



Financial Statements
June 30, 2021 and 2020

Community Action Services and Food Bank

Community Action Services and Food Bank

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June 30, 2021 and 2020

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Independent Auditor's Report

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, 2021 and 2020, 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, 2021 and 2020, 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 Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The schedule of expenditures of federal awards has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2022 on our consideration of Community Action Services and Food Bank's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Community Action Services and Food Bank's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Community Action Services and Food Bank's internal control over financial reporting and compliance.



Salt Lake City, Utah
March 2, 2022

Community Action Services and Food Bank
Statements of Financial Position
June 30, 2021 and 2020

	2021	2020
Assets		
Current assets		
Cash and cash equivalents	\$ 2,074,828	\$ 1,543,246
Cash restricted for Circles and Arrive Utah programs	945,865	934,406
Grants and contracts receivable	451,473	280,330
Prepaid expenses	1,231	2,528
Food inventory	1,800,742	912,855
Total current assets	5,274,139	3,673,365
Property and equipment		
Leasehold improvements	147,238	137,238
Equipment and furnishings	570,755	530,338
Less accumulated depreciation	(502,621)	(450,411)
Net property and equipment	215,372	217,165
Total assets	\$ 5,489,511	\$ 3,890,530
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 13,457	\$ 40,081
Accrued expenses	131,178	102,530
Total current liabilities	144,635	142,611
Net assets		
Without donor restrictions		
Undesignated	1,403,459	851,776
Invested in food inventory	1,800,742	912,855
Invested in property and equipment	215,372	217,165
	3,419,573	1,981,796
With donor restrictions		
Purpose restrictions	1,925,303	1,766,123
Total net assets	5,344,876	3,747,919
Total liabilities and net assets	\$ 5,489,511	\$ 3,890,530

Community Action Services and Food Bank

Statements of Activities

Years Ended June 30, 2021 and 2020

	2021	2020
Change in Net Assets without Donor Restrictions		
Revenue and support		
Grants and contracts	\$ 3,483,679	\$ 1,071,744
Subleases	10,710	8,043
Contributions	946,466	808,507
Food in-kind contributions - non USDA	5,952,810	4,342,812
Food in-kind contributions - USDA	959,464	1,229,958
Rent in-kind contributions	181,200	181,200
Other income	3,633	139,997
Net assets released from donor restrictions	784,998	1,508,796
	12,322,960	9,291,057
Expenses		
Program services expenses		
Family Development	2,332,080	457,456
Food Bank	6,972,256	6,301,197
Housing Counseling	85,430	113,647
Education & Advocacy	90,806	165,586
Arrive Utah	230,157	850,718
Circles	366,801	274,775
	10,077,530	8,163,379
Supporting services expenses		
Management and general	591,835	306,713
Fundraising and development	215,818	173,436
	807,653	480,149
	10,885,183	8,643,528
Change in net assets without donor restrictions	1,437,777	647,529
Change in Net Assets with Donor Restrictions		
Contributions	944,178	1,066,077
Net assets released from restrictions	(784,998)	(1,508,796)
	159,180	(442,719)
Change in Net Assets	1,596,957	204,810
Net Assets, Beginning of Year	3,747,919	3,543,109
Net Assets, End of Year	\$ 5,344,876	\$ 3,747,919

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

	Program Services Expenses						Total	Management and General	Fundraising and Development		Total
	Family Development	Food Bank	Housing Counseling	Education & Advocacy	Arrive Utah	Circles					
Salaries	\$ 307,257	\$ 315,057	\$ 67,784	\$ 72,651	\$ 130,575	\$ 182,395	\$ 1,075,719	\$ 161,119	\$ 51,805	\$ 1,288,643	
Benefits	64,175	58,729	9,293	11,629	21,069	46,424	211,319	76,655	10,268	298,242	
Consultants	19,280	4,680	-	-	23,456	12,778	60,194	108,040	134	168,368	
Occupancy	42,714	229,280	5,182	4,423	26,575	20,970	329,144	112,962	-	442,106	
Travel	1,518	9,708	-	-	1,260	1,970	14,456	294	-	14,750	
Supplies	6,428	27,264	78	484	791	1,968	37,013	8,502	3,244	48,759	
Repairs	195	6,606	-	217	-	2,188	9,206	1,063	-	10,269	
Other	27,002	1,181	409	155	19,102	87,695	135,544	97,900	6,886	240,330	
Direct assistance	1,845,525	180,348	-	-	-	-	2,025,873	1,600	1,050	2,028,523	
Communications	1,008	6,359	55	70	227	3,411	11,130	9,280	4,235	24,645	
Direct mail fundraising	-	-	-	-	-	-	-	-	136,835	136,835	
Depreciation	2,374	37,594	2,354	1,177	4,416	1,389	49,304	1,943	962	52,209	
Food-in-kind	-	5,143,329	-	-	-	-	5,143,329	-	-	5,143,329	
USDA food	-	881,058	-	-	-	-	881,058	-	-	881,058	
Equipment	14,604	71,063	275	-	2,686	5,613	94,241	12,477	399	107,117	
Total expenses included in the expenses section on the statements of activities	<u>\$ 2,332,080</u>	<u>\$ 6,972,256</u>	<u>\$ 85,430</u>	<u>\$ 90,806</u>	<u>\$ 230,157</u>	<u>\$ 366,801</u>	<u>\$ 10,077,530</u>	<u>\$ 591,835</u>	<u>\$ 215,818</u>	<u>\$ 10,885,183</u>	

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

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

Community Action Services and Food Bank

Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	2021	2020
Operating Activities		
Change in net assets	\$ 1,596,957	\$ 204,810
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	52,209	36,832
In-kind food contributions	(6,912,274)	(5,572,770)
In-kind food distributions	6,024,387	5,622,458
Changes in operating assets and liabilities		
Grants and contracts receivable	(171,143)	(98,136)
Prepaid expenses	1,297	(2,528)
Accounts payable	(26,624)	(14,825)
Accrued expenses	28,648	3,649
Net Cash from Operating Activities	593,457	179,490
Investing Activities		
Purchase of property and equipment	(50,416)	(83,049)
Net Cash used for Investing Activities	(50,416)	(83,049)
Net Change in Cash, Cash Equivalents, and Restricted Cash	543,041	96,441
Cash, Cash Equivalents and Restricted Cash, Beginning of Year	2,477,652	2,381,211
Cash, Cash Equivalents and Restricted Cash, End of Year	\$ 3,020,693	\$ 2,477,652
Cash and Cash Equivalents	\$ 2,074,828	\$ 1,543,246
Cash Restricted for Circles and Arrive Utah Programs	945,865	934,406
Total cash, cash equivalents and restricted cash	\$ 3,020,693	\$ 2,477,652

Note 1 - Summary of Significant Accounting Policies

Organization

Community Action Services and Food Bank (CASFB) is a nonprofit corporation organized under the laws of the State of Utah. The purposes of CASFB are to establish, operate, and coordinate community action programs in order to prevent and alleviate poverty and its causes, to cooperate with other organizations, and to secure and expend monies for these purposes. CASFB operates primarily in Utah County in the State of Utah.

CASFB's principal programs comprise the following:

Family Development – Provides a variety of direct services to help eligible households stabilize and work toward self-reliance.

Food Bank – Alleviates hunger by providing food, basic needs packages, counseling, budgeting and referrals to other community services.

Housing Counseling – Educates moderate and low-income families on how to purchase a home and helps to resolve mortgage problems.

Education & Advocacy – Educates the community about poverty and resources and connects people with resources in the community to engage community members as volunteers and in a variety of service opportunities.

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

Circles – Works to help families move out of generational poverty through training and matching with highly trained community volunteers from the middle class.

Cash and Cash Equivalents

CASFB considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes or designated by the board for grant restrictions, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to capital expenditures or other long-term purposes of CASFB are excluded from this definition.

Restricted Cash

The CASFB board has designated cash related to net assets with donor restrictions for Arrive Utah and Circles to be restricted cash.

Receivables and Credit Policies

Grants and contracts receivable consist primarily of noninterest-bearing amounts due from governmental agencies. Management determines the allowance for uncollectable grants and contracts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Amounts are written off when deemed uncollectible. At June 30, 2021 and 2020, management determined that no allowance was necessary.

Inventory

Inventory consists principally of donated food which is valued at a rate set by the board based on a nationally established price consistently applied, which was \$1.74 per pound for the year ended June 30, 2021 and \$1.67 per pound for the year ended June 30, 2020.

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, 2021 and 2020.

Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. CASFB reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Revenue and Revenue Recognition

Program income is recognized when performance obligations are satisfied. Program service fees and payments under cost-reimbursable grants and contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. There was no deferred income at June 30, 2021 and 2020.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. CASFB's federal and state contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Consequently, at June 30, 2021 and 2020, conditional contributions approximating \$3,600,000 and \$800,000, respectively, for which no amounts have been received in advance, have not been recognized in the accompanying financial statements.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to CASFB's program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods consist principally of food donated for distribution (Note 4) and is valued at a rate set by the board based on a nationally established price. Contributed services and goods also includes rent which is based on the market value of the rent per the rental agreement. For the years ended June 30, 2021 and 2020, contributed rent consists of \$164,780 for program services, \$15,614 for management and general and \$806 for fundraising.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, benefits, occupancy, supplies, communications and depreciation, which are allocated on the basis of estimates of time and effort.

Income Taxes

CASFB is organized as a Utah nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), and qualifies for the charitable contribution deduction, and has been determined not to be a private foundation. CASFB is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, CASFB is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. CASFB has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

CASFB believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. CASFB would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

Financial Instruments and Credit Risk

CASFB manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, CASFB has not experienced losses in any of these accounts. Credit risk associated with grants and contracts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies and foundations supportive of CASFB's mission.

Adoption of FASB Accounting Standards Update 2014-09

As of July 1, 2020, CASFB has adopted the provisions of ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended with retrospective application to the prior periods presented. The application of the provisions did not have a material effect on the amounts presented or disclosed.

Community Action Services and Food Bank

Notes to Financial Statements

June 30, 2021 and 2020

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at June 30, 2021 and 2020:

	2021	2020
Cash and cash equivalents	\$ 1,777,177	\$ 1,363,772
Grants and contracts receivable	451,473	280,330
	\$ 2,228,650	\$ 1,644,102

Note 3 - Grants and Contracts Receivable

Grants and contracts receivable consist of the following at June 30, 2021 and 2020:

	2021	2020
Department of Workforce Services	\$ 212,819	\$ 139,893
TEFAP	51,010	21,389
Other	187,643	119,048
	\$ 451,473	\$ 280,330

Note 4 - Food Inventory

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

	Pounds	Dollars
Beginning food inventory	546,620	\$ 912,855
Contributions of food inventory	3,972,577	6,912,284
Distributions of food inventory	(3,484,282)	(6,024,397)
Ending food inventory	1,034,915	\$ 1,800,742

Community Action Services and Food Bank

Notes to Financial Statements

June 30, 2021 and 2020

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

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

Note 5 - Leases

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

Years Ending June 30,	
2022	96,000
2023	96,000
2024	96,000
	\$ 288,000

Lease expense for the years ended June 30, 2021 and 2020, totaled \$143,064 and \$131,547, respectively. The amounts listed above and reported as lease expense exclude rent credits, provided for in the lease agreement, totaling \$181,200 at June 30, 2021 and 2020. These rent credits are recorded as rent in-kind contributions on the statements of activities and as part of occupancy cost on the schedules of functional expenses.

CASFB subleases portions of the leased space to other agencies. The combined sublease income for the years ended June 30, 2021 and 2020, was \$10,710 and \$8,043, respectively.

Community Action Services and Food Bank

Notes to Financial Statements

June 30, 2021 and 2020

Note 6 - Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purposes		
Community garden	\$ 5,695	\$ 5,695
Food Bank program	681,787	641,977
Motel vouchers	81,976	87,399
Utility assistance	59,224	56,820
Circles program	945,865	934,406
Housing education	51,968	10,266
Other	98,788	29,560
	<u>\$ 1,925,303</u>	<u>\$ 1,766,123</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Satisfaction of purpose restrictions		
Community garden	\$ -	\$ 6,929
Food Bank program	193,143	45,636
Motel vouchers	36,833	96,644
Utility assistance	15,235	7,630
Circles program	526,854	1,244,994
Housing education	9,798	81,571
Other	3,135	25,392
	<u>784,998</u>	<u>1,508,796</u>
	<u>\$ 784,998</u>	<u>\$ 1,508,796</u>

Note 7 - Retirement Plan

CASFB participates in a 403(b) retirement plan. The plan is managed by Mutual of America. Under this plan, CASFB contributes 5% of qualified employees' gross earnings to the plan. The employees are allowed to contribute up to 25% of compensation up to Internal Revenue Service contribution limits. Employees are eligible to participate after one year of full-time employment and are 100% vested in CASFB's contributions after the third year of employment. For the years ended June 30, 2021 and 2020, retirement expense was \$26,535 and \$31,888, respectively.

Note 8 - Contingencies

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

Note 9 - Subsequent events

CASFB has evaluated subsequent events through March 2, 2022, the date the financial statements were available to be issued.

Subsequent to year end, the leadership team of the Arrive Utah program created a standalone entity and filed for exempt status with the IRS. In connection with the newly created entity, CASFB made an initial cash contribution of \$860,000 representing net assets with donor restrictions for use in the Arrive Utah program.



Federal Awards Reports in Accordance
with the Uniform Guidance
June 30, 2021

Community Action Services and Food Bank



**Independent Auditor’s Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Community Action Services and Food Bank, which comprise the statement of financial position as of June 30, 2021, 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 March 2, 2022.

Internal Control over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompany schedule of findings and questioned costs as item 2021-001 that we consider to be a material weakness.

Compliance and Other Matters

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

Community Action Services and Food Bank's Response to Finding

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.



Salt Lake City, Utah
March 2, 2022



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

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

Report on Compliance for Each Major Federal Program

We have audited Community Action Services and Food Bank’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Organization’s major federal programs for the year ended June 30, 2021. The Community Action Services and Food Bank’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

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 programs 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 each major federal program. However, our audit does not provide a legal determination of the Organization’s compliance.

Opinion on Each Major Federal Program

In our opinion, Community Action Services and Food Bank complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

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 each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



Salt Lake City, Utah
March 2, 2022

Community Action Services and Food Bank
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u><i>U.S. Department of Health and Human Services</i></u>			
Passed Through from Utah Department of Workforce Services			
Community Services Block Grant	93.569	20-1253	\$ 522,222
Community Services Block Grant	93.569	21-1902	180,061
COVID-19 Community Services Block Grant	93.569	20-3693	<u>116,697</u>
			818,980
Temporary Assistance for Needy Families	93.558	18-DWS-0146	60,946
Temporary Assistance for Needy Families- III	93.558	21-DWS-0001	57,044
State Homelessness	93.558	21-0560	55,589
Total Temporary Assistance for Needy Families Cluster			<u>173,579</u>
Total for U.S. Department of Health and Human Services			<u>992,559</u>
<u><i>U.S. Department of the Treasury</i></u>			
Passed Through from Utah Department of Workforce Services			
COVID-19 Emergency Rental Assistance	21.023	21-2317	54,806
COVID-19 Coronavirus Relief Fund	21.019	20-3797	<u>1,729,385</u>
Total for U.S. Department of the Treasury			<u>1,784,191</u>
<u><i>U.S. Department of Housing and Urban Development</i></u>			
Direct Award:			
Special Needs Assistance Program	14.235	UT0129L8T041904	11,162
Special Needs Assistance Program	14.235	UT0129L8T042005	<u>37,373</u>
			48,535
Comprehensive Housing Counseling	14.169	HC200821006	32,917
Passed Through from Utah Department of Workforce Services			
Emergency Food Assistance Program	14.231	21-0414	147,274

Community Action Services and Food Bank
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
Passed Through from City of Provo			
Community Development Block Grant	14.128	2021- CASFB_HSGSUPP- CDBG	2,593
Community Development Block Grant	14.128	2021- CASFB_CIRCLES- CDBG	<u>15,859</u>
Total Community Development Block Grant/Entitlement Grant Cluster			<u>18,452</u>
Total U.S. Department of Housing and Urban Development			<u>247,178</u>
<u><i>U.S. Department of Homeland Security</i></u>			
Passed Through from United Way Worldwide			
Federal Emergency Management Food and Shelter	97.024	Phase 36	10,097
Federal Emergency Management Food and Shelter	97.024	Phase 37	40,679
COVID-19 Federal Emergency Management Food and Shelter	97.024	Phase CARES	<u>70,800</u>
Total Federal Emergency Management Food and Shelter			<u>121,576</u>
Total U.S. Department of Homeland Security			121,576
<u><i>U.S. Department of Housing and Urban Development</i></u>			
Passed Through from Utah Department of Workforce Services			
COVID-19 Emergency Solutions Grant Program	14.231	None assigned	<u>28,727</u>
Total U.S. Department of Housing and Urban Development			28,727

Community Action Services and Food Bank
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u><i>U.S. Department of Agriculture</i></u>			
Food Distribution Cluster - Passed Through Utah Food Bank			
COVID-19 TEFAP - 21TEF6 Admin	10.568	None assigned	133,471
TEFAP - 21TEF6 Emergency Food Assistance	10.568	None assigned	<u>19,218</u>
			152,689
USDA Commodities	10.569	None assigned	<u>881,058</u>
Total Food Distribution Cluster			<u>1,033,747</u>
Total U.S. Department of Agriculture			<u>1,033,747</u>
Total Federal Financial Assistance			<u><u>\$ 4,207,978</u></u>

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of Community Action Services and Food Bank (CASFB) under programs of the federal government for the year ended June 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of CASFB, it is not intended to and does not present the financial position, changes in net assets, or cash flows of CASFB.

Note 2 - Significant Accounting Policies

Expenditures reported in the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Note 3 - Indirect Cost Rate

CASFB has not elected to use the 10% de minimis cost rate.

Note 4 - Food Donation

Nonmonetary assistance is reported in the schedule at the fair market value of commodities received and disbursed. Federal awards in the form of commodities consist of food that is valued at a rate set by the board based on a nationally established price, which was \$1.74 per pound for the year ended June 30, 2021. This price is used by the Organization in valuing all of its food donations received. At June 30, 2021, CASFB had food commodities from federal sources totaling \$512,653 in inventory.

Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	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 Uniform Guidance 2 CFR 200.516:	No

Identification of major programs:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Community Services Block Grant	93.569
Coronavirus Relief Fund	21.019
Dollar threshold used to distinguish between type A and type B programs	\$ 750,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

**2021-001 Material Audit Adjustments and Financial Statement Preparation
Material Weakness**

Criteria:

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

Condition:

During our engagement, we drafted the Organization’s financial statements and proposed material audit adjustments to the Organization’s recorded balances, which if not recorded would have resulted in misstatements of the Organization’s financial statements.

Cause:

The Organization’s procedures in place during the year ended June 30, 2021 did not provide for sufficient processes to ensure that cash, grants, in-kind revenue and expenses, liabilities and other balances are properly recorded at year end and that the financial statements are prepared in accordance with the requirements of generally accepted accounting principles.

Effect:

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

Recommendation:

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

Views of Responsible Officials:

Management agrees with the finding.

Section III – Federal Award Findings and Questioned Costs

None Reported

Corrective Action Plan

Finding 2021-001

Finding Summary:

The revenue and expenses were materially misstated due to the following transactions types:

1. Payroll entry
2. The signed lease represents an in kind rent donation given by the landlord to Community Action. This donation and the corresponding rent expense were not entered for FY 2021.
3. Capitalization depreciation entries
4. Properly record donations in the correct period
5. Equity rollforward

Responsible Individuals:

CFO and CEO (David Robinson and Karen McCandless)

Corrective Action Plan:

Our year end close checklist will be updated to maintain financial statements accurately in the identified areas of misstatement.

Anticipated Completion Date:

03/01/2021

Community Action Food Bank • Home Buyer & Mortgage Counseling Services • Circles Initiative
Community Gardens • Family Development & Support Services • Commercial Kitchen



Our Partner in Caring