



Financial Statements  
June 30, 2017 and 2016

# Community Action Services and Food Bank

# Community Action Services and Food Bank

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June 30, 2017 and 2016

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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, 2017 and 2016, 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, 2017 and 2016, 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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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, 2017 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, 2017

Community Action Services and Food Bank  
 Statements of Financial Position  
 June 30, 2017 and 2016

	2017	2016
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 1,966,731	\$ 878,149
Grants and contracts receivable	219,111	275,238
Prepaid expenses	-	2,334
Food inventory	828,051	1,151,363
Total current assets	3,013,893	2,307,084
Property and equipment		
Leasehold improvements	139,453	140,783
Equipment and furnishings	358,340	348,594
Less accumulated depreciation	(375,876)	(374,729)
Net property and equipment	121,917	114,648
Total assets	\$ 3,135,810	\$ 2,421,732
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable	\$ 31,581	\$ 66,020
Accrued expenses	89,892	116,016
Total current liabilities	121,473	182,036
Net assets (deficit)		
Unrestricted		
Undesignated	(37,502)	(82,395)
Invested in food inventory	828,051	1,151,363
Invested in property and equipment	121,917	114,648
	912,466	1,183,616
Temporarily restricted	2,101,871	1,056,080
Total net assets	3,014,337	2,239,696
Total liabilities and net assets	\$ 3,135,810	\$ 2,421,732

# Community Action Services and Food Bank

## Statements of Activities

Years Ended June 30, 2017 and 2016

	2017	2016
Unrestricted Net Assets		
Revenue and Support		
Grants and contracts	\$ 1,281,888	\$ 1,363,829
Subleases	12,190	6,000
Contributions	550,060	614,601
Food in-kind contributions - non USDA	4,840,417	5,810,729
Food in-kind contributions - USDA	628,594	817,427
Other income	80,674	114,355
	7,393,823	8,726,941
Net assets released from restrictions		
Restrictions satisfied	942,272	345,626
	8,336,095	9,072,567
Expenses		
Program services expenses		
Family Development	502,731	472,330
Food Bank	6,347,734	7,474,923
Housing Counseling	119,289	93,323
Education & Advocacy	272,196	264,363
Circles	900,631	551,825
	8,142,581	8,856,764
Supporting services expenses		
Management and general	286,323	298,299
Fundraising and development	178,341	221,847
	464,664	520,146
Total expenses	8,607,245	9,376,910
Change in Unrestricted Net Assets	(271,150)	(304,343)
Temporarily Restricted Net Assets		
Contributions	1,988,063	1,214,426
Restrictions satisfied	(942,272)	(345,626)
Change in Temporarily Restricted Net Assets	1,045,791	868,800
Change in Net Assets	774,641	564,457
Net Assets, Beginning of Year	2,239,696	1,675,239
Net Assets, End of Year	\$ 3,014,337	\$ 2,239,696

Community Action Services and Food Bank  
Statement of Functional Expenses  
Year Ended June 30, 2017

	Program Services Expenses					Total	Management and General	Fundraising and Development	Total
	Family Development	Food Bank	Housing Counseling	Education & Advocacy	Circles				
Salaries	\$ 159,406	\$ 306,780	\$ 75,610	\$ 134,182	\$ 387,131	\$ 1,063,109	\$ 129,119	\$ 30,441	\$ 1,222,669
Benefits	37,914	79,030	18,512	33,913	92,199	261,568	28,875	2,589	293,032
Consultants	62,036	-	-	15,174	131,642	208,852	61,228	21,250	291,330
Occupancy	29,206	102,923	18,004	23,855	47,183	221,171	14,190	1,792	237,153
Travel	2,177	6,731	793	7,285	5,600	22,586	-	2,121	24,707
Supplies	2,263	7,664	530	14,190	14,767	39,414	6,383	3,396	49,193
Repairs	39	9,848	-	1,563	577	12,027	5,604	395	18,026
Other	1,940	32,528	2,453	29,167	205,980	272,068	34,409	10,948	317,425
Direct assistance	199,521	2,465	-	-	-	201,986	379	-	202,365
Communications	4,362	-	1,553	9,612	6,159	21,686	3,003	3,458	28,147
Direct mail fundraising	-	-	-	-	-	-	-	101,213	101,213
Depreciation	3,867	7,442	1,834	3,255	9,393	25,791	3,133	738	29,662
Food-in-kind	-	5,075,410	-	-	-	5,075,410	-	-	5,075,410
USDA food distribution	-	716,913	-	-	-	716,913	-	-	716,913
Total expenses included in the expense section on the statement of activities	<u>\$ 502,731</u>	<u>\$ 6,347,734</u>	<u>\$ 119,289</u>	<u>\$ 272,196</u>	<u>\$ 900,631</u>	<u>\$ 8,142,581</u>	<u>\$ 286,323</u>	<u>\$ 178,341</u>	<u>\$ 8,607,245</u>

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

	Program Services Expenses					Total	Management and General	Fundraising and	
	Family Development	Food Bank	Housing Counseling	Education & Advocacy	Circles			Development	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	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  
 Statements of Cash Flows  
 Years Ended June 30, 2017 and 2016

	2017	2016
Operating Activities		
Change in net assets	\$ 774,641	\$ 564,457
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	29,662	35,056
In-kind food contributions	(5,469,011)	(6,628,156)
In-kind food distributions	5,792,323	6,866,788
Changes in operating assets and liabilities		
Grants and contracts receivable	56,127	(39,109)
Prepaid expenses	2,334	(2,334)
Accounts payable	(34,439)	30,970
Accrued expenses	(26,124)	(8,721)
Net Cash from Operating Activities	1,125,513	818,951
Investing Activities		
Purchase of property and equipment	(36,931)	(15,667)
Net Cash used for Investing Activities	(36,931)	(15,667)
Financing Activities		
Principal payments on note payable	-	(64,557)
Net Cash used for Financing Activities	-	(64,557)
Net Change in Cash and Cash Equivalents	1,088,582	738,727
Cash and Cash Equivalents, Beginning of Year	878,149	139,422
Cash and Cash Equivalents, End of Year	\$ 1,966,731	\$ 878,149
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	\$ -	\$ 4,903

## **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.

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, 2017 and 2016, 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 \$1.67 and \$1.70 per pound for the years ended June 30, 2017 and 2016, respectively.

## 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, 2017 and 2016.

## 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, 2017 and 2016, 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.

**Subsequent Events**

CASFB has evaluated subsequent events through December 29, 2017, 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, 2017 and 2016:

	2017	2016
United Way	\$ 8,000	\$ 21,660
Department of Workforce Services	41,687	48,889
Federal Emergency Management Agency	22,179	40,627
U.S. Department of Health and Human Services	22,084	45,648
Housing donations	22,500	30,000
TEFAP	48,133	36,692
Other	54,528	51,722
	\$ 219,111	\$ 275,238

**Note 3 - Food Inventory**

The following table presents food inventory activity for the year ended June 30, 2017:

	Pounds	Dollars
Beginning food inventory	\$ 677,272	\$ 1,151,363
Contributions of food inventory	3,274,857	5,469,011
Distributions of food inventory	(3,456,290)	(5,792,323)
Ending food inventory	\$ 495,839	\$ 828,051

CASFB uses the Utah Food Bank's valuation rate for valuing its food inventory. A rate of \$1.67 per pound was used for the year ended June 30, 2017.

Community Action Services and Food Bank  
Notes to Financial Statements  
June 30, 2017 and 2016

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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	6,628,156
Distributions of food inventory	(4,039,288)	(6,866,788)
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.

**Note 4 - Leases**

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

Year ending June 30,		
2018		\$ 138,204
2019		138,204
2020		138,204
2021		23,034
		\$ 437,646
		\$ 437,646

Lease expense for the years ended June 30, 2017 and 2016 totaled \$152,066 and \$147,816, respectively.

CASFB subleases portions of the leased space to other agencies. The combined sublease income for the years ended June 30, 2017 and 2016 was \$12,190 and \$6,000, respectively.

**Note 5 - Temporarily Restricted Net Assets**

Temporarily restricted net assets consist of the following at June 30, 2017 and 2016:

	2017	2016
Community garden	\$ 16,543	\$ 13,527
Food Bank program	1,317	34,217
Motel vouchers	89,735	84,305
Utility assistance	29,329	27,253
Circles program	1,906,008	840,734
Other	23,105	26,044
Receivables that are not restricted by donors, but which are unavailable for expenditure until due	35,834	30,000
	<u>\$ 2,101,871</u>	<u>\$ 1,056,080</u>

**Note 6 - 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, 2017 and 2016, retirement expense was \$28,820 and \$28,208, respectively.



Supplementary Information  
June 30, 2017

# Community Action Services and Food Bank



Community Action Services and Food Bank  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2017

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Grantor or 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	17-1020	\$ 244,929
Community Services Block Grant	93.569	16-1182	283,146
Total Community Services Block Grant			528,075
Temporary Assistance for Needy Families- RRH	93.558	15DWS0175 - 6 Co	153,482
Temporary Assistance for Needy Families- Diverson	93.558	17-1112	5,304
Temporary Assistance for Needy Families- FL	93.558	None assigned	9,921
Temporary Assistance for Needy Families- Circles	93.558	15-1436	184,284
Total Temporary Assistance for Needy Families			352,991
Total for U.S. Department of Health and Human Services			881,066
<u><i>U.S. Department of Housing and Urban Development</i></u>			
Special Needs Assistance Program	14.235	UT0026L8T041508	69,001
SNAP-SHP Leasing	14.235	UT0039L8T041508	14,900
SNAP-SHP Leasing	14.235	UT0129L8T041500	25,636
Total Special Needs Assistance Program			109,537
Comprehensive Housing Counseling	14.169	HC17-0821-004	12,000
Passed Through from Provo City			
Community Development Block Grant	14.218	None assigned	19,008
Passed Through from City of Orem			
Community Development Block Grant	14.218	None assigned	16,000
Passed Through from Mountainland Association of Governments			
Community Development Block Grant	14.218	B-12-UC-49-0003	12,473
Total Community Development Block Grant/Entitlement Grant Cluster			47,481
Total U.S. Department of Housing and Urban Development			169,018
<u><i>U.S. Department of Homeland Security</i></u>			
Passed Through from United Way Worldwide			
Federal Emergency Management Food and Shelter	97.024	33-852800-002	6,555
Federal Emergency Management Food and Shelter	97.024	34-852800-002	22,179
Total Federal Emergency Management Food and Shelter			28,734

Community Action Services and Food Bank  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2017

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Grantor or Pass-Through Entity Identifying Number	Federal Expenditures
<i><u>Volunteers in Service to America</u></i>			
Passed Through from Corporation for National & Community Service			
Volunteers in Service to America	94.013	13VSPUT005	4,971
<i><u>U.S. Department of Agriculture</u></i>			
Food Distribution Cluster - Passed Through Utah Food Bank			
Commodity Assistance	10.568	4000-3UT84009	73,756
USDA Commodities	10.569	None assigned	716,913
Total Food Distribution Cluster			790,669
SNAP Food Stamps/SNAP Cluster	10.561	None assigned	304
Total U.S. Department of Agriculture			790,973
Total Federal Financial Assistance			\$ 1,874,762

**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 Uniform Guidance. Community Action Services and Food Bank received federal awards both directly from federal agencies and indirectly through pass-through entities. No federal financial assistance has been provided to a subrecipient.

**Note 2 - Significant Accounting Policies**

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 \$1.67 per pound for the year ended June 30, 2017. This price is used by the organization in valuing all of its food donations received. At June 30, 2017, the organization had food commodities from federal sources totaling \$58,682 in inventory.



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, 2017, 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, 2017.

**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 a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as 2017-A that we consider to be a significant deficiency.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Community Action Services and Food Bank's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 Finding**

Community Action Services and Food Bank's response to the finding identified in our audit is 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.

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

Salt Lake City, Utah  
December 29, 2017

## **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, 2017. 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, 2017.

### **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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Salt Lake City, Utah  
December 29, 2017

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

**FINANCIAL STATEMENTS**

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

**FEDERAL AWARDS**

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

**Identification of major programs:**

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



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**Section II – Financial Statement Findings**

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**2017-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 and that the financial statements and necessary adjustments are prepared in a timely manner.

*Condition:* An adjustment was made to correct inventory and information regarding year-end inventory and related revenue and expenses is not readily available in a timely manner. 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 inventory.

*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

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

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None Noted