



Financial Statements,
Schedule of Expenditures of Federal Awards,
and Reports Required by Government Auditing
Standards and OMB Circular A-133
June 30, 2015 and 2014

Community Action Services and Food Bank

Community Action Services and Food Bank

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June 30, 2015

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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, 2015 and 2014, 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, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

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 Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 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 21, 2015 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 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 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.

Eide Bailly LLP

Salt Lake City, Utah
December 21, 2015

Community Action Services and Food Bank
Statements of Financial Position
June 30, 2015 and 2014

	2015	2014
Assets		
Current assets		
Cash	\$ 139,422	\$ 62,142
Grants and contracts receivable	236,129	357,812
Food inventory	1,389,995	1,660,322
Total current assets	1,765,546	2,080,276
Property and equipment		
Leasehold improvements	140,783	140,783
Equipment and furnishings	350,546	353,853
Less accumulated depreciation	(357,292)	(318,736)
Net property and equipment	134,037	175,900
Total assets	\$ 1,899,583	\$ 2,256,176
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 35,050	\$ 38,321
Accrued expenses	124,737	123,996
Current portion of note payable	22,032	20,531
Total current liabilities	181,819	182,848
Long-term liabilities		
Note payable, net of current portion	42,525	64,571
Total liabilities	224,344	247,419
Net assets		
Unrestricted		
Undesignated	28,484	15,104
Invested in food inventory	1,389,995	1,660,322
Invested in property and equipment, net of related debt	69,480	90,798
	1,487,959	1,766,224
Temporarily restricted	187,280	242,533
Total net assets	1,675,239	2,008,757
Total liabilities and net assets	\$ 1,899,583	\$ 2,256,176

Community Action Services and Food Bank

Statements of Activities

Years Ended June 30, 2015 and 2014

	2015	2014
Unrestricted Net Assets		
Revenue and Support		
Grants and contracts	\$ 1,313,559	\$ 1,376,031
Subleases	8,250	11,511
Contributions	662,162	558,506
Food in-kind contributions - non USDA	6,225,330	6,758,150
Food in-kind contributions - USDA	1,252,203	940,652
Other income	91,808	134,018
	9,553,312	9,778,868
Net assets released from restrictions:		
Restrictions satisfied	143,883	74,043
	9,697,195	9,852,911
Expenses:		
Program services expenses		
Family development	424,468	482,014
Food bank	8,366,566	8,415,279
Housing counseling	145,369	160,437
Education & advocacy	230,033	260,199
Circles	284,462	175,953
	9,450,898	9,493,882
Supporting services expenses		
Management and general	259,787	237,913
Fundraising and development	264,775	247,433
	524,562	485,346
Total expenses	9,975,460	9,979,228
Change in Unrestricted Net Assets	(278,265)	(126,317)
Temporarily Restricted Net Assets		
Contributions	88,630	174,838
Restrictions satisfied	(143,883)	(74,043)
Change in Temporarily Restricted Net Assets	(55,253)	100,795
Change in Net Assets	(333,518)	(25,522)
Net Assets, Beginning of Year	2,008,757	2,034,279
Net Assets, End of Year	\$ 1,675,239	\$ 2,008,757

Community Action Services and Food Bank
Statement of Functional Expenses
Year Ended June 30, 2015

	Program Services Expenses						Management and General	Fundraising and Development	Total
	Family Development	Food Bank	Housing Counseling	Education & Advocacy	Circles	Total			
Salaries	\$ 125,857	\$ 328,749	\$ 84,884	\$ 106,320	\$ 130,663	\$ 776,473	\$ 122,312	\$ 54,235	\$ 953,020
Benefits	33,322	95,098	24,142	32,296	35,143	220,001	33,125	10,869	263,995
Consultants	1,463	3,000	-	16,032	26,750	47,245	49,637	184	97,066
Occupancy	28,116	103,750	20,454	43,674	17,263	213,257	12,407	12,114	237,778
Travel	1,830	16,942	2,725	2,337	9,981	33,815	209	1,025	35,049
Supplies	6,371	18,308	2,622	2,537	5,701	35,539	5,469	6,316	47,324
Repairs	2,066	11,702	2,154	13,180	1,850	30,952	4,018	1,211	36,181
Interest	430	516	108	302	2,506	3,862	1,255	1,784	6,901
Other	7,644	9,186	1,923	5,380	44,594	68,727	22,334	31,752	122,813
Direct assistance	206,751	12,000	-	-	1,893	220,644	-	-	220,644
Communications	5,090	5,014	2,628	3,305	2,378	18,415	3,648	4,908	26,971
Direct mail fundraising	-	-	-	-	-	-	-	137,995	137,995
Depreciation	5,528	14,441	3,729	4,670	5,740	34,108	5,373	2,382	41,863
Food-in-kind	-	6,635,380	-	-	-	6,635,380	-	-	6,635,380
USDA food distribution	-	1,112,480	-	-	-	1,112,480	-	-	1,112,480
Total expenses included in the expense section on the statement of activities	<u>\$ 424,468</u>	<u>\$ 8,366,566</u>	<u>\$ 145,369</u>	<u>\$ 230,033</u>	<u>\$ 284,462</u>	<u>\$ 9,450,898</u>	<u>\$ 259,787</u>	<u>\$ 264,775</u>	<u>\$ 9,975,460</u>

Community Action Services and Food Bank
Statement of Functional Expenses
Year Ended June 30, 2014

	Program Services Expenses						Management and General	Fundraising and Development	Total
	Family Development	Food Bank	Housing Counseling	Education & Advocacy	Circles	Total			
Salaries	\$ 152,844	\$ 355,166	\$ 89,880	\$ 143,061	\$ 67,414	\$ 808,365	\$ 118,015	\$ 55,380	\$ 981,760
Benefits	43,023	124,970	26,525	43,174	15,275	252,967	32,490	7,091	292,548
Consultants	-	-	-	8,291	31,000	39,291	38,427	8,492	86,210
Occupancy	17,460	102,701	31,055	43,038	20,891	215,145	12,915	10,745	238,805
Travel	3,581	19,782	581	2,093	6,803	32,840	113	2,866	35,819
Supplies	2,060	21,881	2,960	2,015	1,904	30,820	7,305	10,069	48,194
Repairs	65	11,448	211	260	284	12,268	6,383	666	19,317
Interest	323	1,373	161	323	2,261	4,441	1,131	2,503	8,075
Other	3,526	14,262	1,033	3,569	24,157	46,547	11,866	26,479	84,892
Direct assistance	246,371	-	-	2,600	-	248,971	-	-	248,971
Communications	5,561	5,458	3,797	5,036	2,789	22,641	3,709	5,641	31,991
Direct mail fundraising	-	-	-	-	-	-	-	114,894	114,894
Depreciation and amortization	7,200	16,730	4,234	6,739	3,175	38,078	5,559	2,607	46,244
Food-in-kind	-	6,696,630	-	-	-	6,696,630	-	-	6,696,630
USDA food distribution	-	1,044,878	-	-	-	1,044,878	-	-	1,044,878
Total expenses included in the expense section on the statement of activities	\$ 482,014	\$ 8,415,279	\$ 160,437	\$ 260,199	\$ 175,953	\$ 9,493,882	\$ 237,913	\$ 247,433	\$ 9,979,228

Community Action Services and Food Bank
Statements of Cash Flows
Years Ended June 30, 2015 and 2014

	2015	2014
Operating Activities		
Change in net assets	\$ (333,518)	\$ (25,522)
Adjustments to reconcile change in net assets to net cash from (used for) operating activities		
Depreciation	41,863	46,244
In-kind food contributions	(7,477,533)	(7,698,802)
In-kind food distributions	7,747,860	7,741,508
Changes in operating assets and liabilities		
Grants and contracts receivable	121,683	(88,308)
Accounts payable	(3,271)	13,542
Accrued expenses	741	7,031
Net Cash from (used for) Operating Activities	97,825	(4,307)
Investing Activities		
Purchase of property and equipment	-	(52,944)
Net Cash used for Investing Activities	-	(52,944)
Financing Activities		
Proceeds from line of credit	-	45,000
Principal payments on note payable	(20,545)	(4,898)
Net Cash from (used for) Financing Activities	(20,545)	40,102
Net Change in Cash	77,280	(17,149)
Cash, Beginning of Year	62,142	79,291
Cash, End of Year	\$ 139,422	\$ 62,142
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	\$ 6,901	\$ 8,075
Supplemental Disclosure of Non-cash Investing and Financing Activities		
Line of credit refinanced with proceeds from note payable	\$ -	\$ 90,000

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 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.

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, 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.

Receivables and Credit Policies

Grants and contracts receivable consist primarily of noninterest-bearing amounts due from governmental agencies and unconditional promises to give due from donors. 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, 2015, management determined that no allowance was necessary.

Inventory

Inventory consists principally of donated food which is valued at a nationally established price consistently applied, which was \$1.70 and \$1.69 per pound for the years ended June 30, 2015 and 2014.

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, 2015 and 2014.

Net Assets

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

Unrestricted Net Assets - Net assets available for use in general operations.

Temporarily Restricted Net Assets - Net assets subject to donor restrictions that may or will be met by expenditures or actions of CASFB and/or the passage of time.

CASFB reports contributions restricted by donors as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Permanently Restricted Net Assets - Net assets whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by action of CASFB. The restrictions stipulate that resources be maintained permanently but permit CASFB to expend the income generated in accordance with the provisions of the agreements.

Revenue and Revenue Recognition

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

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to CASFB's program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods consist principally of food donated for distribution and were recorded at fair value at the date of the donation (Note 3).

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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 under Section 170(b)(1)(A)(vi). 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.

Subsequent Events

CASFB has evaluated subsequent events through December 21, 2015, the date the financial statements were available to be issued.

Note 2 - Grants and Contracts Receivable

Grants and contracts receivable consist of the following at June 30, 2015 and 2014:

	2015	2014
United Way	\$ 59,036	\$ 94,273
Department of Workforce Services	42,768	61,950
Federal Emergency Management Agency	32,500	35,462
Home-Free USA	-	25,890
U.S. Department of Health and Human Services	25,100	11,243
Other	76,725	128,994
	<u>\$ 236,129</u>	<u>\$ 357,812</u>

Note 3 - Food Inventory

The following table presents food inventory activity for the year ended June 30, 2015:

	Pounds	Dollars
Beginning food inventory	982,439	\$ 1,660,322
Contributions of food inventory	4,372,826	7,477,533
Distributions of food inventory	<u>(4,537,621)</u>	<u>(7,747,860)</u>
Ending food inventory	<u>817,644</u>	<u>\$ 1,389,995</u>

CASFB uses the Utah Food Bank's valuation rate for valuing its food inventory. The beginning balance of inventory on July 1, 2014 was valued at \$1.69 per pound. This rate increased to \$1.72 per pound for the period of July 1, 2014 through December 31, 2014. The rate then decreased to \$1.70 per pound for the period of January 1, 2015 through June 30, 2015. As a result of these changes in valuation rate, the dollar value per pound on the different line items in the schedule above will vary.

Community Action Services and Food Bank

Notes to Financial Statements

June 30, 2015 and 2014

The following table presents food inventory activity for the year ended June 30, 2014:

	Pounds	Dollars
Beginning food inventory	1,007,709	\$ 1,703,028
Contributions of food inventory	4,555,504	7,698,802
Distributions of food inventory	(4,580,774)	(7,741,508)
Ending food inventory	982,439	\$ 1,660,322

CASFB uses the Utah Food Bank's valuation rate for valuing its food inventory. A rate of \$1.69 per pound was used for the year ended June 30, 2014.

Note 4 - Line of Credit

CASFB has a \$140,000 revolving line of credit with a bank, secured by equipment and other assets of CASFB. Borrowings under the line bear interest at the bank's prime rate plus 3% (6.25% at June 30, 2015). There was no balance on the line of credit as of June 30, 2015 and 2014. The line of credit matures in January 2016.

Note 5 - Note Payable

On March 17, 2014, CASFB converted a portion of its line of credit to a \$90,000 note payable bearing interest at 7.02%. The note is payable in 48 monthly installments of \$2,161 and is secured by equipment and other assets of CASFB.

Future maturities of the note payable are as follows:

Year ending June 30,		
2016		\$ 22,032
2017		23,660
2018		18,865
		\$ 64,557

Community Action Services and Food Bank

Notes to Financial Statements

June 30, 2015 and 2014

Note 6 - Leases

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

Year ending June 30,

2016	\$	139,704
2017		138,204
2018		138,204
2019		138,204
2020		138,204
Thereafter		23,034
		715,554
	\$	715,554

Total lease expense for the years ended June 30, 2015 and 2014 totaled \$150,804 and \$149,754 respectively.

CASFB subleases portions of the leased space to other agencies. The combined sublease income for the years ended June 30, 2015 and 2014 was \$8,250 and \$11,511 respectively.

Note 7 - Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following at June 30, 2015 and 2014:

	2015	2014
Community garden	\$ 13,178	\$ 12,431
Food Bank program	34,217	34,217
Motel vouchers	79,157	47,682
Provo residents' utility assistance	15,675	13,991
Other	25,053	23,298
Receivables that are not restricted by donors, but which are unavailable for expenditure until due	20,000	110,914
	\$ 187,280	\$ 242,533

Note 8 - 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 employee is allowed to contribute up to 25% of compensation up to a maximum of \$17,500. 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, 2015 and 2014, retirement expense was \$30,832 and \$32,975 respectively.



Supplementary Information
June 30, 2015

Community Action Services and Food Bank

Community Action Services and Food Bank
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Health and Human Services</u>			
Passed Through from Utah Department of Workforce Services			
Community Services Block Grant	93.569	15-1523	\$ 422,718
Community Services Block Grant	93.569	14-1695	212,760
			<u>635,478</u>
Temporary Assistance for Needy Families	93.558	15DWS0175	20,961
Temporary Assistance for Needy Families	93.558	14-1419	56,883
Temporary Assistance for Needy Families - Circles	93.558	15-1436	128,717
			<u>206,561</u>
Passed Through from Utah Health Policy Project			
Take Care Utah Navigator	93.750	None assigned	311
Total for U.S. Department of Health and Human Services			<u>842,350</u>
<u>U.S. Department of Housing and Urban Development</u>			
Special Needs Assistance Program	14.235	UT0026L8T041407	16,050
Special Needs Assistance Program	14.235	UT0026L8T041306	101,914
SNAP-SHP Leasing	14.235	UT0039L8T041306	36,493
SNAP-SHP Leasing	14.235	UT0039L8T041407	3,178
			<u>157,635</u>
Passed Through from Home Free USA			
National Foreclosure Mitigation Counseling	14.169	None assigned	7,388
			<u>7,388</u>
Passed Through from Utah Department of Workforce Services			
HEARTH Emergency Solutions Grant	14.231	15-0481	2,342
			<u>2,342</u>
Passed Through from Provo City			
HEARTH Emergency Solutions Grant		ESG-2014-CASFB	2,982
Community Development Block Grant	14.128	None assigned	26,304
Passed Through from City of Orem			
Community Development Block Grant	14.218	None assigned	16,500
Passed Through from Mountainland Association of Governments			
Community Development Block Grant-Circles Initiative	14.218	2014-557	20,000
			<u>65,786</u>
Total U.S. Department of Housing and Urban Development			<u>233,151</u>
<u>U.S. Department of Homeland Security</u>			
Passed Through from United Way Worldwide			
Federal Emergency Management Food and Shelter - Utah County	97.024	28-852800-002	12,818
Federal Emergency Management Food and Shelter - Utah County	97.024	28-850500-002	53,132
Total U.S. Department of Homeland Security			<u>65,950</u>

Community Action Services and Food Bank
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2015

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Food Distribution - Cluster *			
<u>U.S. Department of Agriculture</u>			
USDA Commodities	10.569	None assigned	\$ 1,112,480
Passed Through Utah Food Bank			
SNAP Temporary Emergency Food Assistance	10.568	4000-3UT84009	13,541
Commodity Assistance	10.568	4000-3UT84009	39,316
			<u>52,857</u>
Total U.S. Department of Agriculture			<u>1,165,337</u>
Total Federal Assistance			<u>\$ 2,306,788</u>

* - Denotes a major program

Note 1 - General

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Community Action Services and Food Bank, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Community Action Services and Food Bank received federal awards both directly from federal agencies and indirectly through pass-through entities.

Note 2 - Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in *OMB Circular A-122, Cost of Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Community Action Services and Food Bank's summary of significant accounting policies is presented in Note 1 in the Community Action Services and Food Bank's basic financial statements.

Note 3 - 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 nationally established price, which was approximately \$1.71 per pound for the year ended June 30, 2015. This price is used by the Organization in valuing all of its food donations received.



CPAs & BUSINESS ADVISORS

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, 2015, 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 21, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Community Action Services and Food Bank's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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 were not identified. However, as described in the accompanying *Schedule of Findings and Questioned Costs*, we identified a certain deficiency in internal control that we consider to be a material weakness.

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 2015-1 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.

Compliance and Other Matters

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

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 21, 2015



Independent Auditor's Report on Compliance for the Major Federal Program; Report on Internal Control Over Compliance Required by OMB Circular A-133

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

Report on Compliance for 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 Circular A-133 Compliance Supplement* that could have a direct and material effect on the organization's major federal programs for the year ended June 30, 2015. The organization's major federal programs are 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 the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the organization'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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 the organization'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 each major federal program. However, our audit does not provide a legal determination of the organization's compliance.

Opinion on Major Federal Program

In our opinion, Community Action Services and Food Bank complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2015.

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 OMB Circular A-133, 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 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Salt Lake City, Utah
December 21, 2015

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	None Reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 §.510(a)	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	\$ 300,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

**2015-1 Audit Adjustments and Financial Statement Preparation
Material Weakness**

Criteria: The entity should have financial statement preparation processes in place to ensure that inventory and net asset balances are properly recorded.

Condition: Material adjustments were made to correct net asset balances relating to an improper reversal of a prior year adjustment, and a significant adjustment was made to ending inventory to correct a clerical error. The entity's system of internal control did not include controls over the preparation of financial statements and related disclosures.

Cause: The entity's year end process did not detect all necessary adjustments. With respect to the preparation of the financial statements, the entity's internal control system is not designed to provide for the full preparation of the financial statements being audited.

Effect: Adjustments were required to properly state net asset and inventory balances.

Recommendation: The entity should strengthen its financial statement preparation process to ensure the proper reporting of net asset and inventory balances.

Management Response: Processes will be updated to ensure that all net asset and inventory balances are properly reported at the close of each period.

Section III – Federal Award Findings and Questioned Costs

None

Community Action Services and Food Bank
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2014

No federal award findings in the prior year.