

**COMMUNITY ACTION PROGRAM OF EAST
CENTRAL OREGON**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2023 AND 2022



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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, 2023 and 2022, and the related consolidated statements of activities and changes in net assets, 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, 2023 and 2022, 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.

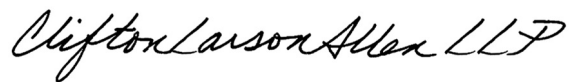
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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 October 19, 2023, 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
October 19, 2023

COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 3,171,175	\$ 3,598,483
Restricted Cash	1,019,100	902,948
Total Cash, Cash Equivalents, and Restricted Cash	4,190,275	4,501,431
Accounts and Grants Receivable	1,925,666	1,330,941
Inventory	171,275	134,309
Prepaid Expenses	97,521	73,138
Total Current Assets	6,384,737	6,039,819
PROPERTY, BUILDINGS, AND EQUIPMENT		
Building	6,341,352	6,341,352
Furniture and Equipment	1,343,184	1,348,378
Grounds Improvements	250,825	250,825
Total	7,935,361	7,940,555
Less: Accumulated Depreciation	(5,932,756)	(5,751,976)
Total	2,002,605	2,188,579
Land	298,380	298,380
Construction In Progress	1,798,791	852,427
Total Property, Buildings, and Equipment	4,099,776	3,339,386
Right-of-Use Asset - Operating	21,063	-
OTHER ASSETS		
Intangible Assets, Net of Amortization of \$24,227 and \$23,947, Respectively	2,783	3,063
Total Assets	\$ 10,508,359	\$ 9,382,268

See accompanying Notes to Consolidated Financial Statements.

**COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2023 AND 2022**

	2023	2022
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 296,985	\$ 449,975
Accrued Payroll, Taxes, and Benefits	346,350	378,602
Deferred Revenue	544,810	128,194
Other Accruals	3,625	4,784
Tenant Security Deposits	32,185	36,603
Tenant Prepaid Rent	1,984	4,105
Protected Payee Liability	551,797	422,208
Current Lease Liability - Operating	16,851	-
Current Maturities of Long-Term Debt	44,169	42,617
Total Current Liabilities	1,838,756	1,467,088
LONG-TERM LIABILITIES		
Long-Term Debt, Less Current Maturities and Unamortized Debt Issuance Costs	546,018	589,013
Long-Term Lease Liability - Operating, Less Current Maturities	4,212	-
Total Long-Term Liabilities	550,230	589,013
Total Liabilities	2,388,986	2,056,101
NET ASSETS		
Without Donor Restrictions	7,666,006	6,904,140
Without Donor Restrictions - Board Designated	24,534	24,534
Total Net Assets Without Donor Restrictions	7,690,540	6,928,674
With Donor Restrictions	428,833	397,493
Total Net Assets	8,119,373	7,326,167
Total Liabilities and Net Assets	\$ 10,508,359	\$ 9,382,268

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, 2023**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE, GAINS, AND SUPPORT			
Grant Revenue, Program and Administration	\$ 11,044,261	\$ 101,572	\$ 11,145,833
Food Commodities	926,596	583,492	1,510,088
Housing Project Income	634,368	-	634,368
Contributions and Fundraising Income	74,452	4,050	78,502
Interest Income	317	-	317
Miscellaneous Income	3,778	-	3,778
Total	<u>12,683,772</u>	<u>689,114</u>	<u>13,372,886</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>657,774</u>	<u>(657,774)</u>	<u>-</u>
Total Revenue, Gains, and Support	13,341,546	31,340	13,372,886
EXPENSES			
Program Services	11,768,169	-	11,768,169
Supporting Services	811,511	-	811,511
Total Expenses	<u>12,579,680</u>	<u>-</u>	<u>12,579,680</u>
CHANGES IN NET ASSETS	761,866	31,340	793,206
Net Assets - Beginning of Year	<u>6,928,674</u>	<u>397,493</u>	<u>7,326,167</u>
NET ASSETS - END OF YEAR	<u><u>\$ 7,690,540</u></u>	<u><u>\$ 428,833</u></u>	<u><u>\$ 8,119,373</u></u>

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**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
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	<u>16,626,603</u>	<u>5,748</u>	<u>16,632,351</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>62,778</u>	<u>(62,778)</u>	<u>-</u>
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	<u>15,259,114</u>	<u>-</u>	<u>15,259,114</u>
CHANGES IN NET ASSETS	1,430,267	(57,030)	1,373,237
Net Assets - Beginning of Year	<u>5,498,407</u>	<u>454,523</u>	<u>5,952,930</u>
NET ASSETS - END OF YEAR	<u>\$ 6,928,674</u>	<u>\$ 397,493</u>	<u>\$ 7,326,167</u>

See accompanying Notes to Consolidated Financial Statements.

**COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023**

	Program Services						Supporting Services	Total	
	Housing Stability	Energy and Weatherization	Housing Projects	Food and Nutrition	Independent Support Services	Agency All	Total Program		Administrative and Agency
EXPENSES									
Payroll, Taxes, and Benefits	\$ 1,063,407	\$ 557,623	\$ 155,291	\$ 211,317	\$ 920,025	\$ 156,686	\$ 3,064,349	\$657,476	\$ 3,721,825
Direct Client Costs	1,071,099	3,643,731	-	255,280	641,046	1,321	5,612,477	5,000	5,617,477
Commodities Dispensed	-	-	-	1,473,122	-	-	1,473,122	-	1,473,122
Contracted Services	64,158	29,639	96,793	9,753	55,246	2,658	258,247	61,387	319,634
Utilities	67,228	15,229	126,983	11,368	24,076	1,305	246,189	9,473	255,662
Depreciation and Amortization	2,648	449	167,585	12,111	7,405	57	190,255	49,583	239,838
Maintenance and Repair	49,689	2,183	138,410	2,614	4,898	857	198,651	3,693	202,344
Material Costs	-	165,849	-	-	-	-	165,849	-	165,849
Office Supplies	84,024	18,354	3,103	3,168	19,722	11,386	139,757	11,887	151,644
Travel and Transportation	19,549	35,152	13,270	14,279	34,241	2,604	119,095	3,541	122,636
Insurance	23,736	10,509	24,235	5,561	20,617	2,540	87,198	-	87,198
Occupancy	4,055	18,191	-	18,039	7,044	1,282	48,611	-	48,611
Dues and Subscriptions	11,037	10,137	406	792	11,892	5,069	39,333	6,983	46,316
Tools and Equipment	1,965	8,272	-	12,826	2,668	749	26,480	-	26,480
Interest	-	-	24,549	-	-	-	24,549	-	24,549
Advertising	7,292	-	5,136	-	780	-	13,208	-	13,208
Postage and Delivery	1,018	1,606	636	691	7,388	319	11,658	101	11,759
Bad Debt Expense	-	-	2,880	-	-	-	2,880	-	2,880
Miscellaneous Expense	-	30	46,230	-	-	1	46,261	2,387	48,648
Total Expenses	\$ 2,470,905	\$ 4,516,954	\$ 805,507	\$ 2,030,921	\$ 1,757,048	\$ 186,834	\$ 11,768,169	\$ 811,511	\$ 12,579,680

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	Total	
	Housing Stability	Energy and Weatherization	Housing Projects	Food and Nutrition	Independent Support Services	Agency All	Total Program		Administrative and Agency
EXPENSES									
Payroll, Taxes, and Benefits	\$ 938,318	\$ 539,705	\$ 120,298	\$ 194,416	\$ 891,412	\$ 270,439	\$ 2,954,588	\$ 568,647	\$ 3,523,235
Direct Client Costs	4,822,242	3,222,982	-	107,824	644,829	14,098	8,811,975	-	8,811,975
Commodities Dispensed	-	-	-	1,255,939	-	-	1,255,939	-	1,255,939
Contracted Services	145,484	109,951	90,199	9,734	31,561	7,452	394,381	69,195	463,576
Utilities	59,328	10,684	110,911	21,016	24,241	1,820	228,000	7,092	235,092
Material Costs	-	200,179	-	-	-	-	200,179	-	200,179
Depreciation and Amortization	68	166	168,760	2,810	406	510	172,720	88	172,808
Office Supplies	47,683	29,286	3,023	4,819	21,582	7,430	113,823	19,502	133,325
Maintenance and Repair	-	872	85,614	1,991	4,025	721	93,223	1,024	94,247
Travel and Transportation	17,516	18,726	7,054	14,848	24,794	2,344	85,282	6,537	91,819
Insurance	15,608	9,070	21,653	3,663	16,083	4,322	70,399	653	71,052
Occupancy	2,959	12,703	-	23,509	6,700	339	46,210	-	46,210
Dues and Subscriptions	11,001	3,870	388	625	12,440	1,508	29,832	15,312	45,144
Interest	-	-	25,871	-	-	-	25,871	-	25,871
Advertising	7,609	2,161	1,674	43	2,608	1,538	15,633	515	16,148
Tools and Equipment	3,753	630	-	6,088	3,531	1	14,003	-	14,003
Postage and Delivery	1,709	2,289	511	999	6,855	305	12,668	59	12,727
Bad Debt Expense	-	-	1,688	-	-	-	1,688	-	1,688
Miscellaneous Expense	72	115	43,614	15	247	9	44,072	4	44,076
Total Expenses	\$ 6,073,350	\$ 4,163,389	\$ 681,258	\$ 1,648,339	\$ 1,691,314	\$ 312,836	\$ 14,570,486	\$ 688,628	\$ 15,259,114

See accompanying Notes to Consolidated Financial Statements.

**COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Grants and Program Services	\$ 13,197,340	\$ 16,059,709
Cash Paid to Suppliers and Employees	(12,440,942)	(13,864,808)
Interest Received	317	168
Interest Paid	(25,228)	(24,618)
Net Cash Provided by Operating Activities	731,487	2,170,451
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property, Buildings, and Equipment	(999,948)	(898,282)
Net Cash Used by Investing Activities	(999,948)	(898,282)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Long-Term Debt	(42,695)	(41,200)
Debt Issuance Cost	-	(500)
Net Cash Used by Financing Activities	(42,695)	(41,700)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	(311,156)	1,230,469
Cash and Cash Equivalents and Restricted Cash - Beginning of Year	4,501,431	3,270,962
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR	\$ 4,190,275	\$ 4,501,431

See accompanying Notes to Consolidated Financial Statements.

**COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022
RECONCILIATION OF CHANGES IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Changes in Net Assets	\$ 793,206	\$ 1,373,237
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	239,838	172,808
Amortization of Debt Issuance Costs	1,252	1,253
Change in Inventory - Noncash	(36,966)	27,294
Bad Debt Expense	2,880	1,688
(Increase) Decrease in Assets:		
Accounts Receivable	(597,605)	538,466
Prepaid Expenses	(24,383)	(8,451)
Increase (Decrease) in Liabilities:		
Accounts Payable	(152,990)	69,497
Accrued Payroll, Taxes, and Benefits	(32,252)	57,874
Other Accruals	(1,159)	4,784
Deferred Revenue	416,616	114,330
Tenant Security Deposits	(4,418)	(87)
Tenant Prepaid Rent	(2,121)	3,932
Protected Payee Liability	129,589	(186,174)
Total Adjustments	(61,719)	797,214
Net Cash Provided by Operating Activities	\$ 731,487	\$ 2,170,451
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITIES		
Construction in Progress in Accounts Payable	\$ 80,880	\$ -

See accompanying Notes to Consolidated Financial Statements.

**COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

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 (AVR) 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, 2023 AND 2022**

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>2023</u>	<u>2022</u>
Money Management Clients	\$ 551,797	\$ 422,208
Replacement Reserve	286,091	294,441
General Operating Reserves	79,941	79,926
Tax and Insurance Reserve	53,383	55,981
Tenant Security Deposits	34,115	36,593
Other Reserves	13,773	13,799
Total	<u>\$ 1,019,100</u>	<u>\$ 902,948</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, 2023 and 2022, 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, 2023 and 2022, 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 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, 2023 and 2022 was \$239,838 and \$171,588, respectively.

**COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Construction in Progress

Construction in progress (CIP) at June 30, 2023 and 2022 totaled \$1,798,791 and \$852,427, respectively. CIP recorded at June 30, 2023 is related to construction at the Promise Inn, a homeless shelter, and purchase of the Tum-A-Lum property, a future warehouse location. CIP recorded at June 30, 2022 was related to the Promise Inn. Construction on the Promise Inn is estimated to be complete in July 2023 with minimal costs to finish construction. Renovations to the Tum-A-Lum property are estimated to start in 2024 and be completed in 2026.

Leases

CAPECO leases office and warehouse space. CAPECO determines if an arrangement is a lease at inception. Operating leases are included in right-of-use asset (ROU) – operating and lease liability - operating on the consolidated statements of financial position.

ROU assets represent CAPECO's right to use an underlying asset for the lease term and lease liabilities represent CAPECO's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most of leases do not provide an implicit rate, CAPECO uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that CAPECO will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. CAPECO has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the consolidated statements of financial position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, CAPECO has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

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, 2023 and 2022, \$551,797 and \$422,208, respectively, were included in restricted cash and current liabilities related to the protected payee program.

**COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Debt Issuance Costs

Debt issuance costs relate to financing costs that CAPECO incurred. Total costs were \$38,095 for the years ended June 30, 2023 and 2022, 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, 2023 and 2022, debt issuance costs are shown net of accumulated amortization of \$24,969 and \$23,717, respectively. Amortization expense for the years ended June 30, 2023 and 2022, was \$1,252 and \$1,253, respectively and is included in interest expense.

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:

	2023	2022
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>

**COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (Continued)

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>2023</u>	<u>2022</u>
Flood	\$ 114,230	\$ 125,419
Promise Inn	107,042	1,420
Nutrition Program	88,920	88,591
TEFAP	58,589	76,361
COVID-19	32,362	69,140
CSFP	12,903	20,913
Employee Morale Fund	11,744	12,606
Independent Living Program	3,043	3,043
Total	<u>\$ 428,833</u>	<u>\$ 397,493</u>

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:

	<u>2023</u>	<u>2022</u>
TEFAP	\$ 468,502	\$ 3,044
CSFP	140,443	-
COVID-19	36,778	100
Flood 2020	11,189	49,895
Employee Morale Fund	862	905
FDPIR	-	7,273
Nutrition	-	1,230
Promise Inn	-	331
Total	<u>\$ 657,774</u>	<u>\$ 62,778</u>

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 \$3,510,886 and \$6,958,076, respectively, that have not been recognized at June 30, 2023 and 2022, because qualifying expenditures have not yet been incurred.

**COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

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:

	2023	2022
Lease Revenue - Excluded from ASC 606	\$ 632,645	\$ 623,279
Other Tenant Costs - Recognized Over Time	1,723	1,700
Total	\$ 634,368	\$ 624,979

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, 2023 and 2022, contributions approximating \$544,810 and \$128,194, 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, 2023 AND 2022**

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, 2023 and 2022, 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 2022 amounts have been made in the accompanying consolidated financial statement in order to conform to the 2023 presentation. There is no effect on previously reported changes in net assets.

Adoption of New Accounting Standards

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-02, *Leases (ASC 842)*. The new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the consolidated statement of financial position. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of consolidated financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

CAPECO adopted the requirements of the guidance effective July 1, 2022 and has elected to apply the provisions of this standard to the beginning of the period of adoption with certain practical expedients available. Lease disclosures for the year ended June 30, 2022 are made under prior lease guidance in FASB ASC 840.

CAPECO has elected to adopt the package of practical expedients available in the year of adoption. CAPECO has elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of CAPECO's ROU assets.

As a result of the adoption of the new lease accounting guidance, CAPECO recognized on July 1, 2022 a ROU asset and lease liability of \$37,914, which represents the present value of the remaining operating lease payments of \$39,063, discounted using CAPECO's risk-free rate of 3.03%.

Subsequent Events

Subsequent events have been evaluated through October 19, 2023, 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, 2023 AND 2022**

NOTE 2 INTANGIBLE ASSETS

Intangible assets consisted of the following as of June 30:

	<u>2023</u>	<u>2022</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>(24,227)</u>	<u>(23,947)</u>
Total Intangible Assets, Net	<u><u>\$ 2,783</u></u>	<u><u>\$ 3,063</u></u>

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ 280
2025	280
2026	280
2027	280
2028	280
Thereafter	<u>1,383</u>
Total	<u><u>\$ 2,783</u></u>

NOTE 3 LONG-TERM DEBT

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

<u>Description</u>	<u>2023</u>	<u>2022</u>
Note Payable to Farm Home Administration at \$688 per month, including interest at 1% through June 2028; collateralized by the Irrigon Housing Project	\$ 36,327	\$ 44,180
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	367,530	381,264
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>199,456</u>	<u>220,564</u>
Total Long-Term Debt	603,313	646,008
Less: Current Maturities	44,169	42,617
Less: Unamortized Debt Issuance Costs	<u>13,126</u>	<u>14,378</u>
Total Long-Term Debt, Net	<u><u>\$ 546,018</u></u>	<u><u>\$ 589,013</u></u>

**COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

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>
2024	\$ 44,169
2025	45,863
2026	47,590
2027	49,390
2028	47,274
Thereafter	369,027
Total	<u>\$ 603,313</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, 2023 and 2022, CAPECO's contribution rate was 6% for both years and the total amount contributed was \$120,083 and \$99,348, 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, 2023 and 2022, 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, 2023 AND 2022**

NOTE 7 LEASES – ASC 842

CAPECO leases a facility for operations through September 2024 under a long-term, non-cancelable lease agreement which provides for a renewal option for three years. In the normal course of business, it is expected that this lease will be renewed or replaced by similar leases.

At June 30, 2023, a ROU asset and lease liability of \$21,063 is recorded on the consolidated statements of financial position. This represents the present value of the remaining operating lease payments of \$21,701, discounted using CAPECO's risk-free rate of 3.03%.

CAPECO classifies the total undiscounted lease payments that are due in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2023, is as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ 17,361
2025	4,340
Total Lease Payments	21,701
Less: Imputed Interest	(638)
Present Value of Lease Liabilities	<u>\$ 21,063</u>
Short-Term Lease Liabilities	\$ 16,851
Long-Term Lease Liabilities	4,212
Total Lease Liabilities	<u>\$ 21,063</u>

Morrow (MEI), Applewood (AVR), and Irrigon

Leasing operations consist principally of operating leases of residential real estate expiring at various times through 2023 in which MEI, AVR, and Irrigon are the lessors. Certain leases provide for renewal options. Lease contracts do not include variable lease payments. MEI, AVR, and Irrigon have elected to apply the practical expedient, which does not require contracts to be separated between lease and nonlease components.

Substantially all of MEI, AVR, and Irrigon's property and equipment serves as underlying assets for operating leases which total \$1,232,191 at June 30, 2023.

NOTE 8 LEASES – ASC 840

CAPECO elected to apply the provisions of FASB ASC 842 to the beginning of the period of adoption, through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended June 30, 2022 are made under prior lease guidance in FASB ASC 840.

**COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 8 LEASES – ASC 840 (CONTINUED)

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

Year Ending June 30,	Amount
2024	\$ 17,361
2025	4,340
Total	\$ 21,701

Total rent expense for the year ended June 30, 2022 was \$46,210.

NOTE 9 LIQUIDITY AND AVAILABILITY

The following reflects CAPECO's liquid financial assets as of June 30, 2023 and 2022, 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.

	2023	2022
Liquid Financial Assets, as of June 30:	\$ 6,115,941	\$ 5,832,372
Less:		
Contractual or Donor-Imposed Restrictions Making Financial Assets Unavailable for General Expenditure	(1,447,933)	(1,300,441)
Board-Designated Net Assets	(24,534)	(24,534)
Financial Assets Available Within One Year to Meet Cash Needs for General Expenditures Within One Year	\$ 4,643,474	\$ 4,507,397



**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, 2023, 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 October 19, 2023.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Community Action Program of East Central Oregon'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*.

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
October 19, 2023



**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, 2023. 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, 2023.

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

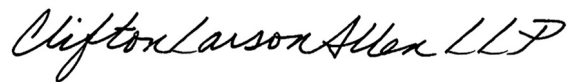
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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.

Board of Directors
Community Action Program of East Central Oregon

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, Washington
October 19, 2023

**COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023**

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? _____ yes X 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
93.568

Name of Federal Program or Cluster
Low Income Home Energy 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, 2023**

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

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, 2023**

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	\$ 288,659
COVID-19: VAC5 VACCINES	93.044	171488	23,686
Total AL# 93.044			312,345
Title III C1	93.045	171488	281,670
Title III C2	93.045	171488	132,586
IT	93.045	171488	71,670
FFCRA C1/C2	93.045	171488	520
COVID-19: ARP C1	93.045	171488	42,581
COVID-19: ARP C2	93.045	171488	63,334
COVID-19: CARES C1/C2	93.045	171488	33,227
HDC5 CAA 2021	93.045	171488	12,018
Total AL# 93.045			637,606
USDA/NSIP	93.053	171488	72,180
Total Aging Cluster			1,022,131
Title VII B	93.041	171488	679
Title III D	93.043	171488	24,777
COVID-19: CARES IIIIE	93.052	171488	25
Title III E	93.052	171488	129,118
Total AL# 93.052			129,143

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, 2023**

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/LIHWA ARPA	93.499	NOA 2102ORLWC6	\$ 182,252
Temporary Assistance for Needy Families (HSP)	93.558	NOA 2001ORTANF	67,154
Low Income Home Energy Assistance Program (LIHEAP)	93.568	NOA 2202ORLIEA/2302ORLIEE	2,745,519
Low Income Home Energy Assistance Program (LIHEAP) LP ARPA	93.568	NOA G-1901ORLIEA/2001ORLIEA/2001ORE5C3	1,258,625
Total AL# 93.568			<u>4,004,144</u>
Community Services Block Grant (CBSG)	93.569	NOA G-1901ORCOSR/2001ORCSC3/G-2001ORCOSR	278,741
Passed Through Administration for Children and Families:			
Independent Living Program (ILP)	93.674	160901	56,406
Medicaid Cluster:			
OPI-M	93.778	171488	48,607
Total Medicaid Cluster			<u>48,607</u>
Total U.S. Department of Health and Human Services			<u>5,814,034</u>
U.S. Department of Agriculture			
Passed Through Oregon Food Bank:			
Food Distribution Cluster:			
COMMODITIES Community Supplemental Food Program	10.565	CAPECO	132,433
The Emergency Food Assistance Program (TEFAP)	10.568	CAPECO	41,186
COMMODITIES The Emergency Food Assistance Program	10.569	CAPECO	450,731
Total Food Distribution Cluster			<u>624,350</u>
Total U.S. Department of Agriculture			624,350

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, 2023**

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Housing and Urban Development (HUD)			
Continuum of Care Homeless Assistance Program (TH)	14.235		\$ 139,758
Continuum of Care Homeless Assistance Programs (PSH)	14.235		40,992
Total AL# 14.235			<u>180,750</u>
Passed Through Oregon Housing and Community Services:			
Emergency Shelter Grant Program (ESGP)	14.231	NOA E18-DC-41-0001/E-20-DW-41-0001/E20-dc-41-001	55,040
Emergency Solutions Program (ESG CV1/2)	14.231	NOA E18-DC-41-0001/E-20-DW-41-0001/E20-dc-41-001	230,674
Total AL# 14.231			<u>285,714</u>
Home Tenant Based Assistance (HTBA)	14.239	NOA M-18-SG-41-0100/M-19-SG-41-0100	102,096
Total U.S. Department of Housing and Urban Development (HUD)			<u>568,560</u>
U.S. Department of Energy			
Passed Through Oregon Housing and Community Services:			
Bonneville Power Administration Weatherization Assistance Program (BPAWAP)	81.XXX	NOA 83358	26,932
Department of Energy Weatherization Assistance Program (DOEWAP)	81.042	NOA DE-EE0007945	113,311
Total U.S. Department of Energy			<u>140,243</u>
U.S. Department of Treasury			
Passed Through Oregon Housing and Community Services:			
COVID-19: Oregon Emergency Rental Assistance Program (OERAP)	21.023	NOA N/A	76,060
Total U.S. Department of Treasury			<u>76,060</u>
Total Consolidated Federal Expenditures			<u><u>\$ 7,223,247</u></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, 2023**

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, 2023. 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.



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