



Financial Statements  
June 30, 2016 and 2015

# Community Action Services and Food Bank

# Community Action Services and Food Bank

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June 30, 2016 and 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, 2016 and 2015, 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, 2016 and 2015, 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**

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 *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 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 29, 2016 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.



Salt Lake City, Utah  
December 29, 2016

Community Action Services and Food Bank  
Statements of Financial Position  
June 30, 2016 and 2015

	2016	2015
<b>Assets</b>		
Current assets		
Cash	\$ 878,149	\$ 139,422
Grants and contracts receivable	275,238	236,129
Prepaid expenses	2,334	-
Food inventory	1,151,363	1,389,995
Total current assets	2,307,084	1,765,546
Property and equipment		
Leasehold improvements	140,783	140,783
Equipment and furnishings	348,594	350,546
Less accumulated depreciation	(374,729)	(357,292)
Net property and equipment	114,648	134,037
Total assets	\$ 2,421,732	\$ 1,899,583
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable	\$ 66,020	\$ 35,050
Accrued expenses	116,016	124,737
Current portion of note payable	-	22,032
Total current liabilities	182,036	181,819
Long-term liabilities		
Note payable, net of current portion	-	42,525
Total liabilities	182,036	224,344
Net assets (deficit)		
Unrestricted		
Undesignated	(82,395)	28,484
Invested in food inventory	1,151,363	1,389,995
Invested in property and equipment, net of related debt	114,648	69,480
	1,183,616	1,487,959
Temporarily restricted	1,056,080	187,280
Total net assets	2,239,696	1,675,239
Total liabilities and net assets	\$ 2,421,732	\$ 1,899,583

Community Action Services and Food Bank

Statements of Activities

Years Ended June 30, 2016 and 2015

	2016	2015
Unrestricted Net Assets		
Revenue and Support		
Grants and contracts	\$ 1,363,829	\$ 1,313,559
Subleases	6,000	8,250
Contributions	614,601	662,162
Food in-kind contributions - non USDA	5,810,729	6,225,330
Food in-kind contributions - USDA	817,427	1,252,203
Other income	114,355	91,808
	<u>8,726,941</u>	<u>9,553,312</u>
Net assets released from restrictions:		
Restrictions satisfied	345,626	143,883
	<u>9,072,567</u>	<u>9,697,195</u>
Total unrestricted revenue and support		
Expenses:		
Program services expenses		
Family Development	472,330	424,468
Food Bank	7,474,923	8,366,566
Housing Counseling	93,323	145,369
Education & Advocacy	264,363	230,033
Circles	551,825	284,462
	<u>8,856,764</u>	<u>9,450,898</u>
Total program services expenses		
Supporting services expenses		
Management and general	298,299	259,787
Fundraising and development	221,847	264,775
	<u>520,146</u>	<u>524,562</u>
Total supporting services expenses		
Total expenses	<u>9,376,910</u>	<u>9,975,460</u>
Change in Unrestricted Net Assets	<u>(304,343)</u>	<u>(278,265)</u>
Temporarily Restricted Net Assets		
Contributions	1,214,426	88,630
Restrictions satisfied	(345,626)	(143,883)
Change in Temporarily Restricted Net Assets	<u>868,800</u>	<u>(55,253)</u>
Change in Net Assets	564,457	(333,518)
Net Assets, Beginning of Year	<u>1,675,239</u>	<u>2,008,757</u>
Net Assets, End of Year	<u>\$ 2,239,696</u>	<u>\$ 1,675,239</u>

Community Action Services and Food Bank  
Statement of Functional Expenses  
Year Ended June 30, 2016

	Program Services Expenses						Management and General	Fundraising and Development	Total
	Family Development	Food Bank	Housing Counseling	Education & Advocacy	Circles	Total			
Salaries	\$ 128,215	\$ 316,600	\$ 52,894	\$ 148,659	\$ 264,671	\$ 911,039	\$ 118,459	\$ 47,325	\$ 1,076,823
Benefits	33,187	82,046	12,975	40,305	68,371	236,884	32,387	6,442	275,713
Consultants	75,082	5,000	200	6,688	65,932	152,902	65,356	-	218,258
Occupancy	23,393	98,848	18,351	27,415	40,582	208,589	12,897	15,960	237,446
Travel	3,118	9,538	1,611	3,110	21,758	39,135	126	53	39,314
Supplies	2,695	4,525	2,502	9,988	18,548	38,258	6,229	6,562	51,049
Repairs	-	16,536	138	3,292	1,917	21,883	12,573	-	34,456
Interest	79	609	40	475	1,673	2,876	1,261	166	4,303
Other	2,674	20,507	1,352	15,974	56,306	96,813	42,425	5,569	144,807
Direct assistance	194,475	39,568	-	-	-	234,043	-	-	234,043
Communications	5,205	4,192	1,507	3,549	3,303	17,756	2,730	3,950	24,436
Direct mail fundraising	-	-	-	-	-	-	-	134,418	134,418
Depreciation and amortization	4,207	10,166	1,753	4,908	8,764	29,798	3,856	1,402	35,056
Food-in-kind	-	5,901,971	-	-	-	5,901,971	-	-	5,901,971
USDA food distribution	-	964,817	-	-	-	964,817	-	-	964,817
<b>Total expenses included in the expense section on the statement of activities</b>	<b>\$ 472,330</b>	<b>\$ 7,474,923</b>	<b>\$ 93,323</b>	<b>\$ 264,363</b>	<b>\$ 551,825</b>	<b>\$ 8,856,764</b>	<b>\$ 298,299</b>	<b>\$ 221,847</b>	<b>\$ 9,376,910</b>

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
<b>Total expenses included in the expense section on the statement of activities</b>	<b>\$ 424,468</b>	<b>\$ 8,366,566</b>	<b>\$ 145,369</b>	<b>\$ 230,033</b>	<b>\$ 284,462</b>	<b>\$ 9,450,898</b>	<b>\$ 259,787</b>	<b>\$ 264,775</b>	<b>\$ 9,975,460</b>

Community Action Services and Food Bank  
Statements of Cash Flows  
Years Ended June 30, 2016 and 2015

	2016	2015
Operating Activities		
Change in net assets	\$ 564,457	\$ (333,518)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	35,056	41,863
In-kind food contributions	(6,628,157)	(7,477,533)
In-kind food distributions	6,866,789	7,747,860
Changes in operating assets and liabilities		
Grants and contracts receivable	(39,109)	121,683
Prepaid expenses	(2,334)	-
Accounts payable	30,970	(3,271)
Accrued expenses	(8,721)	741
Net Cash from Operating Activities	818,951	97,825
Investing Activities		
Purchase of property and equipment	(15,667)	-
Net Cash used for Investing Activities	(15,667)	-
Financing Activities		
Principal payments on note payable	(64,557)	(20,545)
Net Cash used for Financing Activities	(64,557)	(20,545)
Net Change in Cash and Cash Equivalents	738,727	77,280
Cash and Cash Equivalents, Beginning of Year	139,422	62,142
Cash and Cash Equivalents, End of Year	\$ 878,149	\$ 139,422
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	\$ 4,303	\$ 6,901

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

### **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, 2016 and 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 per pound for the years ended June 30, 2016 and 2015.

### **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, 2016 and 2015.

### **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. At June 30, 2016 and 2015, CASFB has no permanently restricted net assets.

### **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.

Community Action Services and Food Bank

Notes to Financial Statements

June 30, 2016 and 2015

**Subsequent Events**

CASFB has evaluated subsequent events through December 29, 2016, 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, 2016 and 2015:

	2016	2015
United Way	\$ 21,660	\$ 59,036
Department of Workforce Services	48,889	42,768
Federal Emergency Management Agency	40,627	32,500
U.S. Department of Health and Human Services	45,648	25,100
Housing donations	30,000	-
TEFAP	36,692	-
Other	51,722	76,725
	\$ 275,238	\$ 236,129

**Note 3 - Food Inventory**

The following table presents food inventory activity for the year ended June 30, 2016:

	Pounds	Dollars
Beginning food inventory	817,644	\$ 1,389,995
Contributions of food inventory	3,898,916	6,628,157
Distributions of food inventory	(4,039,288)	(6,866,789)
Ending food inventory	677,272	\$ 1,151,363

CASFB uses the Utah Food Bank's valuation rate for valuing its food inventory. A rate of \$1.70 per pound was used for the year ended June 30, 2016.

Community Action Services and Food Bank

Notes to Financial Statements

June 30, 2016 and 2015

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	(4,537,621)	(7,747,860)
Ending food inventory	817,644	\$ 1,389,995

CASFB uses the Utah Food Bank's valuation rate for valuing its food inventory. A rate of \$1.70 per pound was used for the year ended June 30, 2015.

**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, 2016). There was no balance on the line of credit as of June 30, 2016 and 2015. The line of credit matures in January 2017.

**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 was paid off during the year ending June 30, 2016 and had a zero balance as of June 30, 2016.

**Note 6 - Leases**

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

Year ending June 30,			
2017		\$	138,204
2018			138,204
2019			138,204
2020			138,204
2021			23,034
			\$ 575,850

Total lease expense for the years ended June 30, 2016 and 2015 is \$147,816 and \$150,804, respectively.

CASFB subleases portions of the leased space to other agencies. The combined sublease income for the years ended June 30, 2016 and 2015 was \$6,000 and \$8,250, respectively.

**Note 7 - Temporarily Restricted Net Assets**

Temporarily restricted net assets consist of the following at June 30, 2016 and 2015:

	2016	2015
Community garden	\$ 13,527	\$ 13,178
Food Bank program	34,217	34,217
Motel vouchers	84,305	79,157
Provo residents' utility assistance	18,122	15,675
Circles program	840,734	-
Other	35,175	25,053
Receivables that are not restricted by donors, but which are unavailable for expenditure until due	30,000	20,000
	\$ 1,056,080	\$ 187,280

**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 \$18,000. 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, 2016 and 2015, retirement expense was \$28,208 and \$30,832, respectively.



Supplementary Information  
June 30, 2016

# Community Action Services and Food Bank

Community Action Services and Food Bank  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2016

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b><u>U.S. Department of Health and Human Services</u></b>			
Passed Through from Utah Department of Workforce Services			
Community Services Block Grant	93.569	15-1523	\$ 204,057
Community Services Block Grant	93.569	16-1182	382,519
Temporary Assistance for Needy Families - RRH	93.558	15DWS0175 - 6 Co	141,328
Temporary Assistance for Needy Families - Circles	93.558	15-1436	214,461
<b>Total for U.S. Department of Health and Human Services</b>			<b>942,365</b>
<b><u>U.S. Department of Housing and Urban Development</u></b>			
Special Needs Assistance Program	14.235		125,757
SNAP-SHP Leasing	14.235		1,354
SNAP-SHP Leasing	14.235		25,892
			153,003
Passed Through from Utah Department of Workforce Services			
HEARTH Emergency Solutions Grant	14.231	15-0481	10,323
			10,323
Passed Through from Provo City			
Community Development Block Grant	14.128	None assigned	21,388
Passed Through from City of Orem			
Community Development Block Grant	14.218	None assigned	15,639
Passed Through from Mountainland Association of Governments			
Community Development Block Grant-Circles Initiative	14.218	2015-764	16,225
			53,252
<b>Total U.S. Department of Housing and Urban Development</b>			<b>216,578</b>
<b><u>U.S. Department of Homeland Security</u></b>			
Passed Through from United Way Worldwide			
Federal Emergency Management Food and Shelter - Utah County	97.024	33-852800-002	40,627
<b>Total U.S. Department of Homeland Security</b>			<b>40,627</b>
<b><u>Volunteers in Service to America</u></b>			
Passed Through from Corporation for National & Community Service			
Volunteers in Service to America	94.013	13VSPUT005	2,636
<b>Total Volunteers in Service to America</b>			<b>2,636</b>

Community Action Services and Food Bank  
 Schedule of Expenditures of Federal Awards  
 Year Ended June 30, 2016

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>Food Distribution - Cluster</b>			
<b><u>U.S. Department of Agriculture</u></b>			
Passed Through Utah Food Bank			
SNAP Temporary Emergency Food Assistance	10.568A	4000-3UT84009	\$ 11,754
Commodity Assistance	10.568	4000-3UT84009	64,922
USDA Commodities	10.569	None assigned	964,817
<b>Total U.S. Department of Agriculture</b>			<b><u>1,041,493</u></b>
<b>Total Federal Assistance</b>			<b><u>\$ 2,243,699</u></b>

**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 the requirements of the requirements of the Uniform Guidance. 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 Subpart E – Cost Principles of the Uniform Guidance, 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.

Community Action Services and Food Bank has not elected to use the 10% de minimis cost rate.

**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 \$1.70 per pound for the year ended June 30, 2016. This price is used by the organization in valuing all of its food donations received. At June 30, 2016, the organization had food commodities totaling \$147,000 in inventory.



**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, 2016, 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 29, 2016.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Community Action Services and Food Bank’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Community Action Services and Food Bank’s internal control. Accordingly, we do not express an opinion on the effectiveness of Community Action Services and Food Bank’s internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as 2016-A and 2016-B that we consider to be significant deficiencies.

**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.

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

Salt Lake City, Utah  
December 29, 2016

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

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

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

We have audited Community Action Services and Food Bank's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the organization's major federal program for the year ended June 30, 2016. The organization's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

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

### **Auditor's Responsibility**

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

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

### **Opinion on 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, 2016.

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

Management of Community Action Services and Food Bank is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the organization's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance

with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the organization's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 and therefore, material weaknesses and 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, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2016-001 that we consider to be a significant deficiency.

Community Action Services and Food Bank's response to the internal control over compliance findings identified in our audit are described in the 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 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  
December 29, 2016

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

**FINANCIAL STATEMENTS**

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Noncompliance material to financial statements noted?	No

**FEDERAL AWARDS**

Internal control over major program	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	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:	Yes

**Identification of major programs:**

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Food distribution cluster	10.568, 10.569
Dollar threshold used to distinguish between type A and type B programs	\$ 750,000
Auditee qualified as low-risk auditee?	No

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**Section II – Financial Statement Findings**

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**2016-A      Audit Adjustments and Financial Statement Preparation  
Significant Deficiency**

*Criteria:* The entity should have financial statement preparation processes in place to ensure accounts are properly recorded.

*Condition:* Adjustments were made to correct accrued payroll, inventory, and accounts receivable. 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 accrued payroll, inventory, and accounts receivable balances.

*Recommendation:* The entity should strengthen its financial statement preparation process to ensure the proper reporting of all account balances.

*Views of Responsible Officials:* Management agrees with the finding

**2016-B      Inventory Controls  
Significant Deficiency**

*Criteria:* The entity should follow established controls to ensure donated inventory is recorded timely and accurately.

*Condition:* Deviations from established controls were noted during control testing procedures. In some instances donated inventory documented on donation slips was not recorded in the inventory database or inventory recorded in the database was not supported by an inventory donation slip.

*Cause:* The entity's established controls were not followed.

*Effect:* An adjustment was made to record inventory noted on donation slips that was not included in the database. The completeness of the inventory database was unable to be established through control testing.

*Recommendation:* The entity should communicate the importance of following established controls, and complete periodic internal testing to ensure the controls are being followed.

*Views of Responsible Officials:* Management agrees with the finding

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

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**2016-001 U.S. Department of Agriculture and Utah Food Bank  
CFDA # 10.568 and 10.569, 4000-3UT84009, 2016  
SNAP, Commodity Assistance, USDA Commodities**

**Special Tests and Provisions**

**Accurate and complete records must be maintained with respect to the receipt, distribution/use, and inventory of USDA Foods.**

**Significant Deficiency in I/C over Compliance**

*Criteria:* The entity should follow established controls to ensure donated inventory is recorded timely and accurately.

*Condition:* Certain inventory documented on donation slips was not recorded in the inventory database.

*Cause:* The entity's established controls were not followed.

*Effect:* An adjustment was made to record inventory noted on donation slips that was not included in the database.

*Questioned Costs:* None

*Context/Sampling:* In verifying the completeness of the sample population, we noted that one USDA donation had not been properly recorded in the database.

*Repeat Finding from Prior Year:* No

*Recommendation:* The entity should communicate the importance of following established controls, and complete periodic internal testing to ensure the controls are being followed.

*Views of Responsible Officials:* Management agrees with the finding

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

*Initial Fiscal Year Finding Occurred: 2014*

*Finding Summary:* In connection with the audit procedures performed, material adjustments were made to correct account balances. The entity's system of internal control did not include controls over the preparation of financial statements and related disclosures.

*Status:* Adjustments were required during 2016, and the finding is repeated as a significant deficiency.