

COMMUNITY FOOD BANK, INC.

OMB Circular A-133 Reports

For the year ended June 30, 2011

COMMUNITY FOOD BANK, INC.

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LUDWIG KLEWER & CO. PLLC

Certified Public Accountants & Consultants

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 Food Bank, Inc.

We have audited the financial statements of Community Food Bank, Inc. as of and for the year ended June 30, 2011, and have issued our report thereon dated November 2, 2011. We conducted our audit 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Community Food Bank, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures 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 Food Bank, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Community Food Bank, Inc.'s financial statements are free of 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*.

This report is intended solely for the information of the board of directors, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

We noted certain other matters that we reported to the management of Community Food Bank in a separate letter dated November 2, 2011.

LUDWIG KLEWER & CO. PLLC

November 2, 2011

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REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors
Community Food Bank, Inc.

Compliance

We have audited Community Food Bank, Inc.'s compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Community Food Bank, Inc.'s major federal programs for the year ended June 30, 2011. Community Food Bank, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of Community Food Bank, Inc.'s management. Our responsibility is to express an opinion on Community Food Bank, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of 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 Food Bank, Inc.'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. Our audit does not provide legal determination on Community Food Bank, Inc.'s compliance with those requirements.

In our opinion, Community Food Bank, Inc. complied, in all material respects, with the 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, 2011.

Internal Control Over Compliance

Management of Community Food Bank, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Community Food Bank, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Community Food Bank, Inc.'s internal control over compliance.

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE AND SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
IN ACCORDANCE WITH OMB CIRCULAR A-133, Continued

Internal Control Over Compliance, Continued

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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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 over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of Community Food Bank, Inc. as of and for the year ended June 30, 2011, and have issued our report thereon dated November 2, 2011, which contained an unqualified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic 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 basic financial statements as a whole.

This report is intended solely for the information of the board of directors, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

LUOWIA KLEWER & CO, PLLC

November 2, 2011

COMMUNITY FOOD BANK, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2011

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA number	Grant Number/Pass-Through Entity Identifying Number	Federal Expenditures	Federal Commodities Distributed
<u>U.S. Department of Agriculture</u>				
Passed through Arizona Department of Health Services: Commodity Supplemental Food Program	10.565	HP-861465-002	\$ 222,364	\$ -
Commodity Supplemental Food Program - Commodities	10.565	HP-861465-002	-	1,115,538
Passed through Arizona Department of Economic Security:				
Emergency Food Assistance Program				
Cochise County	10.568	DEO-70046-001	29,002	-
Graham County	10.568	DEO-70049-001	15,295	-
Greenlee County	10.568	DEO-70050-001	8,919	-
Pima County	10.568	DEO-70057-001	135,240	-
Santa Cruz County	10.568	DEO-70059-001	50,541	-
Emergency Food Assistance Program - Commodities 5 counties	10.569	see above	-	7,077,655
Passed through Arizona Department of Education:				
Summer Food Service Program for Children				
	10.559	ED05-0001	35,688	-
Passed through Rural Development:				
Community Facilities Loans and Grants				
Marana Farm Compost Equipment	10.766	00-10	35,799	-
Passed through Cooperative State Research, Education, and Extensive Service:				
Community Food Projects				
Marana Farm Youth Program	10.225	C7267P1	116,094	-
Total U.S. Department of Agriculture			648,942	8,193,193
<u>U.S. Department of Health and Human Services</u>				
Passed through Arizona Department of Economic Security:				
Temporary Assistance for Needy Families				
Graham County	93.558	DEO-70049-001	2,484	-
Greenlee County	93.558	DEO-70050-001	4,521	-
Pima County	93.558	DEO-70057-001	163,242	-
Santa Cruz County	93.558	DEO-70059-001	5,140	-
Social Services Block Grant				
Cochise County	93.558	DEO-70046-001	2,338	-
Graham County	93.558	DEO-70049-001	1,263	-
Greenlee County	93.558	DEO-70050-001	803	-
Pima County	93.558	DEO-70057-001	104,747	-
Pima County - Congregate Meals	93.558	DE111106	18,724	-
Santa Cruz County	93.558	DEO-70059-001	1,476	-
Passed through Arizona Dept of Economic Security:				
Emergency Food Assistance Program - SNAP Program				
	10.568	DEO-70057-001	20,889	-
ARRA - Emergency Food Assistance Program	10.568	DEO-70059-001	171,490	-
Passed through Pima County Department of Public Health:				
ARRA - Prevention and Wellness - Communities Putting Prevention to Work Funding Opportunities Announcement				
	93.724	07-01-C-143029-0310	370,244	-
Total U.S. Department of Health and Human Services			867,361	-
<u>U.S. Department of Housing and Urban Development</u>				
Passed through Pima County Community Development and Neighborhood Conservation:				
Community Development Block Grant	14.218	B-10-SP-AZ-0169	200,000	-
Total U.S. Department of Housing Urban Development			200,000	-
Total Expenditures of Federal Awards			\$ 1,716,303	\$ 8,193,193

See accompanying notes to schedule of expenditures of federal awards.

COMMUNITY FOOD BANK, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2011

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Community Food Bank, Inc., Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the presentation of the basic financial statements.

COMMUNITY FOOD BANK, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2011

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:

Unqualified

Internal control over financial reporting:

- * Significant deficiency identified? yes no
- * Significant deficiency identified as a material weakness? yes none reported
- * Material noncompliance noted? yes no

Federal Awards

Internal control over major programs:

- * Significant deficiency identified? yes no
- * Significant deficiency identified as a material weakness? yes none reported

Type of auditor's report issued on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section .510(a)?

yes no

Identification of major programs:

CFDA Number	Name and Federal Program or Cluster
93.558	Temporary Assistance for Needy Families
10.568	Emergency Food Assistance Program
93.724	ARRA - Prevention and Wellness - Communities Putting Prevention to Work Funding Opportunities Announcement

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 300,000

Auditee qualified as low-risk auditee?

yes no

COMMUNITY FOOD BANK, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2011

Section II – Financial Statement Findings

There were no financial statement findings.

COMMUNITY FOOD BANK, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2011

Section III – Federal Awards Findings and Questioned Costs

There were no federal awards findings and questioned costs.

COMMUNITY FOOD BANK, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2011

Section IV – Summary Schedule of Prior Audit Findings

There were no prior year audit findings.

