

**COMMUNITY ACTION PROGRAM OF EAST
CENTRAL OREGON**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2022 AND 2021



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAconnect.com

**COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2022 AND 2021**

INDEPENDENT AUDITORS' REPORT	1
CONSOLIDATED FINANCIAL STATEMENTS	
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	4
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS	6
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES	8
CONSOLIDATED STATEMENTS OF CASH FLOWS	10
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	11
INDEPENDENT AUDITORS' 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	21
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	23
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	26
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	28
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	31



INDEPENDENT AUDITORS' REPORT

Board of Directors
Community Action Program of East Central Oregon
Pendleton, Oregon

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Community Action Program of East Central Oregon and subsidiaries (a nonprofit organization) (the Organization or CAPECO), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities and changes in net asset, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of CAPECO, as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of CAPECO and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CAPECO's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 CAPECO's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CAPECO's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards (SEFA), as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the SEFA is fairly stated, in all material respects, in relation to the consolidated 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 6, 2022, on our consideration of CAPECO's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 CAPECO'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 CAPECO's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Tri-Cities, Washington
December 6, 2022

COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 3,598,483	\$ 2,174,715
Restricted Cash	902,948	1,096,247
Total Cash, Cash Equivalents, and Restricted Cash	4,501,431	3,270,962
Accounts and Grants Receivable	1,330,941	1,871,095
Inventory	134,309	161,603
Prepaid Expenses	73,138	64,687
Total Current Assets	6,039,819	5,368,347
PROPERTY, BUILDINGS, AND EQUIPMENT		
Building	6,341,352	6,257,405
Furniture and Equipment	1,348,378	1,559,873
Grounds Improvements	250,825	250,825
Total	7,940,555	8,068,103
Less: Accumulated Depreciation	(5,751,976)	(5,752,854)
Total	2,188,579	2,315,249
Land	298,380	298,380
Construction In Progress	852,427	-
Total Property, Buildings, and Equipment	3,339,386	2,613,629
OTHER ASSETS		
Intangible Assets, Net of Amortization of \$23,947 and \$23,664, Respectively	3,063	3,346
Total Assets	\$ 9,382,268	\$ 7,985,322

See accompanying Notes to Consolidated Financial Statements.

**COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2022 AND 2021**

	2022	2021
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 449,975	\$ 380,478
Accrued Payroll, Taxes, and Benefits	378,602	320,728
Deferred Revenue	128,194	13,864
Other Accruals	4,784	-
Tenant Security Deposits	36,603	36,690
Tenant Prepaid Rent	4,105	173
Protected Payee Liability	422,208	608,382
Current Maturities of Long-Term Debt	42,617	41,063
Total Current Liabilities	1,467,088	1,401,378
 LONG-TERM DEBT , Less Current Maturities and Unamortized Debt Issuance Costs		
Total Liabilities	589,013	631,014
	2,056,101	2,032,392
 NET ASSETS		
Without Donor Restrictions	6,904,140	5,473,873
Without Donor Restrictions - Board Designated	24,534	24,534
Total Net Assets Without Donor Restrictions	6,928,674	5,498,407
With Donor Restrictions	397,493	454,523
Total Net Assets	7,326,167	5,952,930
Total Liabilities and Net Assets	\$ 9,382,268	\$ 7,985,322

See accompanying Notes to Consolidated Financial Statements.

**COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, GAINS, AND SUPPORT			
Grant Revenue, Program and Administration	\$ 14,684,054	\$ -	\$ 14,684,054
Food Commodities	1,228,646	-	1,228,646
Housing Project Income	624,979	-	624,979
Contributions and Fundraising Income	84,474	5,748	90,222
Interest Income	168	-	168
Miscellaneous Income	4,282	-	4,282
Total	16,626,603	5,748	16,632,351
 NET ASSETS RELEASED FROM RESTRICTIONS	 62,778	 (62,778)	 -
Total Revenue, Gains, and Support	16,689,381	(57,030)	16,632,351
 EXPENSES			
Program Services	14,570,486	-	14,570,486
Supporting Services	688,628	-	688,628
Total Expenses	15,259,114	-	15,259,114
 CHANGES IN NET ASSETS	 1,430,267	 (57,030)	 1,373,237
Net Assets - Beginning of Year	5,498,407	454,523	5,952,930
 NET ASSETS - END OF YEAR	 \$ 6,928,674	 \$ 397,493	 \$ 7,326,167

See accompanying Notes to Consolidated Financial Statements.

**COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE, GAINS, AND SUPPORT			
Grant Revenue, Program and Administration	\$ 9,358,346	\$ -	\$ 9,358,346
Food Commodities	1,076,257	-	1,076,257
In-Kind Contributions - Donated Capital Asset	1,000,000	-	1,000,000
In-Kind Contributions - Goods	15,661	-	15,661
Housing Project Income	605,818	-	605,818
Paycheck Protection Program Grant Revenue	416,800	-	416,800
Contributions and Fundraising Income	105,359	21,884	127,243
Interest Income	265	-	265
Miscellaneous Income	4,950	-	4,950
Total	<u>12,583,456</u>	<u>21,884</u>	<u>12,605,340</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>80,776</u>	<u>(80,776)</u>	<u>-</u>
Total Revenue, Gains, and Support	12,664,232	(58,892)	12,605,340
EXPENSES			
Program Services	10,588,155	-	10,588,155
Supporting Services	565,942	-	565,942
Total Expenses	<u>11,154,097</u>	<u>-</u>	<u>11,154,097</u>
CHANGES IN NET ASSETS	1,510,135	(58,892)	1,451,243
Net Assets - Beginning of Year	<u>3,988,272</u>	<u>513,415</u>	<u>4,501,687</u>
NET ASSETS - END OF YEAR	<u>\$ 5,498,407</u>	<u>\$ 454,523</u>	<u>\$ 5,952,930</u>

See accompanying Notes to Consolidated Financial Statements.

**COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022**

	Program Services					Supporting Services		
	Housing Stability	Energy and Weatherization	Housing Projects	Food and Nutrition	Independent Support Services	Total Program	Administrative and Agency	Total
EXPENSES								
Payroll, Payroll Taxes, and Benefits	\$ 1,208,757	\$ 539,705	\$ 120,298	\$ 194,416	\$ 891,412	\$ 2,954,588	\$ 568,647	\$ 3,523,235
Direct Client Costs	4,836,340	3,222,982	-	107,824	644,829	8,811,975	-	8,811,975
Commodities Dispensed	-	-	-	1,255,939	-	1,255,939	-	1,255,939
Contracted Services	152,936	109,951	90,199	9,734	31,561	394,381	69,195	463,576
Utilities	61,148	10,684	110,911	21,016	24,241	228,000	7,092	235,092
Material Costs	-	200,179	-	-	-	200,179	-	200,179
Depreciation and Amortization	578	166	168,760	2,810	406	172,720	88	172,808
Office Supplies	55,113	29,286	3,023	4,819	21,582	113,823	19,502	133,325
Maintenance and Repair	-	1,593	85,614	1,991	4,025	93,223	1,024	94,247
Travel and Transportation	19,860	18,726	7,054	14,848	24,794	85,282	6,537	91,819
Insurance	19,930	9,070	21,653	3,663	16,083	70,399	653	71,052
Occupancy	3,298	12,703	-	23,509	6,700	46,210	-	46,210
Dues and Subscriptions	12,509	3,870	388	625	12,440	29,832	15,312	45,144
Interest	-	-	25,871	-	-	25,871	-	25,871
Advertising	9,147	2,161	1,674	43	2,608	15,633	515	16,148
Tools and Equipment	3,754	630	-	6,088	3,531	14,003	-	14,003
Postage and Delivery	2,014	2,289	511	999	6,855	12,668	59	12,727
Bad Debt Expense	-	-	1,688	-	-	1,688	-	1,688
Miscellaneous Expense	81	115	43,614	15	247	44,072	4	44,076
Total Expenses	<u>\$ 6,385,465</u>	<u>\$ 4,164,110</u>	<u>\$ 681,258</u>	<u>\$ 1,648,339</u>	<u>\$ 1,691,314</u>	<u>\$ 14,570,486</u>	<u>\$ 688,628</u>	<u>\$ 15,259,114</u>

See accompanying Notes to Consolidated Financial Statements.

**COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021**

	Program Services					Supporting Services		
	Energy and Weatherization	Food and Nutrition	Housing Stability	Independent Support Services	Housing Projects	Total Program	Administrative and Agency	Total
EXPENSES								
Direct Client Costs	\$ 2,210,608	\$ 610,519	\$ 2,816,102	\$ 112,423	\$ -	\$ 5,749,652	\$ 5,762	\$ 5,755,414
Payroll, Payroll Taxes, and Benefits	376,502	422,586	922,925	437,261	121,695	2,280,969	466,031	2,747,000
Commodities Dispensed	-	1,162,896	-	-	-	1,162,896	-	1,162,896
Depreciation and Amortization	57,865	21,447	81,084	24,644	85,650	270,690	40,566	311,256
Contracted Services	8,435	18,719	114,900	12,384	136,414	290,852	8,332	299,184
Utilities	10,693	22,820	26,366	19,839	117,580	197,298	6,416	203,714
Material Costs	2,613	1,201	45,114	2,170	115,594	166,692	68	166,760
Maintenance and Repair	14,637	14,458	75,817	13,418	4,644	122,974	4,631	127,605
Office Supplies	6,830	9,389	12,773	9,139	19,199	57,330	-	57,330
Travel and Transportation	10,928	92	9,210	11,944	3,510	35,684	12,812	48,496
Insurance	47,542	-	-	-	-	47,542	-	47,542
Occupancy	7,763	17,142	13,534	3,787	-	42,226	-	42,226
Dues and Subscriptions	3,287	13,945	9,428	6,865	4,334	37,859	1,174	39,033
Interest	-	-	-	-	29,973	29,973	-	29,973
Advertising	1,816	1,757	4,804	1,964	273	10,614	19,204	29,818
Tools and Equipment	3,695	1,784	1,443	6,505	961	14,388	664	15,052
Postage and Delivery	2,678	7,943	2,066	1,816	-	14,503	211	14,714
Bad Debt Expense	-	-	-	-	6,101	6,101	-	6,101
Miscellaneous Expense	101	144	3,033	139	46,495	49,912	71	49,983
Total Expenses	<u>\$ 2,765,993</u>	<u>\$ 2,326,842</u>	<u>\$ 4,138,599</u>	<u>\$ 664,298</u>	<u>\$ 692,423</u>	<u>\$ 10,588,155</u>	<u>\$ 565,942</u>	<u>\$ 11,154,097</u>

See accompanying Notes to Consolidated Financial Statements.

**COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021**

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Grants and Program Services	\$ 16,059,709	\$ 10,791,515
Cash Paid to Suppliers and Employees	(13,864,808)	(10,559,937)
Interest Received	168	265
Interest Paid	(24,618)	(27,798)
Net Cash Provided by Operating Activities	2,170,451	204,045
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property, Buildings, and Equipment	(898,282)	(125,847)
Net Cash Used by Investing Activities	(898,282)	(125,847)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Long-Term Debt	(41,200)	(39,608)
Debt Issuance Cost	(500)	-
Net Cash Used by Financing Activities	(41,700)	(39,608)
NET INCREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	1,230,469	38,590
Cash and Cash Equivalents and Restricted Cash - Beginning of Year	3,270,962	3,232,372
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR	\$ 4,501,431	\$ 3,270,962
RECONCILIATION OF CHANGES IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Changes in Net Assets	\$ 1,373,237	\$ 1,451,243
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	172,808	299,184
Amortization of Debt Issuance Costs	1,253	2,175
Donated Inventory	27,294	88,561
Donated Capital Asset	-	(1,000,000)
Bad Debt Expense	1,688	6,101
(Increase) Decrease in Assets:		
Accounts Receivable	538,466	(355,495)
Prepaid Expenses	(8,451)	789
Housing Security Deposits	-	332
Increase (Decrease) in Liabilities:		
Accounts Payable	69,497	112,502
Accrued Payroll, Taxes, and Benefits	57,874	56,446
Other Accruals	4,784	-
Deferred Revenue	114,330	(53,799)
Tenant Security Deposits	(87)	1,695
Tenant Prepaid Rent	3,932	(70)
Protected Payee Liability	(186,174)	11,181
Refundable Advance Paycheck Protection Program	-	(416,800)
Total Adjustments	797,214	(1,247,198)
Net Cash Provided by Operating Activities	\$ 2,170,451	\$ 204,045

See accompanying Notes to Consolidated Financial Statements.

**COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Community Action Program of East Central Oregon (CAPECO) is a private, nonprofit organization, which was incorporated in 1987. CAPECO was organized to coordinate the resources and agencies, both public and private, of Umatilla, Morrow, Wheeler, and Gilliam Counties of Oregon, and adjacent counties upon request, for the purpose of alleviating poverty and resolving other socioeconomic problems existing or occurring within the area. CAPECO's principal programs consist of antipoverty programs, emergency food services, employment and training, youth employment, low-income energy assistance, and residential weatherization.

Morrow Estates, Inc. (MEI) is an affordable housing organization. MEI was originally established under section 42 of the Internal Revenue Code (IRC), but since has been reorganized as an entity 100% controlled by CAPECO.

Applewood Village Limited Partnership (Partnership) was originally established under section 42 of the IRC. The Partnership terminated on December 31, 2014, and all remaining assets were transferred to Applewood Village Renewal, LLC upon termination. CAPECO is the sole member of AVR.

CAPECO is the general partner in Irrigon Farm Labor Housing Project (Irrigon). The project was established as an US Department of Agriculture Rural Development (formally known as Farmers Home Administration) Rural Economic and Community Development (RECD) for the sole purpose to provide farmworker housing.

All assets and equity of MEI, AVR, and Irrigon will be consolidated for financial statement purposes.

Basis of Presentation

The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Principles of Consolidation

The consolidated financial statements include the accounts of CAPECO, MER, AVR, and Irrigon (hereinafter called CAPECO). All material intercompany accounts and transactions are eliminated in consolidation.

**COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents and Restricted Cash

CAPECO considers all highly-liquid investments with an initial maturity of three months or less to be cash equivalents. The following summarizes the presentation of restricted funds on the consolidated statements of financial position and consolidated statements of cash flows as of June 30:

	<u>2022</u>	<u>2021</u>
Money Management Clients	\$ 422,208	\$ 608,382
Replacement Reserve	294,441	295,023
General Operating Reserves	79,926	79,912
Tax and Insurance Reserve	55,981	49,746
Tenant Security Deposits	36,593	36,222
Other Reserves	13,799	26,962
Total	<u>\$ 902,948</u>	<u>\$ 1,096,247</u>

Receivables

Trade receivables are carried at the original invoice amount and are written off to expense in the period in which they are determined to be uncollectible. Management determines the uncollectibility of accounts by regularly evaluating individual customer receivables and considering a customer's financial condition, credit history, and current economic conditions. Recoveries of trade receivables previously written off are recorded when received. As of June 30, 2022 and 2021, the allowance for doubtful accounts was \$-0-.

Grants receivable are the amount of funds that have been earned and authorized by federal, state, and private sources, but not yet received by CAPECO at year-end. All grants receivable at June 30, 2022 and 2021, are considered fully collectible.

Inventory

Inventory of food is stated at the lower of cost (first-in, first-out) or net realizable value.

Property, Buildings, and Equipment

CAPECO capitalizes expenditures for property, buildings, and equipment with a purchase cost of \$5,000 or more. Purchased property, buildings, and equipment are carried at cost. Donated property, buildings, and equipment are carried at the approximate fair value at the date of donation, and are reported as support without restrictions unless the donor has restricted the donated asset to a specific purpose. The cost of fixed assets, including capitalized leases, is depreciated over the estimated useful lives of the related assets. Depreciation is computed on the straight-line method. Depreciation expense for the years ending June 30, 2022 and 2021 was \$171,558 and \$299,915, respectively.

Construction in Progress

Construction in progress (CIP) at June 30, 2022 and 2021 totaled \$852,427 and \$-0-, respectively. CIP recorded at June 30, 2022 was related to construction at the Promise Inn, a homeless shelter. Construction is estimated to be completed by December 30, 2022 and it is estimated that there is \$450,000-\$650,000 in additional costs to finish the construction.

**COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible Assets

Intangible assets consist of organizational costs and tax credit fees. Intangible assets are stated at cost and amortized over the life of the asset.

Protected Payee Program

CAPECO holds funds on behalf of protected payee clients. The intent of the account is to provide security and administrative support for individuals unable to account for their own financial affairs. These clients have individually managed bank accounts. At June 30, 2022 and 2021, \$422,208 and \$608,382, respectively, were included in restricted cash and current liabilities related to the protected payee program.

Debt Issuance Costs

Debt issuance costs relate to financing costs that CAPECO incurred. Total costs were \$38,095 and \$37,595 for the years ended June 30, 2022 and 2021, respectively, and are being amortized on a straight-line basis over the life of the debt which approximates the effective interest method. Debt issuance costs are shown net of accumulated amortization as a contra-liability to long-term debt. At June 30, 2022 and 2021, debt issuance costs are shown net of accumulated amortization of \$23,717 and \$22,464, respectively. Amortization expense for the years ended June 30, 2022 and 2021, was \$1,253 and \$2,175, respectively and is included in interest expense.

Paycheck Protection Program Loan

On May 7, 2020, CAPECO received proceeds in the amount of \$416,800 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). CAPECO recognized \$416,800 of Paycheck Protection Program Grant Revenue related to this agreement during the year ended June 30, 2021, which represents the portion of the PPP loan funds for which the performance barriers have been met. The SBA has formally forgiven all of CAPECO's obligation under this PPP loan as of August 18, 2021.

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on CAPECO's financial position.

**COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

CAPECO reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Further, CAPECO reports contributions received as without donor restrictions or with donor restrictions support depending upon the existence or nature of any donor-imposed restrictions. Net assets are classified based on the existence or absence of donor-imposed restrictions as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations but are controlled by the board.

Net Assets Without Donor Restrictions – Board-Designated – Net assets that are not subject to donor-imposed stipulations but are designated by the board to be set aside for future expenditures as of June 30:

	<u>2022</u>	<u>2021</u>
Youth Designated	\$ 7,351	\$ 7,351
Energy Designated	6,286	6,286
Hunger Designated	4,139	4,139
CAPECO Foundation	3,594	3,594
Deaf Access	1,498	1,498
Hispanic Youth	1,408	1,408
Self Sufficiency	258	258
Total	<u>\$ 24,534</u>	<u>\$ 24,534</u>

Net Assets With Donor Restrictions – CAPECO reports contributions restricted by donors as increases in net assets without donor restrictions 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 net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. CAPECO had net assets with donor restrictions as follows as of June 30:

	<u>2022</u>	<u>2021</u>
Flood 2020	\$ 125,419	\$ 175,314
TEFAP	76,361	79,405
Nutrition Program	88,591	89,148
COVID-19	69,140	68,445
CSFP	20,913	17,633
Employee Morale Fund	12,606	13,512
FDPIR	-	7,273
Independent Living Program	3,043	3,043
Promise Inn	1,420	750
Total	<u>\$ 397,493</u>	<u>\$ 454,523</u>

**COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (Continued)

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows as of June 30:

	2022	2021
Flood 2020	\$ 49,895	\$ 3,906
FDPIR	7,273	4,215
TEFAP	3,044	62,620
Nutrition	1,230	-
Employee Morale Fund	905	4,259
Promise Inn	331	-
COVID-19	100	1,202
CSFP	-	4,574
Total	\$ 62,778	\$ 80,776

In-Kind Contributions

CAPECO records the value of donated goods or services when there is an objective basis available to measure their value. Donated materials and equipment are reflected as contributions in the accompanying consolidated statements at their estimated fair values at the date of receipt. No amounts have been reflected in the consolidated financial statements for donated services. CAPECO generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist CAPECO with specific assistance programs, campaign solicitations, and various committee assignments and these services do not meet the requirement to be recorded as donated services in the consolidated financial statements.

During fiscal year 2022 and 2021, CAPECO received a donated capital asset totaling \$-0- and \$1,000,000, respectively and donated goods of \$-0- and \$15,661, respectively. All donated assets and goods were utilized by CAPECO's programs. There were no donor-imposed restrictions associated with the donated capital asset or goods.

Revenue Recognition

A portion of the CAPECO's revenue is derived from cost-reimbursable grants including program and administrative revenue, food commodities, and reimbursed expenses on the consolidated statements of activities and changes in net assets. These grants are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when CAPECO has incurred expenditures in compliance with specific contract or grant provisions. CAPECO's received cost reimbursable grants of \$6,958,076 and \$8,992,098, respectively, that have not been recognized at June 30, 2022 and 2021, because qualifying expenditures have not yet been incurred.

**COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

A portion of the housing project income on the consolidated statements of activities and changes in net assets is derived from lease revenue and a portion is derived from other tenant costs. Lease revenue is excluded from Accounting Standards Codification 606 and the performance obligations of delivering services to tenants is simultaneously received and consumed; therefore, the revenue is recognized over time.

Total housing project income as June 30 is as follows:

	<u>2022</u>	<u>2021</u>
Lease revenue - Excluded from ASC 606	\$ 623,279	\$ 603,431
Other Tenant Costs - Recognized Over Time	1,700	2,387
Total	<u>\$ 624,979</u>	<u>\$ 605,818</u>

CAPECO recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a 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 what they depend have been met. Consequently, at June 30, 2022 and 2021, contributions approximating \$128,194 and \$13,864, respectively, have not been recognized in the accompanying consolidated statement of activities and changes in net assets because the condition(s) on which they depend has not yet been met. On the consolidated statement of activities and changes in net assets, contributions and fundraising income follow this recognition policy.

Functional Allocation of Expenses

Allocation of supporting service and functional expenditures — The cost of providing the various programs and other activities has been summarized on a functional basis in the consolidated statements of activities and changes in net assets and functional expenses. Accordingly, costs that benefit more than one program or activity have been allocated among the programs and supporting services. Occupancy costs are allocated based on square footage, indirect costs of administrative overhead are allocated based upon the relationship of various direct costs related to each program.

CAPECO's policy is to allocate the indirect expenses of administrative overhead (supporting services) to certain programs based upon the relationship of various direct costs related to each program. Certain other general programs do not receive an allocation of Supporting Services' expenses because administrative expenses are unallowed or administrative employees of CAPECO are infrequently associated with these programs.

Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

CAPECO is incorporated under the Nonprofit Corporation Act of the state of Oregon and is operated as a nonprofit organization exempt from federal income taxes under the provisions of Section 501(c)(3) of the IRC.

Under provisions of Section 501(c)(3) of the IRC, CAPECO is exempt from federal income taxes, except for net income from unrelated business activities. As of June 30, 2022 and 2021, CAPECO had no unrelated business activities subject to federal income tax.

Management has evaluated CAPECO's tax positions and concluded that CAPECO has not taken any uncertain tax positions that require adjustments to the consolidated financial statements to comply with the provisions of this guidance.

Reclassifications

Certain reclassifications of 2021 amounts have been made in the accompanying consolidated financial statement in order to conform to the 2022 presentation. There is no effect on previously reported changes in net assets.

Change in Accounting Principles

The Organization changed accounting policies related to contributed nonfinancial assets by adopting Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets, in 2022. Accordingly, the accounting change has been retrospectively applied to prior periods presented as if the policy had always been used.

New Accounting Pronouncements Effective in Future Accounting Periods

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02 *Leases* (Topic 842). This update increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2021. Management will be evaluating the effects of this new standard.

Risk and Uncertainties

The World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Management believes CAPECO is taking appropriate actions to mitigate the negative impact. The full impact of COVID-19 is unknown and cannot be reasonably estimated as of June 30, 2022 and 2021.

Subsequent Events

Subsequent events have been evaluated through December 6, 2022, which is the date the consolidated financial statements were available to be issued.

**COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 2 INTANGIBLE ASSETS

Intangible assets consisted of the following as of June 30:

	<u>2022</u>	<u>2021</u>
Tax Credit Fees	\$ 18,524	\$ 18,524
Other	8,486	8,486
Total Intangible Assets	<u>27,010</u>	<u>27,010</u>
Less: Accumulated Amortization	<u>(23,947)</u>	<u>(23,664)</u>
Total Intangible Assets, Net	<u>\$ 3,063</u>	<u>\$ 3,346</u>

Estimated amortization for intangible assets for the succeeding years is as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 280
2024	280
2025	280
2026	280
2027	280
Thereafter	1,663
Total	<u>\$ 3,063</u>

NOTE 3 LONG-TERM DEBT

Long-term debt consisted of the following as of June 30:

<u>Description</u>	<u>2022</u>	<u>2021</u>
Note Payable to Farm Home Administration at \$688 per month, including interest at 1% through June 2028; collateralized by the Irrigon Housing Project	\$ 44,180	\$ 51,955
Note Payable to Bank of Eastern Oregon at \$2,319 per month, including interest at 4% through June 2031; collateralized by the Morrow Estates Housing Project	381,264	394,494
Note Payable to Network for Oregon Affordable Housing at \$2,538 per month, including interest at 4.43% through March 2031; collateralized by the Applewood Village Housing Project	<u>220,564</u>	<u>240,759</u>
Total Long-Term Debt	646,008	687,208
Less: Current Maturities	42,617	41,063
Less: Unamortized Debt Issuance Costs	<u>14,378</u>	<u>15,131</u>
Total Long-Term Debt, Net	<u>\$ 589,013</u>	<u>\$ 631,014</u>

**COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 3 LONG-TERM DEBT (CONTINUED)

Principal maturities of long-term debt for the succeeding years are as follows:

<u>Year Ending June 30.</u>	<u>Amount</u>
2023	\$ 42,617
2024	44,169
2025	45,863
2026	47,590
2027	48,390
Thereafter	417,379
Total	<u>\$ 646,008</u>

NOTE 4 EMPLOYEE BENEFIT PLAN

CAPECO established a defined contribution retirement plan under section 401(a) of the IRC that was effective through December 31, 1997. Beginning January 1, 1998, CAPECO established a retirement plan under Section 403(b) of the IRC that was effective through January 30, 2009. Beginning February 17, 2009, CAPECO established a retirement plan under Section 401(k) of the IRC. All employees who have worked a minimum of 1,000 hours and have 12 months of service are eligible to be participants in the plan. During the years ended June 30, 2022 and 2021, CAPECO's contribution rate was 6% for both years and the total amount contributed was \$99,348 and \$76,552, respectively.

NOTE 5 COMMITMENTS AND CONTINGENCIES

CAPECO participates in federal and state assisted programs. These programs are subject to program compliance requirements which, if not met, could result in the disallowance of costs. At June 30, 2022 and 2021, CAPECO believes that any costs, which may be disallowed, would be immaterial.

NOTE 6 CONCENTRATION OF CREDIT RISK

Financial instruments which potentially subject CAPECO to credit risk consist of cash and cash equivalents. CAPECO maintains its cash in bank deposit accounts, which at times may exceed federally insured limits. CAPECO has not experienced any losses on such accounts. CAPECO believes it is not exposed to any significant credit risk with respect to cash and cash equivalents.

CAPECO is highly dependent on federal and state funding and, thus, CAPECO is subject to federal budgetary cuts and measures. The impact of such federal budgetary cuts and measures is undetermined at this time.

**COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 7 OPERATING LEASES

CAPECO leases various facility and office space in east central Oregon under operating lease agreements. Future minimum operating lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 47,361
2024	17,361
2025	4,340
Total	<u>\$ 69,062</u>

Total rent expense for the years ended June 30, 2022 and 2021 was \$46,210 and \$42,226 respectively.

NOTE 8 LIQUIDITY AND AVAILABILITY

The following reflects CAPECO's liquid financial assets as of June 30, 2022 and 2021, less amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual and/or donor restrictions or internal board designations. In the event of an unanticipated liquidity need, CAPECO also could draw upon board-designated funds.

	<u>2022</u>	<u>2021</u>
Liquid Financial Assets, as of June 30:	\$ 5,832,372	\$ 5,142,057
Less:		
Contractual or Donor-Imposed Restrictions Making Financial Assets Unavailable for General Expenditure	(1,300,441)	(1,550,770)
Board-Designated Net Assets	<u>(24,534)</u>	<u>(24,534)</u>
Financial Assets Available Within One Year to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 4,507,397</u>	<u>\$ 3,566,753</u>



**INDEPENDENT AUDITORS' 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***

Board of Directors
Community Action Program of East Central Oregon
Pendleton, Oregon

We have audited, in accordance with the 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 consolidated financial statements of Community Action Program of East Central Oregon (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 6, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Community Action Program of East Central Oregon'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Community Action Program of East Central Oregon's internal control. Accordingly, we do not express an opinion on the effectiveness of Community Action Program of East Central Oregon'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 consolidated 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a significant deficiencies.

Report on Compliance and Other Matters


As part of obtaining reasonable assurance about whether Community Action Program of East Central Oregon’s consolidated 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 consolidated 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of finding and questioned costs as item 2022-001.

Community Action Program of East Central Oregon’s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Community Action Program of East Central Oregon’s response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Community Action Program of East Central Oregon’s response was not subjected to the other auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on the response.

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.



CliftonLarsonAllen LLP

Tri-Cities, Washington
December 6, 2022



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
Community Action Program of East Central Oregon
Pendleton, Oregon

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Community Action Program of East Central Oregon's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Community Action Program of East Central Oregon's major federal programs for the year ended June 30, 2022. Community Action Program of East Central Oregon's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Community Action Program of East Central Oregon 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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Community Action Program of East Central Oregon and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Community Action Program of East Central Oregon's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Community Action Program of East Central Oregon's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Community Action Program of East Central Oregon's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Community Action Program of East Central Oregon's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Community Action Program of East Central Oregon's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Community Action Program of East Central Oregon's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Community Action Program of East Central Oregon's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 type of compliance requirement of a federal program 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.



CliftonLarsonAllen LLP

Tri-Cities, WA
December 6, 2022

**COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness identified? _____ yes X no
 - Significant deficiency identified that are not considered to be material weakness? X yes _____ none reported
3. Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

1. Internal control over major federal programs:
- Material weakness identified? _____ yes X no
 - Significant deficiency identified that are not considered to be material weakness? _____ yes X none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.515(d)(2) of the Uniform Guidance? _____ yes X no

Identification of Major Federal Programs

Assistance Listing (AL) Numbers
93.044, 93.045, 93.053
14.231
21.023

Name of Federal Program or Cluster
Aging Cluster
Emergency Solutions Grants Program
COVID-19: Emergency Rental Assistance Program

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

\$ 750,000

Auditee qualified as low-risk auditee?

 X yes _____ no

**COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

Section II – Financial Statement Findings

2022-001

Type of Finding:

- Significant Deficiency in Internal Control over Financial Reporting

Condition: During audit procedures it was noted that various accounts were improperly reconciled resulting in adjustments during fieldwork. The summary below outlines the accounts impacted.

- Intercompany accounts were not properly recorded resulting in audit adjustments to properly eliminate all intercompany transactions.
- Fixed asset purchases were recorded directly to net assets and should have been recorded as a reduction in the related expense account.

Criteria or Specific Requirement: Management is responsible for establishing and maintaining a system of internal controls for the fair presentation of the basic financial statements in accordance with U.S. GAAP.

Effect: The lack of controls in place over the financial reporting function increases the risk of misstatements, fraud, or errors occurring and not being detected and corrected.

Cause: Reconciliations were prepared improperly.

Repeat Finding: No.

Recommendation: We recommend CAPECO evaluate their financial reporting process and controls to determine whether additional controls over the preparation of annual reconciliations is appropriate. We recommend that all reconciliations are formally reviewed and approved by a knowledgeable individual. The approval should be formally documented as indicated by the reviewer's initials and date.

Views of Responsible Officials and Planned Corrective Actions: Management has implemented an updated formal reconciliation and review process for the accounts with adjustments at year-end. There is no disagreement with the audit finding.

Section III – Federal Award Findings and Questioned Costs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

**COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services			
Passed Through Oregon Department of Human Services:			
Aging Cluster:			
TITLE III - B	93.044	171488	\$ 86,359
COVID-19: CARES IIIB	93.044	171488	126,361
COVID-19: VAC5 VACCINES	93.044	171488	1,329
Total AL# 93.044			<u>214,049</u>
Title III C1	93.045	171488	261,481
Title III C2	93.045	171488	146,720
IT	93.045	171488	4,151
FFCRA C1/C2	93.045	171488	30,885
COVID-19: ARP C1	93.045	171488	55,580
COVID-19: ARP C2	93.045	171488	70,366
COVID-19: CARES C1/C2	93.045	171488	52,565
HDC5 CAA 2021	93.045	171488	2,668
Total AL# 93.045			<u>624,416</u>
USDA/NSIP	93.053	171488	67,673
Total Aging Cluster			<u>906,138</u>
Title VII B	93.041	171488	4,380
COVID-19: CARES IIIE	93.052	171488	52,045
Title III E	93.052	171488	46,591
Total AL# 93.052			<u>98,636</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services (Continued)			
Passed Through Oregon Housing and Community Services:			
LIHWA	93.499	NOA G-1901ORLIEA/2001ORLIEA/2001ORE5C3	\$ 47,451
Temporary Assistance for Needy Families (HSP)	93.558	NOA 2001ORTANF	16,671
Low Income Home Energy Assistance Program (LIHEAP)	93.568	NOA G-1901ORLIEA/2001ORLIEA/2001ORE5C3	2,013,710
COVID-19: Low Income Home Energy Assistance Program (LIHEAP) LP CARES	93.568	NOA G-1901ORLIEA/2001ORLIEA/2001ORE5C3	1,454,883
Total AL# 93.568			<u>3,468,593</u>
Community Services Block Grant (CSBG)	93.569	NOA G-1901ORCOSR/2001ORCSC3/G-2001ORCOSR	158,288
COVID-19: Community Services Block Grant (CSBG) CSBG CARES	93.569	NOA G-1901ORCOSR/2001ORCSC3/G-2001ORCOSR	182,764
Total AL# 93.569			<u>341,052</u>
Passed Through Administration for Children and Families:			
Independent Living Program (ILP)	93.674	160901	32,791
Medicaid Cluster:			
No Wrong Door ADRC (NWD)	93.778		66,704
COVID-19: No Wrong Door ADRC (NWD)	93.778		8,193
Total AL# 93.778			<u>74,897</u>
Total Medicaid Cluster			<u>74,897</u>
Total U.S. Department of Health and Human Services			<u>4,990,609</u>
U.S. Department of Agriculture			
Passed Through Oregon Food Bank:			
Food Distribution Cluster:			
COMMODITIES Community Supplemental Food Program	10.565	CAPECO	114,214
The Emergency Food Assistance Program (TEFAP)	10.568	CAPECO	24,461
COMMODITIES The Emergency Food Assistance Program	10.569	CAPECO	537,186
Total Food Distribution Cluster			<u>675,861</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture (Continued)			
Passed Through Confederated Tribes Umatilla Indian Reservation (CTUIR):			
Food Distribution Program Indian Reservation (FDPIR)	10.567	N/A	\$ 113,223
COMMODITIES Food Distribution Program Indian Reservation	10.567	CAPECO	19,874
Total AL# 10.567			<u>133,097</u>
 Total Department of Agriculture			 808,958
U.S. Department of Housing and Urban Development (HUD)			
Continuum of Care Homeless Assistance Program (TH)	14.235		130,661
Continuum of Care Homeless Assistance Programs (PSH)	14.235		32,800
Total AL# 14.235			<u>163,461</u>
Passed Through Oregon Housing and Community Services:			
Emergency Shelter Grant Program (ESGP) (ESG CV1/2)	14.231	NOA E18-DC-41-0001/E-20-DW-41-0001/E20-dc-41-001	1,138,083
Home Tenant Based Assistance (HTBA)	14.239	NOA M-18-SG-41-0100/M-19-SG-41-0100	57,670
Total U.S. Department of Housing and Urban Development (HUD)			<u>1,359,214</u>
U.S. Department of Energy			
Passed Through Oregon Housing and Community Services:			
Bonneville Power Administration Weatherization Assistance Program (BPAWAP)	81.XXX	NOA 83358	45,633
Department of Energy Weatherization Assistance Program (DOEWAP)	81.042	NOA DE-EE0007945	117,072
Total U.S. Department of Energy			<u>162,705</u>
U.S. Department of Treasury			
Passed Through Oregon Housing and Community Services:			
COVID-19: EASCR	21.019	NOA N/A	12,650
COVID-19: Oregon Emergency Rental Assistance Program (OERAP)	21.023	NOA N/A	4,603,914
Total U.S. Department of Treasury			<u>4,616,564</u>
 Total Consolidated Federal Expenditures			 <u>\$ 11,938,050</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022**

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of CAPECO under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of 2 CFR 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 CAPECO, it is not intended to, and does not, present the consolidated financial position, changes in net assets, or cash flows of CAPECO.

CAPECO does not have subrecipients.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance for all awards. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 INDIRECT COST RATE

CAPECO has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAGlobal.com/disclaimer. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.