



Financial Statements
June 30, 2022 and 2021

Community Action Services and Food Bank

Community Action Services and Food Bank

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June 30, 2022 and 2021

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Community Action Services and Food Bank, which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying 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, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 Community Action Services and Food Bank and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Action Services and Food Bank's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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 and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Community Action Services and Food Bank's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Action Services and Food Bank's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements 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 schedule of expenditures of federal awards 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 January 31, 2023 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 and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Salt Lake City, Utah
January 31, 2023

Community Action Services and Food Bank

Statements of Financial Position

June 30, 2022 and 2021

	2022	2021
Assets		
Current assets		
Cash and cash equivalents	\$ 2,548,645	\$ 2,074,828
Cash restricted for Circles and Arrive Utah programs	-	945,865
Grants and contracts receivable	810,054	451,473
Prepaid expenses	-	1,231
Food inventory	1,439,720	1,800,742
Total current assets	4,798,419	5,274,139
Property and equipment		
Leasehold improvements	147,238	147,238
Equipment and furnishings	704,850	570,755
Less accumulated depreciation	(564,483)	(502,621)
Net property and equipment	287,605	215,372
Total assets	\$ 5,086,024	\$ 5,489,511
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 80,635	\$ 13,457
Accrued expenses	177,197	131,178
Total current liabilities	257,832	144,635
Net assets		
Without donor restrictions		
Undesignated	1,903,399	1,403,459
Invested in food inventory	1,439,720	1,800,742
Invested in property and equipment	287,605	215,372
	3,630,724	3,419,573
With donor restrictions		
Purpose restrictions	1,197,468	1,925,303
Total net assets	4,828,192	5,344,876
Total liabilities and net assets	\$ 5,086,024	\$ 5,489,511

Community Action Services and Food Bank

Statements of Activities

Years Ended June 30, 2022 and 2021

	2022	2021
Change in Net Assets without Donor Restrictions		
Revenue and support		
Grants and contracts	\$ 2,521,626	\$ 3,483,679
Subleases	6,000	10,710
Contributions	834,439	946,466
Food in-kind contributions - non USDA	4,411,854	5,952,810
Food in-kind contributions - USDA	749,328	959,464
Rent in-kind contributions	181,200	181,200
Other income	3,880	3,633
Net assets released from donor restrictions	1,277,438	784,998
Total revenue and support	9,985,765	12,322,960
Expenses		
Program services expenses		
Family Development	852,739	2,332,080
Food Bank	6,361,363	6,972,256
Housing Counseling	81,729	85,430
Education & Advocacy	98,076	90,806
Arrive Utah	860,203	230,157
Circles	293,124	366,801
Total program services expenses	8,547,234	10,077,530
Supporting services expenses		
Management and general	1,003,334	591,835
Fundraising and development	224,047	215,818
Total supporting services expenses	1,227,381	807,653
Total expenses	9,774,615	10,885,183
Change in net assets without donor restrictions	211,150	1,437,777
Change in Net Assets with Donor Restrictions		
Contributions	549,604	944,178
Net assets released from restrictions	(1,277,438)	(784,998)
Change in net assets with donor restrictions	(727,834)	159,180
Change in Net Assets	(516,684)	1,596,957
Net Assets, Beginning of Year	5,344,876	3,747,919
Net Assets, End of Year	\$ 4,828,192	\$ 5,344,876

Community Action Services and Food Bank
Statement of Functional Expenses
Year Ended June 30, 2022

	Program Services Expenses						Total	Management and General	Fundraising and Development	
	Family Development	Food Bank	Housing Counseling	Education & Advocacy	Arrive Utah	Circles			Total	Development
Salaries	\$ 367,848	\$ 362,166	\$ 64,983	\$ 80,326	\$ -	\$ 169,172	\$ 1,044,495	\$ 294,250	\$ 45,106	\$ 1,383,851
Benefits	72,713	68,692	8,614	6,358	-	26,376	182,753	136,697	12,321	331,771
Consultants	45,397	7,431	-	-	-	18,566	71,394	127,961	1,575	200,930
Rent in-kind	20,273	46,746	1,498	1,421	-	13,005	82,943	98,257	-	181,200
Other rent and occupancy	31,749	73,209	2,346	2,224	-	20,367	129,895	153,850	35	283,780
Travel	3,593	12,724	-	107	-	4,252	20,676	3,154	95	23,925
Supplies	17,351	39,268	25	1,745	203	4,962	63,554	26,207	5,173	94,934
Repairs	3,797	16,349	-	584	-	50	20,780	3,387	-	24,167
Grants to other nonprofits	-	-	-	-	860,000	-	860,000	-	-	860,000
Other	13,537	12,278	419	1,237	-	32,190	59,661	120,871	8,965	189,497
Direct assistance	247,657	128,427	1,055	1,250	-	-	378,389	179	3,314	381,882
Communications	2,094	6,763	-	-	-	948	9,805	9,317	2,559	21,681
Direct mail fundraising	-	-	-	-	-	-	-	-	143,764	143,764
Depreciation	2,813	44,545	2,789	1,395	-	1,646	53,188	7,534	1,140	61,862
Food-in-kind	-	4,583,245	-	-	-	-	4,583,245	-	-	4,583,245
USDA food	-	948,969	-	-	-	-	948,969	-	-	948,969
Equipment	23,917	10,551	-	1,429	-	1,590	37,487	21,670	-	59,157
Total expenses included in the expenses section on the statements of activities	\$ 852,739	\$ 6,361,363	\$ 81,729	\$ 98,076	\$ 860,203	\$ 293,124	\$ 8,547,234	\$ 1,003,334	\$ 224,047	\$ 9,774,615

Community Action Services and Food Bank
Statement of Functional Expenses
Year Ended June 30, 2021

	Program Services Expenses						Total	Management and General	Fundraising and Development	
	Family Development	Food Bank	Housing Counseling	Education & Advocacy	Arrive Utah	Circles			Total	
Salaries	\$ 307,257	\$ 315,057	\$ 67,784	\$ 72,651	\$ 130,575	\$ 182,395	\$ 1,075,719	\$ 161,119	\$ 51,805	\$ 1,288,643
Benefits	64,175	58,729	9,293	11,629	21,069	46,424	211,319	76,655	10,268	298,242
Consultants	19,280	4,680	-	-	23,456	12,778	60,194	108,040	134	168,368
Rent in-kind	17,507	93,972	2,124	1,813	10,892	8,595	134,903	46,297	-	181,200
Other rent and occupancy	25,207	135,308	3,058	2,610	15,683	12,375	194,241	66,665	-	260,906
Travel	1,518	9,708	-	-	1,260	1,970	14,456	294	-	14,750
Supplies	6,428	27,264	78	484	791	1,968	37,013	8,502	3,244	48,759
Repairs	195	6,606	-	217	-	2,188	9,206	1,063	-	10,269
Other	27,002	1,181	409	155	19,102	87,695	135,544	97,900	6,886	240,330
Direct assistance	1,845,525	180,348	-	-	-	-	2,025,873	1,600	1,050	2,028,523
Communications	1,008	6,359	55	70	227	3,411	11,130	9,280	4,235	24,645
Direct mail fundraising	-	-	-	-	-	-	-	-	136,835	136,835
Depreciation	2,374	37,594	2,354	1,177	4,416	1,389	49,304	1,943	962	52,209
Food-in-kind	-	5,143,329	-	-	-	-	5,143,329	-	-	5,143,329
USDA food	-	881,058	-	-	-	-	881,058	-	-	881,058
Equipment	14,604	71,063	275	-	2,686	5,613	94,241	12,477	399	107,117
Total expenses included in the expenses section on the statements of activities	<u>\$ 2,332,080</u>	<u>\$ 6,972,256</u>	<u>\$ 85,430</u>	<u>\$ 90,806</u>	<u>\$ 230,157</u>	<u>\$ 366,801</u>	<u>\$ 10,077,530</u>	<u>\$ 591,835</u>	<u>\$ 215,818</u>	<u>\$ 10,885,183</u>

Community Action Services and Food Bank

Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	2022	2021
Operating Activities		
Change in net assets	\$ (516,684)	\$ 1,596,957
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	61,862	52,209
In-kind food contributions	(5,161,182)	(6,912,274)
In-kind food distributions	5,522,204	6,024,387
Changes in operating assets and liabilities		
Grants and contracts receivable	(358,581)	(171,143)
Prepaid expenses	1,231	1,297
Accounts payable	67,180	(26,624)
Accrued expenses	46,019	28,648
Net Cash from Operating Activities	(337,951)	593,457
Investing Activities		
Purchase of property and equipment	(134,097)	(50,416)
Net Cash used for Investing Activities	(134,097)	(50,416)
Net Change in Cash, Cash Equivalents, and Restricted Cash	(472,048)	543,041
Cash, Cash Equivalents and Restricted Cash, Beginning of Year	3,020,693	2,477,652
Cash, Cash Equivalents and Restricted Cash, End of Year	\$ 2,548,645	\$ 3,020,693
Cash and Cash Equivalents	\$ 2,548,645	\$ 2,074,828
Cash Restricted for Circles and Arrive Utah Programs	-	945,865
Total cash, cash equivalents and restricted cash	\$ 2,548,645	\$ 3,020,693

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. CASFB ceased operating its Arrive Utah program during the year ended June 30, 2022.

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

During the year ended June 30, 2021, CASFB was operating an Arrive Utah program for which the board had designated cash be restricted related to the net assets with donor restrictions for the Arrive Utah and Circles programs. The cash was paid out during the year ended June 30, 2022.

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, 2022 and 2021, 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 \$1.79 per pound for the year ended June 30, 2022 and \$1.74 per pound for the year ended June 30, 2021.

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, 2022 and 2021.

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

Program income is recognized when performance obligations are satisfied. 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. There was no deferred income at June 30, 2022 and 2021.

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, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. 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, 2022 and 2021, conditional contributions approximating \$1,480,000 and \$3,600,000, respectively, 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 years ended June 30, 2022 and 2021, contributed rent consists of \$164,780 for program services, \$15,614 for management and general and \$806 for fundraising.

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 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.

Subsequent Events

CASFB has evaluated subsequent events through January 31, 2023, the date the financial statements were available to be issued.

Adoption of Recently Issued Accounting Standards

As of July 1, 2021, CASFB adopted the provisions of Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires enhanced presentation and disclosure of contributed nonfinancial assets. Management has adopted the amendments of this update on a retrospective basis, because it provides increased and more transparent disclosure around contributed nonfinancial assets. The adoption had no significant impact on the financial statements. Certain reclassifications have been made, with no impact on the change in net assets.

Community Action Services and Food Bank

Notes to Financial Statements

June 30, 2022 and 2021

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, 2022 and 2021:

	2022	2021
Cash and cash equivalents	\$ 2,084,063	\$ 1,777,177
Grants and contracts receivable	810,054	451,473
	\$ 2,894,117	\$ 2,228,650

Note 3 - Grants and Contracts Receivable

Grants and contracts receivable consist of the following at June 30, 2022 and 2021:

	2022	2021
Department of Workforce Services	\$ 348,397	\$ 212,819
TEFAP	72,825	51,010
Other	388,832	187,644
	\$ 810,054	\$ 451,473

Note 4 - Food Inventory

The following table presents food inventory activity for the year ended June 30, 2022:

	Pounds	Dollars
Beginning food inventory	1,034,915	\$ 1,800,742
Contributions of food inventory	2,883,342	5,161,182
Distributions of food inventory	(3,113,944)	(5,522,204)
Ending food inventory	804,313	\$ 1,439,720

Community Action Services and Food Bank

Notes to Financial Statements

June 30, 2022 and 2021

The following table presents food inventory activity for the year ended June 30, 2021:

	Pounds	Dollars
Beginning food inventory	546,620	\$ 912,855
Contributions of food inventory	3,972,577	6,912,274
Distributions of food inventory	(3,484,282)	(6,024,387)
Ending food inventory	1,034,915	\$ 1,800,742

Note 5 - Leases

CASFB leases office and warehouse space under an operating lease that expired 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:

Years Ending June 30,	
2023	\$ 96,000
2024	96,000
	\$ 192,000

Lease expense for the years ended June 30, 2022 and 2021, totaled \$142,583 and \$143,064, respectively. The amounts listed above and reported as lease expense exclude rent credits, provided for in the lease agreement, totaling \$181,200 at June 30, 2022 and 2021. 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, 2022 and 2021, was \$6,000 and \$10,710, respectively.

Community Action Services and Food Bank

Notes to Financial Statements

June 30, 2022 and 2021

Note 6 - Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following at June 30, 2022 and 2021:

	2022	2021
Subject to expenditure for specified purposes		
Community garden	\$ 791	\$ 5,695
Food Bank program	732,886	681,787
Motel vouchers	133,857	81,976
Utility assistance	51,068	59,224
Circles program	132,902	945,865
Housing education	85,589	51,968
Other	60,375	98,788
	\$ 1,197,468	\$ 1,925,303

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, 2022 and 2021:

	2022	2021
Satisfaction of purpose restrictions		
Community garden	\$ 11,570	\$ -
Food Bank program	240,980	193,143
Motel vouchers	83,119	36,833
Utility assistance	17,140	15,235
Circles program	892,558	526,854
Housing education	10,979	9,798
Other	21,092	3,135
	\$ 1,277,438	\$ 784,998

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, 2022 and 2021, retirement expense was \$38,673 and \$26,535, respectively.



Federal Awards Reports in Accordance
with the Uniform Guidance
June 30, 2022

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***

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, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 31, 2023.

Report on 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2022-001 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2022-002 to be a significant deficiency.

Report on 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 Finding

Government Auditing Standards requires the auditor to perform limited procedures on Community Action Services and Food Bank's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. Community Action Services and Food Bank's response was not subjected to the other 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
January 31, 2023



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

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

Report on Compliance for Each Major Federal Program

Opinion on Each 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 programs for the year ended June 30, 2022. Community Action Services and Food Bank's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, 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 each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Community Action Services and Food Bank and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Community Action Services and Food Bank's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Community Action Services and Food Bank's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Community Action Services and Food Bank's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Community Action Services and Food Bank's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Community Action Services and Food Bank's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Community Action Services and Food Bank's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Community Action Services and Food Bank's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.


A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance

requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-003 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on Community Action Services and Food Bank's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Community Action Services and Food Bank's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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
January 31, 2023

Community Action Services and Food Bank
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Financial Assistance Listing 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	20-1253	\$ 27,397
Community Services Block Grant	93.569	21-1902	508,251
Community Services Block Grant	93.569	22-DWS-0200	545,588
Community Services Block Grant	93.569	21-2233	95,860
COVID-19 Community Services Block Grant	93.569	20-3693	<u>55,093</u>
Total Community Services Block Grant			<u>1,232,189</u>
Temporary Assistance for Needy Families	93.558	18-DWS-0146	58,265
Temporary Assistance for Needy Families	93.558	21-DWS-0001	108,770
Temporary Assistance for Needy Families	93.558	21-0560	<u>45,283</u>
Total Temporary Assistance for Needy Families Cluster			<u>212,318</u>
Total for U.S. Department of Health and Human Services			<u>1,444,507</u>
<u><i>U.S. Department of the Treasury</i></u>			
Passed Through from Utah Department of Workforce Services			
COVID-19 Emergency Rental Assistance	21.023	21-2317	<u>259,199</u>
Total for U.S. Department of the Treasury			<u>259,199</u>
<u><i>U.S. Department of Housing and Urban Development</i></u>			
Direct Award:			
Supportive Housing Program	14.235		7,600
Supportive Housing Program	14.235		<u>60,032</u>
Total Supportive Housing Program			<u>67,632</u>
Housing Counseling Assistance Program	14.169	HC200821006	<u>47,065</u>
Passed Through from Utah Department of Workforce Services			
Emergency Solutions Grant Program	14.231	21-0414	124,940
COVID-19 Emergency Solutions Grant Program	14.231	None assigned	<u>155,216</u>
Total Emergency Solutions Grant Program			<u>280,156</u>

Community Action Services and Food Bank
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
Passed Through from City of Provo			
Community Development Block Grant	14.218	2021-HSGSUPP-CDBG 2021-FOODBANK-	7,389
Community Development Block Grant	14.218	CDBG	10,000
Community Development Block Grant	14.218	2021-CIRCLES-CDBG 2021- RefrigeratingUnit	32,121
Community Development Block Grant	14.218	CDBG-CV3	19,160
Passed Through from City of Orem			
Community Development Block Grant	14.218	A-2021-0273	20,000
Passed Through from Mountainland Association of Governments			
Community Development Block Grant	14.218	None assigned	33,326
Community Development Block Grant	14.218	None assigned	48,895
Community Development Block Grant	14.218	None assigned	12,000
Community Development Block Grant	14.218	None assigned	10,000
Community Development Block Grant	14.218	None assigned	2,000
Community Development Block Grant	14.218	None assigned	1,809
Total Community Development Block Grant/Entitlement Grant Cluster			<u>196,700</u>
Total U.S. Department of Housing and Urban Development			<u>591,553</u>
<u>U.S. Department of Homeland Security</u>			
Passed Through from United Way Worldwide			
Emergency Food and Shelter National Board Program	97.024	Phase 37	5,701
Emergency Food and Shelter National Board Program	97.024	Phase 38	26,864
Emergency Food and Shelter National Board Program	97.024	Phase 39	605
COVID-19 Emergency Food and Shelter National Board Program	97.024	Phase CARES	<u>548</u>
Total Emergency Food and Shelter National Board Program			<u>33,718</u>
Total U.S. Department of Homeland Security			<u>33,718</u>

Community Action Services and Food Bank
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
<i>U.S. Department of Agriculture</i>			
Food Distribution Cluster - Passed Through Utah Food Bank			
Emergency Food Assistance Program - Administrative Costs	10.568	21TEF6	69,055
Emergency Food Assistance Program - Food Commodities	10.569	21TEF6	<u>948,969</u>
Total Food Distribution Cluster			<u>1,018,024</u>
Total U.S. Department of Agriculture			<u>1,018,024</u>
Total Federal Financial Assistance			<u><u>\$ 3,347,001</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, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of 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 \$1.79 per pound for the year ended June 30, 2022. This price is used by the Organization in valuing all of its food donations received. At June 30, 2022, CASFB had food commodities from federal sources totaling \$334,501 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	Yes
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	Yes
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(a):	Yes

Identification of major programs:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Community Services Block Grant	93.569
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?	No

Section II – Financial Statement Findings

2022-001 Audit Adjustments and Financial Statement Preparation Including the Schedule of Expenditures of Federal Awards

Material Weakness

Criteria:

The internal control system should ensure that the financial statements are prepared in accordance with the requirements of generally accepted accounting principles and ensure that account balances are materially correct at the end of the reporting period.

Condition:

During our engagement, we drafted the Organization's financial statements and proposed audit adjustments to the Organization's recorded balances, which if not recorded would have resulted in misstatements of the Organization's financial statements. We also noted errors in the preparation of the Schedule of Expenditures of Federal Awards that if not corrected, would have resulted in material misstatements in the financial statements.

Cause:

The Organization's procedures in place during the year ended June 30, 2022, did not provide for sufficient processes to ensure that fixed assets and net assets were properly recorded at year end and that the financial statements are prepared in accordance with the requirements of generally accepted accounting principles.

Effect:

Certain account balances were materially misstated in the Organization's financial statements, which may affect management decisions throughout the year.

Recommendation:

The Organization should analyze its controls over reconciliations and the financial close process to ensure that the financial statements are prepared in accordance with the requirements of generally accepted accounting principles to ensure all transactions have been properly recorded at year end, including in-kind transactions.

Views of Responsible Officials:

Management agrees with the finding.

2022-002 Journal Entry Approval

Significant Deficiency

Criteria:

The internal control system should ensure that journal entries are reviewed and approved prior to being posted to the general ledger.

Condition:

During our engagement, we noted that the Organization was not reviewing and approving journal entries prior to being posted to the general ledger.

Cause:

The Organization's procedures in place during the year ended June 30, 2022, did not provide for sufficient processes to ensure that journal entries are reviewed and approved.

Effect:

Lack of review and approval of journal entries increases the risk of misstatements in the financial statements.

Recommendation:

The Organization should analyze its controls over journal entry approval to ensure that journal entries are reviewed and approved prior to being posted to the general ledger.

Views of Responsible Officials:

Management agrees with the finding.

Section III – Federal Award Findings and Questioned Costs

2022-003 **U.S. Department of Agriculture
Passed Through Utah Food Bank
Food Distribution Cluster - Federal Financial Assistance Listing Number 10.568**

**Eligibility
Significant Deficiency in Internal Control over Compliance**

Grant Award Number:

Affects all grant awards included under the Federal Financial Assistance Listing Number 10.568 on the Schedule of Expenditures of Federal Awards.

Criteria:

2 CFR Part 200 (*Uniform Guidance*) and the *Compliance Supplement* requires the Organization to certify households eligible to receive USDA Foods for household consumption by applying income eligibility criteria established by the state agency.

Condition:

During our engagement, we identified two instances where the Organization could not provide documentation that the household income qualified for services. We also identified one instance where the documented household income exceeded the income eligibility criteria.

Cause:

The Organization did not have adequate controls to ensure household income was properly certified.

Effect:

The organization may have allowed ineligible households to receive USDA Foods.

Questioned Costs:

None

Context/Sampling:

We selected 60 households that participated in the USDA program.

Repeat finding from the Prior Year(s):

No

Recommendation:

We recommend the Organization enhance controls to ensure that all documentation certifying the eligibility of households is properly maintained.

Views of Responsible Officials:

Management agrees with the finding.