

**COMMUNITY ACTION PROGRAM OF EAST  
CENTRAL OREGON**

**CONSOLIDATED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**YEARS ENDED JUNE 30, 2020 AND 2019**

**COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON  
TABLE OF CONTENTS  
YEARS ENDED JUNE 30, 2020 AND 2019**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>CONSOLIDATED FINANCIAL STATEMENTS</b>	
<b>CONSOLIDATED STATEMENTS OF FINANCIAL POSITION</b>	<b>3</b>
<b>CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS</b>	<b>5</b>
<b>CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES</b>	<b>7</b>
<b>CONSOLIDATED STATEMENTS OF CASH FLOWS</b>	<b>9</b>
<b>NOTES TO CONSOLIDATED FINANCIAL STATEMENTS</b>	<b>10</b>
<b>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 <i>GOVERNMENT AUDITING STANDARDS</i></b>	<b>20</b>
<b>INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE</b>	<b>22</b>
<b>SCHEDULE OF FINDINGS AND QUESTIONED COSTS</b>	<b>24</b>
<b>SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS</b>	<b>26</b>
<b>NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS</b>	<b>29</b>



## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

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, 2020 and 2019, 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.

### ***Management's Responsibility for the Consolidated Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of CAPECO as of June 30, 2020 and 2019, 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.

**Other Matters**

*Other Information – Schedule of Expenditures of Federal Awards*

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of expenditures of federal awards, 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 also presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards 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. Such 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the 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 November 25, 2020, 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 result 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  
November 25, 2020

**COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2020 AND 2019**

	2020	2019
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 2,138,207	\$ 1,071,762
Restricted Cash	1,094,165	767,678
Total Cash, Cash Equivalents, and Restricted Cash	3,232,372	1,839,440
Accounts Receivables, Net of Allowance of \$-0- and \$6,749 Respectively	1,521,701	1,100,071
Employee Advances	-	142
Inventory	250,164	112,600
Prepaid Expenses	65,476	100,099
Total Current Assets	5,069,713	3,152,352
<b>PROPERTY, BUILDINGS, AND EQUIPMENT</b>		
Building	5,257,405	5,264,049
Equipment	263,299	314,516
Automotive	946,849	981,770
Furniture	225,312	219,764
Grounds Improvements	250,825	250,825
Total	6,943,690	7,030,924
Less: Accumulated Depreciation	(5,455,379)	(5,300,884)
Total	1,488,311	1,730,040
Land	298,380	298,380
Total Property, Buildings, and Equipment	1,786,691	2,028,420
<b>OTHER ASSETS</b>		
Intangible Assets, Net of Amortization of \$21,894 and \$21,614 Respectively	3,621	3,901
Housing Security Deposits	332	332
Total Other Assets	3,953	4,233
Total Assets	\$ 6,860,357	\$ 5,185,005

See accompanying Notes to Consolidated Financial Statements.

**COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)  
JUNE 30, 2020 AND 2019**

	2020	2019
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 267,976	\$ 123,857
Accrued Payroll	201,168	171,147
Accrued Payroll Taxes	5,093	10,095
Accrued Benefits	58,021	42,279
Deferred Revenue	67,663	14,563
Tenant Security Deposits	34,995	33,976
Tenant Prepaid Rent	243	212
Protected Payee Liability	597,201	259,801
Paycheck Protection Program Loan	416,800	-
Current Maturities of Long-Term Debt	39,625	38,174
Total Current Liabilities	1,688,785	694,104
 <b>LONG-TERM DEBT</b> , Less Current Maturities and Unamortized Debt Issuance Costs	 669,885	 709,257
Total Liabilities	2,358,670	1,403,361
 <b>NET ASSETS</b>		
Without Donor Restrictions	3,963,738	3,569,292
Without Donor Restrictions - Board Designated	24,534	24,534
Total Net Assets Without Donor Restrictions	3,988,272	3,593,826
With Donor Restrictions	513,415	187,818
Total Net Assets	4,501,687	3,781,644
Total Liabilities and Net Assets	\$ 6,860,357	\$ 5,185,005

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, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE, GAINS, AND SUPPORT</b>			
Revenue, Program	\$ 6,032,705	\$ -	\$ 6,032,705
Food Commodities	1,312,089	87,710	1,399,799
Housing Project Income	547,897	-	547,897
Revenue, Administration	524,090	-	524,090
Contributions and Fundraising Income	73,094	244,544	317,638
Reimbursed Expenses	41,725	-	41,725
In-kind	1,650	-	1,650
Interest Income	245	-	245
Miscellaneous Income	9,321	-	9,321
Total	8,542,816	332,254	8,875,070
 <b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	 6,657	 (6,657)	 -
Total Revenue, Gains, and Support	8,549,473	325,597	8,875,070
 <b>EXPENSES</b>			
Program Services	7,554,891	-	7,554,891
Supporting Services	600,136	-	600,136
Total Expenses	8,155,027	-	8,155,027
 <b>CHANGES IN NET ASSETS</b>	 394,446	 325,597	 720,043
Net Assets - Beginning of Year	3,593,826	187,818	3,781,644
 <b>NET ASSETS - END OF YEAR</b>	 \$ 3,988,272	 \$ 513,415	 \$ 4,501,687

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, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUE, GAINS, AND SUPPORT</b>			
Revenue, Program	\$ 5,577,313	\$ 48,325	\$ 5,625,638
Food Commodities	1,129,506	-	1,129,506
Housing Project Income	566,643	-	566,643
Revenue, Administration	360,030	-	360,030
Contributions and Fundraising Income	237,571	8,965	246,536
Reimbursed Expenses	147,425	-	147,425
Gain on Disposal of Fixed Asset	14,530	-	14,530
Interest Income	456	-	456
Miscellaneous Income	4,369	-	4,369
Total	<u>8,037,843</u>	<u>57,290</u>	<u>8,095,133</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	<u>43,695</u>	<u>(43,695)</u>	<u>-</u>
Total Revenue, Gains, and Support	8,081,538	13,595	8,095,133
<b>EXPENSES</b>			
Program Services	7,251,676	-	7,251,676
Supporting Services	601,326	-	601,326
Total Expenses	<u>7,853,002</u>	<u>-</u>	<u>7,853,002</u>
<b>CHANGES IN NET ASSETS</b>	228,536	13,595	242,131
Net Assets - Beginning of Year	<u>3,365,290</u>	<u>174,223</u>	<u>3,539,513</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 3,593,826</u>	<u>\$ 187,818</u>	<u>\$ 3,781,644</u>

See accompanying Notes to Consolidated Financial Statements.



**COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2020**

	Program Services					Supporting Services			Total
	Energy and Weatherization	Food and Nutrition	Housing Stability	Independent Support Services	Housing Projects	Total Program	Administrative and Agency	Fundraising	
<b>EXPENSES</b>									
Payroll, Payroll Taxes, and Benefits	\$ 530,039	\$ 497,911	\$ 585,022	\$ 508,721	\$ 106,158	\$ 2,227,851	\$ 449,565	\$ 119	\$ 2,677,535
Direct Client Costs	1,250,215	698,224	678,255	123,772	-	2,750,466	-	-	2,750,466
Commodities Dispensed	-	1,262,236	-	-	-	1,262,236	-	-	1,262,236
Depreciation and Amortization	14,694	20,883	11,611	3,804	203,665	254,657	-	-	254,657
Contracted Services	16,970	26,550	23,407	16,171	72,242	155,340	82,959	9,306	247,605
Utilities	13,433	27,058	13,256	10,419	121,703	185,869	3,351	13	189,233
Material Costs	149,859	-	-	-	-	149,859	-	-	149,859
Maintenance and Repair	492	1,068	415	257	145,123	147,355	12	1	147,368
Office Supplies	39,268	11,134	31,106	14,113	2,706	98,327	31,133	-	129,460
Travel and Transportation	16,656	22,022	19,620	27,767	4,794	90,859	5,638	1	96,498
Insurance	7,900	10,501	8,027	9,660	17,638	53,726	-	2	53,728
Occupancy	8,447	21,246	7,205	4,253	-	41,151	1,128	1	42,280
Dues and Subscriptions	4,852	4,883	3,114	4,525	243	17,617	14,466	-	32,083
Interest	-	-	-	-	29,486	29,486	-	-	29,486
Advertising	5,898	428	3,494	1,318	2,477	13,615	672	-	14,287
Tools and Equipment	2,868	4,254	3,197	2,446	-	12,765	561	-	13,326
Postage and Delivery	2,132	1,206	1,009	6,090	732	11,169	1,208	-	12,377
Bad Debt Expense	-	-	-	-	8,613	8,613	-	-	8,613
Miscellaneous Expense	-	-	-	-	43,930	43,930	-	-	43,930
Total Expenses	<u>\$ 2,063,723</u>	<u>\$ 2,609,604</u>	<u>\$ 1,388,738</u>	<u>\$ 733,316</u>	<u>\$ 759,510</u>	<u>\$ 7,554,891</u>	<u>\$ 590,693</u>	<u>\$ 9,443</u>	<u>\$ 8,155,027</u>

See accompanying Notes to Consolidated Financial Statements.

**COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2019**

	Program Services					Supporting Services			Total
	Energy and Weatherization	Food and Nutrition	Housing Stability	Independent Support Services	Housing Projects	Total Program	Administrative and Agency	Fundraising	
<b>EXPENSES</b>									
Payroll, Payroll Taxes, and Benefits	\$ 484,174	\$ 447,806	\$ 754,708	\$ 529,963	\$ 92,741	\$ 2,309,392	\$ 358,901	\$ -	\$ 2,668,293
Direct Client Costs	1,465,392	32,746	548,652	33,127	-	2,079,917	-	-	2,079,917
Commodities Dispensed	-	1,267,782	-	90,207	-	1,357,989	-	-	1,357,989
Contracted Services	10,179	124,720	78,737	54,626	72,368	340,630	165,214	11,000	516,844
Depreciation and Amortization	11,431	3,745	3,680	15,309	186,303	220,468	1,848	-	222,316
Material Costs	179,070	-	-	-	-	179,070	-	-	179,070
Utilities	14,006	29,024	10,528	11,506	99,594	164,658	6,719	-	171,377
Travel and Transportation	20,889	32,682	30,215	43,984	6,032	133,802	6,523	-	140,325
Maintenance and Repair	518	1,643	1,836	432	118,415	122,844	268	-	123,112
Office Supplies	17,257	23,396	23,431	24,583	2,433	91,100	14,279	927	106,306
Insurance	6,451	8,448	8,255	10,431	17,747	51,332	10,738	-	62,070
Tools and Equipment	12,354	5,567	17,121	13,639	-	48,681	2,542	-	51,223
Occupancy	9,788	22,434	4,075	4,789	-	41,086	515	-	41,601
Interest	-	-	-	-	31,800	31,800	-	-	31,800
Dues and Subscriptions	2,745	3,519	3,009	4,817	-	14,090	11,875	-	25,965
Postage and Delivery	3,238	1,664	1,319	5,278	385	11,884	1,659	3	13,546
Bad Debt Expense	-	-	-	-	3,921	3,921	6,749	-	10,670
Advertising	151	635	2,537	945	3,323	7,591	1,533	-	9,124
Miscellaneous Expense	-	-	-	-	41,421	41,421	33	-	41,454
<b>Total Expenses</b>	<b>\$ 2,237,643</b>	<b>\$ 2,005,811</b>	<b>\$ 1,488,103</b>	<b>\$ 843,636</b>	<b>\$ 676,483</b>	<b>\$ 7,251,676</b>	<b>\$ 589,396</b>	<b>\$ 11,930</b>	<b>\$ 7,853,002</b>

See accompanying Notes to Consolidated Financial Statements.

**COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2020 AND 2019**

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Grants and Program Services	\$ 8,515,050	\$ 7,708,102
Cash Paid to Suppliers and Employees	(7,459,108)	(7,841,005)
Interest Received	245	456
Interest Paid	(29,153)	(30,547)
Net Cash Provided (Used) by Operating Activities	1,027,034	(162,994)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Property, Buildings, and Equipment	(12,648)	(90,767)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal Payments on Long-Term Debt	(38,254)	(36,900)
Proceeds from Paycheck Protection Program Loan	416,800	-
Net Cash Provided (Used) by Financing Activities	378,546	(36,900)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH</b>	1,392,932	(290,661)
Cash and Cash Equivalents and Restricted Cash - Beginning of Year	1,839,440	2,130,101
<b>CASH AND CASH EQUIVALENTS AND RESTRICTED CASH- END OF YEAR</b>	\$ 3,232,372	\$ 1,839,440
<b>RECONCILIATION OF CHANGES IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Changes in Net Assets	\$ 720,043	\$ 242,131
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	254,657	222,316
Amortization of Debt Issuance Costs	333	1,253
Bad Debt Expense	8,613	10,670
Gain on Sale of Capital Asset	-	(14,530)
(Increase) Decrease in Assets:		
Accounts Receivable	(430,243)	(386,866)
Employee Advances Receivable	142	258
Inventory	(137,564)	(22,330)
Prepaid Expenses	34,623	(38,581)
Increase (Decrease) in Liabilities:		
Accounts Payable	144,119	(224,347)
Accrued Payroll	30,021	11,187
Accrued Payroll Taxes	(5,002)	(5,298)
Accrued Benefits	15,742	(16,350)
Deferred Revenue	53,100	14,563
Tenant Security Deposits	1,019	(1,941)
Tenant Prepaid Rent	31	188
Protected Payee Liability	337,400	44,683
Total Adjustments	306,991	(405,125)
Net Cash Provided (Used) by Operating Activities	\$ 1,027,034	\$ (162,994)

See accompanying Notes to Consolidated Financial Statements.

**COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**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 socio economic 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. 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 Farm Labor Housing Project 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, and AVR (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, 2020 AND 2019**

**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:

	2020	2019
Money Management Clients	\$ 597,201	\$ 259,801
Replacement Reserve	314,497	314,486
General Operating Reserves	79,892	79,861
Tax and Insurance Reserve	39,358	49,611
Tenant Security Deposits	33,394	34,084
Other Reserves	29,823	29,835
Total	\$ 1,094,165	\$ 767,678

**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, 2020 and 2019, the allowance for doubtful accounts was \$0- and \$6,749, respectively.

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, 2020 and 2019, 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.

**COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Property, Buildings, and Equipment (Continued)**

Assets purchased with grantor funds remain the property of the grantor at the close of the grant contract. CAPECO has use of computers and other equipment provided for use as training tools by federal grants passed through the Oregon Housing and Community Services. The appropriate funding agency retains all rights and title to the equipment. The amount of equipment purchased through these programs for the fiscal years ended June 30, 2020 and 2019, was \$7,100 and \$-0-, respectively. Equipment purchased through these programs is recorded as fixed assets. As the assets are not considered depreciating assets due to being purchased with grantor funds, the related accumulated depreciation is booked at the time of capitalization to reflect the assets as nondepreciating.

**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, 2020 and 2019, \$ 597,201 and \$ 259,801, 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 \$37,595 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, 2020 and 2019, debt issuance costs are shown net of accumulated amortization of \$20,289 and \$19,956, respectively. Amortization expense for the years ended June 30, 2020 and 2019, was \$333 and \$1,253, 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). The PPP loan may be forgiven by the U.S. Small Business Administration (SBA) subject to certain performance barriers, as outlined in the loan agreement and the CARES Act. As of June 30, 2020, CAPECO has not satisfied the performance barriers attributable to \$416,800 of the PPP loan proceeds, and this amount is classified as Paycheck Protection Program Loan in the accompanying statements of financial position. The SBA has not formally forgiven any portion of CAPECO's obligation under this PPP loan. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if CAPECO fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. The covered period from May 7, 2020 to October 22, 2020, is the time that CAPECO has to spend their PPP Loan funds.

**COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**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:

	2020	2019
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:

	2020	2019
Flood 2020	\$ 178,555	\$ -
TEFAP	142,024	69,606
Nutrition Program	89,129	89,833
COVID-19	59,198	-
CSFP	22,206	8,530
Employee Morale Fund	7,771	1,615
FDPIR	11,489	9,873
Independent Living Program	3,043	3,043
Back Pack Program	-	5,318
Total	<u>\$ 513,415</u>	<u>\$ 187,818</u>

**COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**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:

	2020	2019
Girls Circle Program	\$ 5,318	\$ 80
Nutrition Program	704	18,231
Employee Morale Fund	635	-
CSFP	-	12,321
Youth House	-	7,439
Economic Development Program	-	3,866
Umatilla County Youth OYCC	-	1,430
Back Pack Program	-	328
Total	<u>\$ 6,657</u>	<u>\$ 43,695</u>

**Donated Materials and Services**

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.

**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 \$5,397,234 that have not been recognized at June 30, 2020, because qualifying expenditures have not yet been incurred.

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.



**COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition (Continued)**

Total housing project income as June 30 is as follows:

	2020
Lease revenue - Excluded from ASC 606	\$ 544,983
Other Tenant Costs - Recognized over time	2,914
Total	\$ 547,897

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 measureable 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, 2020, contributions approximating \$67,663, 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, 2020 AND 2019**

**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, 2020 and 2019, 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.

**Change in Accounting Principles**

As of July 1, 2019, CAPECO adopted Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606) utilizing the modified retrospective approach. There was no material impact on CAPECO's financial position and results of operations upon adoption of the new standard. The amended guidance clarifies the principles for recognizing revenue from contracts with customers. The guidance requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

As of July 1, 2019, CAPECO adopted FASB ASU 2018-08, *Not-for-Profit Entities* (Topic 958): *Clarifying the Accounting Guidance for Contributions Received and Contributions Made* utilizing the modified retrospective approach. This ASU assists organizations in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities. There were no material changes to the recognition of contribution revenue during the year.

As of July 1, 2019, CAPECO adopted FASB ASU No. 2016-18, *Statement of Cash Flows* (Topic 230) *Restricted Cash*. This ASU was issued to clarify guidance on the classification and presentation of restricted cash in the statement of cash flows and reduce diversity in practice. The amendments to this ASU require that a statement of cash flows explain the change during the year in the total cash, cash equivalents, and restricted cash or restricted cash equivalents. Therefore, restricted cash and restricted cash equivalents are included with cash and cash equivalents when reconciling the beginning-of-year and end-of-year total amounts shown on the consolidated statements of cash flows. The consolidated financial statements reflect the application for ASU No. 2016-18 using a retrospective approach to each period presented.

**COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**New Accounting Pronouncements Effective in Future Accounting Periods**

In February 2016, FASB issued 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. Specific to the Organization, COVID-19 may impact various parts of its 2020 operations and financial results including, but not limited to, additional costs for emergency preparedness, potential shortages, or loss of revenue due to reductions in certain revenue streams. 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, 2020.

**Subsequent Events**

Subsequent events have been evaluated through November 25, 2020, which is the date the consolidated financial statements were available to be issued.

**NOTE 2 INTANGIBLE ASSETS**

Intangible assets consisted of the following as of June 30:

	2020	2019
Tax Credit Fees	\$ 18,524	\$ 18,524
Other	6,991	6,991
Total Intangible Assets	25,515	25,515
Less: Accumulated Amortization	(21,894)	(21,614)
Total Intangible Assets, Net	<u>\$ 3,621</u>	<u>\$ 3,901</u>

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 280
2022	280
2023	280
2024	280
2025	280
Thereafter	2,221
Total	<u>\$ 3,621</u>

**COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE 3 LONG-TERM DEBT**

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

<u>Description</u>	<u>2020</u>	<u>2019</u>
Note Payable to Farm Home Administration at \$688 per month, including interest at 1% through June 2028; collateralized by the Irrigon Housing Project	\$ 59,652	\$ 67,273
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	407,084	419,231
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	260,080	278,566
Total Long-Term Debt	<u>726,816</u>	<u>765,070</u>
Less: Current Maturities	39,625	38,174
Less: Unamortized Debt Issuance Costs	17,306	17,639
Total Long-Term Debt, Net	<u>\$ 669,885</u>	<u>\$ 709,257</u>

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 39,625
2022	41,063
2023	43,135
2024	45,087
2025	46,779
Thereafter	511,127
Total	<u>\$ 726,816</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, 2020 and 2019, CAPECO's contribution rate was 6% for both years and the total amount contributed was \$66,464 and \$76,881, respectively.

**COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**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, 2020 and 2019, 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.

**NOTE 7 OPERATING LEASES**

CAPECO leases various facility and office space in east central Oregon under operating lease agreements. The leases expire at various times through 2021. Future minimum operating lease payments for the years ending June 30, 2021 and 2022 are \$40,425 and \$4,106, respectively.

Total rent expense for the years ended June 30, 2020 and 2019 was \$42,281 and \$41,601, respectively.

**NOTE 8 LIQUIDITY AND AVAILABILITY**

The following reflects CAPECO's liquid financial assets as of June 30, 2020 and 2019, 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>2020</u>	<u>2019</u>
Liquid Financial Assets, as of June 30:	\$ 4,754,073	\$ 2,939,653
Less:		
Contractual or Donor-Imposed Restrictions Making		
Financial Assets Unavailable for General Expenditure:	(1,607,580)	(955,496)
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>\$ 3,121,959</u>	<u>\$ 1,959,623</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 (CAPECO), which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 25, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered CAPECO's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of CAPECO's internal control. Accordingly, we do not express an opinion on the effectiveness of CAPECO'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 may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether CAPECO'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 determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**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  
November 25, 2020



**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**

We have audited Community Action Program of East Central Oregon (CAPECO) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of CAPECO's major federal programs for the year ended June 30, 2020. CAPECO's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of CAPECO's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about CAPECO's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of CAPECO's compliance.



***Opinion on Each Major Federal Program***

In our opinion, CAPECO complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

**Report on Internal Control Over Compliance**

Management of CAPECO is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered CAPECO's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of CAPECO's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



**CliftonLarsonAllen LLP**

Tri-Cities, Washington  
November 25, 2020

**COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2020**

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***Section I – Summary of Auditors’ Results***

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***Financial Statements***

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness (es) identified? \_\_\_\_\_ yes   X   no
  - Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_\_\_ 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 (es) identified? \_\_\_\_\_ yes   X   no
  - Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_\_\_ 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***

**CFDA Number(s)**

93.568

10.565, 10.568, and 10.569

**Name of Federal Program or Cluster**

Low Income Home Energy Assistance Program

Food Distribution Cluster

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

\$   750,000  

Auditee qualified as low-risk auditee?

\_\_\_\_\_ yes   X   no

**COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

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***Section II – Financial Statement Findings***

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

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

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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, 2020**

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. Department of Health and Human Services</b>			
Passed Through Oregon Department of Human Services:			
Title III B	93.044	160433	\$ 141,046
Title III C1	93.045	160433	340,697
Title III C2	93.045	160433	141,564
IT	93.045	160433	308
COVID 19 FFRCA III C1/C2	93.045	160433	79,757
COVID 19 CARES Title III	93.045	160433	141,922
Total CFDA 93.045			704,248
USDA/NSIP	93.053	160433	83,134
Total Aging Cluster			928,428
Title VII B	93.041	160433	4,413
Title III D	93.043	160433	48,683
Title III E	93.052	160433	41,946
Passed Through Oregon Housing and Community Services:			
Temporary Assistance for Needy Families (HSP)	93.558	NOA 2001ORTANF	50,202
Passed Through Administration for Children and Families:			
CAF Self Sufficiency	93.558	154382	5,832
Total CFDA 93.558			56,034

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, 2020**

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
<b>U.S. Department of Health and Human Services (Continued)</b>			
Passed Through Oregon Housing and Community Services: Low Income Home Energy Assistance Program	93.568	NOA G-1901ORLIEA/2001ORLIEA/2001ORE5C3	\$ 1,633,106
Community Services Block Grant	93.569	NOA G-1901ORCOSR/2001ORCSC3	184,101
Passed Through Administration for Children and Families: CAF Child Welfare	93.674	154548	563
Independent Living Program (ILP)	93.674	160901	22,877
Total CFDA 93.674			23,440
No Wrong Door	93.778		8,923
Total Medicaid Cluster			8,923
Total U.S. Department of Health and Human Services			2,929,074
<b>U.S. Department of Agriculture</b>			
Passed Through Oregon Food Bank: COMMODITIES Community Supplemental Food Program	10.565	CAPECO	108,902
The Emergency Food Assistance Program (TEFAP)	10.568	CAPECO	44,505
COMMODITIES The Emergency Food Assistance Program	10.569	CAPECO	774,209
Total Food Distribution Cluster			927,616
Passed Through Confederated Tribes Umatilla County Indian Reservation: Food Distribution Program Indian Reservation (FDPIR)	10.567	N/A	110,575
COMMODITIES Food Distribution Program Indian Reservation	10.567	N/A	76,525
Total CFDA 10.567			187,100
Total U.S. Department of Agriculture			1,114,716

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, 2020**

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
<b>U.S. Department of Housing and Urban Development</b>			
Supportive Housing Program/Continuum of Care Homeless Assistance Programs (TH)	14.235		\$ 119,394
Supportive Housing Program/Continuum of Care Homeless Assistance Programs (PSH)	14.235		38,966
Total CFDA 14.235			<u>158,360</u>
Passed Through Oregon Housing and Community Services: Emergency Shelter Grant Program	14.231	NOA E18-DC-41-0001/E-20-DW-41-0001	59,944
Home Tenant Based Assistance	14.239	NOA M-17-SG-41-0100/M-18-SG-41-0100	101,384
Total U.S. Department of Housing and Urban Development			<u>319,688</u>
<b>U.S. Department of Energy</b>			
Passed Through Oregon Housing and Community Services: Bonneville Power Administration Weatherization Assistance Program (BPAWAP)	81.xxx	NOA 77347/83358	71,225
Department of Energy Weatherization Assistance Program (DOEWAP)	81.042	NOA DE-EE0007945	100,924
Total U.S. Department of Energy			<u>172,149</u>
<b>U.S. Department of Treasury</b>			
Passed Through Oregon Housing and Community Services: Covid RR Cares	21.019	NOA N/A	29,509
Total U.S. Department of Treasury			<u>29,509</u>
Total Consolidated Federal Awards			<u>\$ 4,565,136</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  
JUNE 30, 2020**

**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, 2020. 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, as applicable, either the cost principles in OMB Circular A-122, *Cost Principles for Nonprofit Organizations*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein 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.