net assets without donor restrictions	647,529	218,928
Change in Net Assets with Donor Restrictions		
Contributions	1,066,077	1,549,336
Net assets released from restrictions	(1,508,796)	(1,368,823)
	(442,719)	180,513
Change in Net Assets	204,810	399,441
Net Assets, Beginning of Year	3,543,109	3,143,668
Net Assets, End of Year	\$ 3,747,919	\$ 3,543,109

Community Action Services and Food Bank
Statement of Functional Expenses
Year Ended June 30, 2020

	Program Services Expenses						Total	Management and General	Fundraising and Development		Total
	Family Development	Food Bank	Housing Counseling	Education & Advocacy	Arrive Utah	Circles			Management and General	Fundraising and Development	
Salaries	\$ 155,713	\$ 333,685	\$ 63,441	\$ 67,998	\$ 196,636	\$ 132,432	\$ 949,905	\$ 123,395	\$ 39,760	\$ 1,113,060	
Benefits	44,808	74,131	13,503	18,446	53,933	34,733	239,554	32,324	9,840	281,718	
Consultants	24,868	2,635	282	57,368	479,793	27,520	592,466	53,452	7,108	653,026	
Occupancy	68,615	160,761	28,077	15,443	32,600	53,322	358,818	34,001	1,755	394,574	
Travel	864	6,150	205	1,312	1,664	2,297	12,492	243	171	12,906	
Supplies	1,268	2,817	461	1,607	4,369	1,894	12,416	18,968	2,554	33,938	
Repairs	206	10,420	-	1,600	1,600	1,564	15,390	5,665	-	21,055	
Other	5,171	28,562	5,148	372	73,174	18,940	131,367	34,223	7,209	172,799	
Direct assistance	151,209	26,357	650	-	-	23	178,239	-	-	178,239	
Communications	3,059	6,700	219	610	3,834	1,070	15,492	3,071	3,165	21,728	
Direct mail fundraising	-	-	-	-	-	-	-	-	101,195	101,195	
Depreciation	1,675	26,521	1,661	830	3,115	980	34,782	1,371	679	36,832	
Food-in-kind	-	4,611,341	-	-	-	-	4,611,341	-	-	4,611,341	
USDA food distribution	-	1,011,117	-	-	-	-	1,011,117	-	-	1,011,117	
Total expenses included in the expenses section on the statements of activities	<u>\$ 457,456</u>	<u>\$ 6,301,197</u>	<u>\$ 113,647</u>	<u>\$ 165,586</u>	<u>\$ 850,718</u>	<u>\$ 274,775</u>	<u>\$ 8,163,379</u>	<u>\$ 306,713</u>	<u>\$ 173,436</u>	<u>\$ 8,643,528</u>	

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
Total expenses included in the expenses section on the statements of activities	<u>\$ 351,823</u>	<u>\$ 6,395,551</u>	<u>\$ 111,766</u>	<u>\$ 151,525</u>	<u>\$ 884,671</u>	<u>\$ 286,136</u>	<u>\$ 8,181,472</u>	<u>\$ 243,791</u>	<u>\$ 130,691</u>	<u>\$ 8,555,954</u>

Community Action Services and Food Bank

Statements of Cash Flows
Years Ended June 30, 2020 and 2019

	2020	2019 (As restated)
Operating Activities		
Change in net assets	\$ 204,810	\$ 399,441
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	36,832	32,799
In-kind food contributions	(5,572,770)	(5,742,448)
In-kind food distributions	5,622,458	5,726,062
Gain on disposal of property and equipment	-	(8,103)
Changes in operating assets and liabilities		
Grants and contracts receivable	(98,136)	(59,780)
Prepaid expenses	(2,528)	-
Accounts payable	(14,825)	(1,693)
Accrued expenses	3,649	(934)
Net Cash from Operating Activities	179,490	345,344
Investing Activities		
Purchase of property and equipment	(83,049)	(33,219)
Proceeds from sale of equipment	-	9,500
Net Cash used for Investing Activities	(83,049)	(23,719)
Net Change in Cash, Cash Equivalents, and Restricted Cash	96,441	321,625
Cash, Cash Equivalents and Restricted Cash, Beginning of Year	2,381,211	2,059,586
Cash, Cash Equivalents and Restricted Cash, End of Year	\$ 2,477,652	\$ 2,381,211
Cash and Cash Equivalents	\$ 1,543,246	\$ 682,047
Cash Restricted for Circles and Arrive Utah Programs	934,406	1,699,164
Total cash, cash equivalents and restricted cash	\$ 2,477,652	\$ 2,381,211
Supplemental Disclosure of Cash Flow Information		
Accounts payable for property and equipment	\$ -	\$ 13,854

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, 2020 and 2019, 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, 2020 and 2019.

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, 2020 and 2019.

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. CASFB's federal and state contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Consequently, at June 30, 2020, conditional contributions approximating \$800,000, for which no amounts have been received in advance, have not been recognized in the accompanying financial statements.

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 (Note 4) and is valued at a rate set by the board based on a nationally established price. Contributed services and goods also includes rent which is based on the market value of the rent per the rental agreement. For the year ended June 30, 2020, contributed rent consists of \$164,780 for program services, \$15,614 for management and general and \$806 for fundraising. For the year ended June 30, 2019 there were no in-kind rent contributions.

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 present 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 Financial Accounting Standards Board (FASB) Accounting Standards Update 2016-18

As of July 1, 2019, CASFB adopted the provisions of FASB Accounting Standards Update (ASU) 2016-18, *Statement of Cash Flows (Topic 230) Restricted Cash*. This update requires that a statement of cash flows explain the change during the period in the total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents, by including amounts generally described as restricted cash and restricted cash equivalents with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. Retrospective application of the amendment is required. CASFB has adopted this standard as management believes this presentation eliminates a diversity in practice in the preparation of restricted cash and restricted cash equivalents in the statement of cash flows. The June 30, 2019 consolidated statement of cash flows has been revised to be consistent with the new standard.

Adoption of Financial Accounting Standards Board (FASB) Accounting Standards Update 2018-08

CASFB has adopted the provisions of FASB Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08) applicable to contributions made. ASU 2018-08 clarifies and improves the scope and the accounting guidance for contributions received and contributions made. Management has adopted this standard because it assists CASFB in evaluating whether transactions should be accounted for as contributions or exchange transactions and in determining whether a contribution is conditional. As of July 1, 2019, CASFB has implemented the provisions of ASU 2018-08 applicable to contributions received on a modified prospective basis to agreements that were not completed as of the date of adoption or were entered after the date of adoption. Management has determined that the adoption of this standard did not have a significant impact on CASFB's financial statements.

Community Action Services and Food Bank

Notes to Financial Statements

June 30, 2020 and 2019

Subsequent Events

CASFB has evaluated subsequent events through December 30, 2020, 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, 2020 and 2019:

	2020	2019
Cash and cash equivalents	\$ 1,353,506	\$ 415,235
Grants and contracts receivable	280,330	182,194
	\$ 1,633,836	\$ 597,429

Note 3 - Grants and Contracts Receivable

Grants and contracts receivable consist of the following at June 30, 2020 and 2019:

	2020	2019
Department of Workforce Services	\$ 139,893	\$ 42,515
U.S. Department of Health and Human Services	-	10,585
TEFAP	21,389	20,941
U.S. Department of Homeland Security	-	47,198
Other	119,048	60,955
	\$ 280,330	\$ 182,194

Note 4 - Food Inventory

The following table presents food inventory activity for the year ended June 30, 2020:

	Pounds	Dollars
Beginning food inventory	576,373	\$ 962,543
Contributions of food inventory	3,336,988	5,572,770
Distributions of food inventory	(3,366,741)	(5,622,458)
Ending food inventory	546,620	\$ 912,855

Community Action Services and Food Bank

Notes to Financial Statements

June 30, 2020 and 2019

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

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

Note 5 - Leases

CASFB leases office and warehouse space under an operating lease that expires in August 2020. During August 2020, the lease was renewed with a retroactive effective date of July 1, 2019 for an additional term of 60 months which expires in June 2024. Future minimum lease payments are as follows:

Year Ending June 30,	
2021	\$ 96,000
2022	96,000
2023	96,000
2024	96,000
	\$ 384,000

Lease expense for the years ended June 30, 2020 and 2019, totaled \$131,547 and \$153,991, respectively. The amounts listed above and reported as lease expense exclude rent credits, provided for in the lease agreement, totaling \$181,200 and \$0 at June 30, 2020 and 2019, respectively. These rent credits are recorded as rent – in-kind contributions on the statements of activities and as part of occupancy cost on the schedules of functional expenses.

CASFB subleases portions of the leased space to other agencies. The combined sublease income for the years ended June 30, 2020 and 2019, was \$8,043 and \$7,865, respectively.

Community Action Services and Food Bank

Notes to Financial Statements

June 30, 2020 and 2019

Note 6 - Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specified purposes		
Community garden	\$ 5,695	\$ 12,390
Food Bank program	641,977	242,868
Motel vouchers	87,399	183,669
Utility assistance	56,820	43,324
Circles program	934,406	1,699,162
Housing education	10,266	
Other	29,560	27,429
	<u>\$ 1,766,123</u>	<u>\$ 2,208,842</u>

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, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Expiration of time restrictions	\$ -	\$ 10,000
Satisfaction of purpose restrictions		
Community garden	6,929	6,891
Food Bank program	45,636	43,810
Motel vouchers	96,644	78,533
Utility assistance	7,630	1,448
Circles program	1,244,994	1,216,034
Housing education	81,571	-
Other	25,392	12,107
	<u>1,508,796</u>	<u>1,358,823</u>
	<u>\$ 1,508,796</u>	<u>\$ 1,368,823</u>

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, 2020 and 2019, retirement expense was \$31,888 and \$38,526, respectively.

Note 8 - Restatement Resulting from Change in Accounting Principle

As disclosed in Note 1, CASFB adopted the provisions of Accounting Standards Update (ASU) 2016-18, *Statement of Cash Flows (Topic 230) Restricted Cash* as of July 1, 2019. Following is a summary of the effects of the change in accounting policy in CASFB's June 30, 2019 statement of cash flows.

	As Previously Reported	Change in Accounting Principle	As Restated
Investing Activities			
Change in cash restricted for Circles and Arrive Utah	45,992	(45,992)	-
Net Cash used from Investing Activities	22,273	(45,992)	(23,719)
Net Change in Cash and Cash Equivalents	367,617	(367,617)	-
Cash and Cash Equivalents, Beginning of Year	314,430	(314,430)	-
Cash and Cash Equivalents, End of Year	682,047	(682,047)	-
Net Change in Cash, Tenant Security Deposits, and Restricted Cash	-	321,625	321,625
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	-	2,059,586	2,059,586
Cash, Cash Equivalents, and Restricted Cash, End of Year	-	2,381,211	2,381,211

Note 9 - Contingencies

CASFB has continued to be impacted by the outbreak of the novel Coronavirus pandemic, or COVID-19, which has significantly increased risk and uncertainties in the global economy including the community in which CASFB operates. CASFB is closely monitoring the pandemic and its effects on the organization and the community on an ongoing basis. The ultimate financial effect of COVID-19 on CASFB is currently under evaluation.



Federal Awards Reports in Accordance
with the Uniform Guidance
June 30, 2020

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, which comprise the statement of financial position as of June 30, 2020, 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 30, 2020.

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) as a basis for designing 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be a significant deficiency.

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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Community Action Services and Food Bank's Response to Findings

Community Action Services and Food Bank's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Community Action Services and Food Bank's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.



Salt Lake City, Utah
December 30, 2020



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, 2020. 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, 2020.

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.



Salt Lake City, Utah
December 30, 2020

Community Action Services and Food Bank
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u><i>U.S. Department of Health and Human Services</i></u>			
Passed Through from Utah Department of Workforce Services			
Community Services Block Grant	93.569	19-1130	\$ 492,515
Community Services Block Grant	93.569	21-1130	<u>150,234</u>
Total Community Services Block Grant			642,749
Temporary Assistance for Needy Families- RRH	93.558	15DWS0175 - 6 Co	87,634
Temporary Assistance for Needy Families- Diverson	93.558	17-1112	14,552
Temporary Assistance for Needy Families- FL	93.558	None assigned	<u>2,156</u>
Total Temporary Assistance for Needy Families Cluster			<u>104,342</u>
Total for U.S. Department of Health and Human Services			<u>747,091</u>
<u><i>U.S. Department of Housing and Urban Development</i></u>			
Direct Award:			
Special Needs Assistance Program	14.235	UT0026L8T041710	<u>52,307</u>
Direct Award:			
Comprehensive Housing Counseling	14.169	HC190821021	<u>20,873</u>
Passed Through from City of Provo			
Community Development Block Grant	14.128	None assigned	45,047
Passed Through from City of Orem			
Community Development Block Grant	14.218	None assigned	14,025
Passed Through from Mountainland Association of Governments			
Utah County CDBG-Food Bank	14.218	None assigned	<u>34,058</u>
Total Community Development Block Grant/Entitlement Grant Cluster			<u>93,130</u>
Passed through from Utah Department of Workforce Services			
COVID-19 - Homes Cares	14.231	20-3394	2,405
COVID-19 - ESG Cares	14.231	20-33439	<u>2,444</u>
Total COVID-19 Cares Act			<u>4,849</u>
Total U.S. Department of Housing and Urban Development			<u>171,159</u>

Community Action Services and Food Bank
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

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 Homeland Security</u></i>			
Passed Through from United Way Worldwide			
Federal Emergency Management Food and Shelter	97.024	35-852800-002	57,299
Federal Emergency Management Food and Shelter	97.024	36-852800-002	<u>4,597</u>
Total Federal Emergency Management Food and Shelter			<u>61,896</u>
<i><u>U.S. Department of Agriculture</u></i>			
Food Distribution Cluster - Passed Through Utah Food Bank			
Commodity Assistance	10.568	4000-3UT84009	7,869
USDA Commodities	10.569	None assigned	<u>1,011,117</u>
Total Food Distribution Cluster			<u>1,018,986</u>
Total U.S. Department of Agriculture			<u>1,018,986</u>
Total Federal Financial Assistance			<u><u>\$ 1,999,132</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, 2020. 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, 2020. This price is used by the Organization in valuing all of its food donations received. At June 30, 2020, CASFB had food commodities from federal sources totaling \$455,736 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	Yes
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

Section II – Financial Statement Findings

**2020-001 Audit Adjustments
 Significant Deficiency**

Criteria:

The Organization should have procedures in place to ensure account balances are correct at the end of the reporting period.

Condition:

During our engagement, we proposed audit adjustments to the Organization’s grant revenue, in-kind contributions and accrued liabilities which if not recorded would have resulted in misstatements of the Organization’s financial statements. In addition, management elected to pass on an adjustment we proposed to inventory. As such, the effects of the entry are not recorded in the accompanying financial statements.

Cause:

The Organization’s procedures in place during the year ended June 30, 2020 did not provide for sufficient processes to ensure the proper recording of grant and in-kind revenue and inventory balances.

Effect:

Revenue and inventory were misstated and may result in different information available to decision makers throughout the year.

Recommendation:

The Organization should reconcile total expenditures to grant funds received on grant advances and identify any unspent funds and in-kind donations. The organization should also reconcile year-end inventory to the appropriate amounts.

Views of Responsible Officials:

Management agrees with the finding.

Section III – Federal Award Findings and Questioned Costs

None Reported