

**YAMHILL COMMUNITY ACTION  
PARTNERSHIP**

**FINANCIAL STATEMENTS**

**WITH INDEPENDENT AUDITORS' REPORT  
AND  
FEDERAL PROGRAM REPORTS**

**YEAR ENDED JUNE 30, 2015  
With Comparative Totals for 2014**

# **YAMHILL COMMUNITY ACTION PARTNERSHIP**

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**YEAR ENDED JUNE 30, 2015  
With Comparative Totals for 2014**

# **YAMHILL COMMUNITY ACTION PARTNERSHIP**

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**INDEPENDENT AUDITORS' REPORT**

November 17, 2015

Board of Directors  
Yamhill Community Action Partnership  
McMinnville, Oregon

**Report on the Financial Statements**

We have audited the accompanying financial statements of Yamhill Community Action Partnership, which comprise the statements of financial position as of June 30, 2015, and the related statements of activities and changes in net assets, functional revenues and expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

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

**Auditor's Responsibility**

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

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

November 17, 2015  
Yamhill Community Action Partnership  
Board of Directors

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Yamhill Community Action Partnership, as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Report on Summarized Comparative Information**

We have previously audited the Yamhill Community Action Partnership's 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 28, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Other Matters**

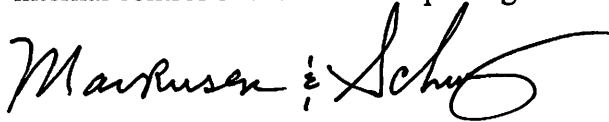
#### **Report on Schedule of Expenditures of Federal Awards**

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

November 17, 2015  
Yamhill Community Action Partnership  
Board of Directors

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2015 on our consideration Yamhill Community Action Partnership'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 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 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 Yamhill Community Action Partnership's internal control over financial reporting and compliance.



Markusen & Schwing

**YAMHILL COMMUNITY ACTION PARTNERSHIP**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2015 with Comparative Totals as of June 30, 2014**

**ASSETS**

	2015	2014
<b>Current Assets:</b>		
Cash	\$ 444,761	\$ 342,216
Cash-restricted for unemployment coverage	24,040	22,705
Grants and contracts receivable	220,279	282,913
Accounts receivable	35,629	13,341
Pledges receivable-capital campaign	5,640	7,275
Prepaid expenses	18,449	12,036
Inventory - Food	186,614	219,875
Total current assets	935,412	900,361
 Property, Facilities and Equipment, net of accumulated depreciation	 3,585,432	 3,700,803
 Restricted Deposits and Funded Reserves	 92,109	 86,831
 <b>Other Assets:</b>		
Cash-donor restricted to capital campaign	-	51,633
Pledges receivable-capital campaign	13,200	18,840
Financing costs, net of accumulated amortization	5,504	6,001
Total other assets	18,704	76,474
 Total Assets	 \$ 4,631,657	 \$ 4,764,469

**LIABILITIES AND NET ASSETS**

<b>Current Liabilities:</b>		
Current portion of long-term debt	\$ 156,836	\$ 116,180
Accounts payable	85,767	56,100
Payroll and payroll taxes payable	44,004	50,537
Accrued vacation pay	31,120	34,156
Accrued interest payable	1,801	9,390
Deferred revenue	11,915	10,727
Total current liabilities	331,443	277,090
 Deposit Liabilities-Tenant security deposits	 13,850	 12,610
 Long-Term Debt, less current portion	 387,126	 589,856
 Total Liabilities	 732,419	 879,556
 Commitments and Contingencies	 -	 -
 <b>Net Assets</b>		
Unrestricted	3,741,049	3,577,310
Temporarily restricted	158,189	307,603
Total net assets	3,899,238	3,884,913
 Total Liabilities and Net Assets	 \$ 4,631,657	 \$ 4,764,469

The accompanying notes are an integral part of the financial statements.

**YAMHILL COMMUNITY ACTION PARTNERSHIP**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
Year ended June 30, 2015 with Comparative Totals for the year ended June 30, 2014

	2015			2014 Totals
	Unrestricted	Temporarily Restricted	Totals	
Revenues and Other Support				
Grants and contracts	\$ 2,321,894	\$ 20,096	\$ 2,341,990	\$ 2,500,711
Contributions	477,957	119,821	597,778	349,895
Program revenue	332,490	12,655	345,145	370,227
In-kind donations	1,574,702	3,128	1,577,830	1,445,740
Fund raising revenue	16,050	-	16,050	-
Other revenue	78,455	6,723	85,178	49,641
Total Revenues and Other Support	4,801,548	162,423	4,963,971	4,716,214
Net Assets Release from Restriction	311,837	(311,837)	-	-
Total Revenues and Other Support	5,113,385	(149,414)	4,963,971	4,716,214
Expenses				
Program Services				
Community development	41,743	-	41,743	44,662
Energy assistance and weatherization	1,337,459	-	1,337,459	1,244,660
Food	1,778,379	-	1,778,379	1,657,360
Client services and shelters	556,877	-	556,877	517,472
Camellia Court housing project	207,048	-	207,048	204,141
Youth	458,773	-	458,773	514,202
Total Program Services	4,380,279	-	4,380,279	4,182,497
Supporting Services				
General agency and capital campaign	130,254	-	130,254	117,712
General and administrative	439,113	-	439,113	302,826
Total Supporting Services	569,367	-	569,367	420,538
Total Expenses	4,949,646	-	4,949,646	4,603,035
Change in Net Assets	163,739	(149,414)	14,325	113,179
Net Assets, Beginning of Year	3,577,310	307,603	3,884,913	3,771,734
Net Assets, End of Year	\$ 3,741,049	\$ 158,189	\$ 3,899,238	\$ 3,884,913



**YAMHILL COMMUNITY ACTION PARTNERSHIP**  
**STATEMENT OF FUNCTIONAL REVENUES AND EXPENSES**  
**Year Ended June 30, 2015 with Comparative Totals for the year ended June 30, 2014**

	<u>Community Development</u>	<u>Energy and Weatherization</u>	<u>Food</u>	<u>Client Services and Shelters</u>
<b>Revenue and Other Support</b>				
Grants and contracts	\$ 49,876	\$ 1,306,783	\$ 71,389	\$ 518,091
Contributions	-	2,500	176,448	35,014
Program revenue	-	138	140,751	11,601
In-kind donations	-	89,155	1,403,038	66,789
Fund raising revenue	-	-	50	-
Other revenue	-	77,590	5,119	144
<b>Total Revenue and Other Support</b>	<u>49,876</u>	<u>1,476,166</u>	<u>1,796,795</u>	<u>631,639</u>
<b>Expenses</b>				
Personnel	37,298	311,115	169,757	192,174
Contracted services	1,847	2,349	853	1,785
Weatherization installation	-	204,424	-	709
Client assistance	-	668,790	2,245	227,145
In-kind	-	89,155	1,396,424	66,789
In-kind food inventory adjustment	-	-	33,260	-
Vehicle costs	-	4,223	14,192	3,192
Travel costs	1,679	1,805	706	1,306
Space and interest	-	-	1,584	18,130
Telephone	-	1,516	2,030	3,141
Supplies and publications	580	10,556	113,325	4,227
Equipment repairs and rent	-	2,593	3,311	4,859
Printing and photocopying	-	4,189	1,279	209
Insurance	-	3,507	-	3,990
Training and recruitment	288	10,781	1,675	4,273
Miscellaneous	51	3,639	247	525
Fundraising	-	-	571	-
Sub-total expenses	<u>41,743</u>	<u>1,318,642</u>	<u>1,741,459</u>	<u>532,454</u>
<b>Depreciation</b>				
Grant funded	-	-	2,880	-
Agency funded	-	18,817	34,040	24,423
Total Depreciation	<u>-</u>	<u>18,817</u>	<u>36,920</u>	<u>24,423</u>
<b>Total Functional Expenses</b>	<u>41,743</u>	<u>1,337,459</u>	<u>1,778,379</u>	<u>556,877</u>
<b>General and administrative expense</b>	<u>5,134</u>	<u>150,603</u>	<u>63,041</u>	<u>62,813</u>
<b>Total Expenses</b>	<u>46,877</u>	<u>1,488,062</u>	<u>1,841,420</u>	<u>619,690</u>
<b>Change in Net Assets by Function</b>	<u>\$ 2,999</u>	<u>\$ (11,896)</u>	<u>\$ (44,625)</u>	<u>\$ 11,949</u>

The accompanying notes are an integral part of the financial statements.

<u>Camellia Court</u>	<u>Youth</u>	<u>General Agency and Capital Campaign</u>	<u>General and Administrative</u>	<u>Totals 2015</u>	<u>Totals 2014</u>
\$ -	\$ 393,538	\$ -	\$ 2,313	\$ 2,341,990	\$ 2,500,711
-	46,633	337,183	-	597,778	349,895
191,029	1,626	-	-	345,145	370,227
-	12,072	5,824	952	1,577,830	1,445,740
-	-	16,000	-	16,050	-
24	75	2,026	200	85,178	49,641
<u>191,053</u>	<u>453,944</u>	<u>361,033</u>	<u>3,465</u>	<u>4,963,971</u>	<u>4,716,214</u>
-	293,052	70,132	218,261	1,291,789	1,227,268
66,591	11,098	12,903	50,442	147,868	99,603
-	-	-	-	205,133	205,587
-	33,842	-	-	932,022	884,302
-	12,072	5,824	952	1,571,216	1,425,572
-	-	-	-	33,260	(81,728)
-	9,237	-	2,003	32,847	30,237
82	9,300	471	2,480	17,829	30,117
74,459	51,252	407	29,978	175,810	274,455
2,933	14,249	381	7,624	31,874	33,555
6,107	3,639	5,515	9,544	153,493	174,638
-	7,577	201	16,980	35,521	28,394
-	325	174	7,725	13,901	9,262
4,296	2,108	-	11,030	24,931	20,377
200	7,506	2,631	13,579	40,933	36,361
51	-	3,791	52,464	60,768	18,591
-	-	26,327	-	26,898	26,417
<u>154,719</u>	<u>455,257</u>	<u>128,757</u>	<u>423,062</u>	<u>4,796,093</u>	<u>4,443,547</u>
-	816	-	-	3,696	12,792
52,329	2,700	1,497	16,051	149,857	146,696
<u>52,329</u>	<u>3,516</u>	<u>1,497</u>	<u>16,051</u>	<u>153,553</u>	<u>159,488</u>
207,048	458,773	130,254	439,113	4,949,646	4,603,035
-	47,050	107,007	(435,648)	-	-
<u>207,048</u>	<u>505,823</u>	<u>237,261</u>	<u>3,465</u>	<u>4,949,646</u>	<u>4,603,035</u>
<u>\$ (15,995)</u>	<u>\$ (51,879)</u>	<u>\$ 123,772</u>	<u>\$ -</u>	<u>\$ 14,325</u>	<u>\$ 113,179</u>

**YAMHILL COMMUNITY ACTION PARTNERSHIP**  
**STATEMENT OF CASH FLOWS**  
**Year Ended June 30, 2015 with Comparative Totals for the year ended June 30, 2014**

	<b>2015</b>	<b>2014</b>
Cash flows from operating activities:		
Change in net assets	\$ 14,325	\$ 113,179
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	153,553	159,984
In-kind donations capitalized	(6,614)	(20,168)
Net change in operating assets and liabilities:		
Grants and contracts receivable	62,634	(21,798)
Accounts receivable	(22,288)	(3,987)
Pledges receivable	7,275	37,813
Prepaid expenses	(6,429)	17,604
Inventory	33,261	(81,728)
Accounts payable	29,667	(17,246)
Payroll and payroll taxes payable	(6,533)	23,376
Accrued vacation pay	(3,036)	(5,204)
Accrued interest payable	(7,589)	(2,522)
Deferred revenue	1,188	(8,993)
Net cash provided (used) by operating activities	249,414	190,310
 Cash flows from investing activities:		
(Increase) in cash-restricted	(1,335)	(22,705)
(Increase) in restricted deposits	(4,038)	(4,036)
Purchases of property, plant and equipment	(31,055)	(22,775)
Decrease in cash restricted by donors	51,633	73,563
Net cash provided (used) by investing activities	15,205	24,047
 Cash flows from financing activities:		
Principal payments on long term debt	(162,074)	(111,389)
Net cash provided (used) by financing activities	(162,074)	(111,389)
 Net increase in cash	102,545	102,968
 Cash, beginning of year	342,216	239,248
 Cash, end of year	\$ 444,761	\$ 342,216
 Supplemental disclosure of cash flows information:		
Cash paid during year for income taxes	\$ -	\$ -
Cash paid during year for interest charged to expense	\$ 37,803	\$ 38,170

The accompanying notes are an integral part of the financial statements.

**NOTES TO  
FINANCIAL STATEMENTS**

# YAMHILL COMMUNITY ACTION PARTNERSHIP

## Notes to Financial Statements

June 30, 2015 and 2014

### 1. The Organization

Yamhill Community Action Partnership (YCAP) is a nonprofit corporation, incorporated in 1980 under the laws of the State of Oregon. YCAP's mission is to advocate for and assist persons toward self-sufficiency. By changing the lives of low income, senior and disabled county residents, YCAP strengthens the communities of Yamhill County. As a CAP agency, YCAP is charged by federal statute with assessing the needs of the county and communities it serves and working with other community groups to find solutions to barriers affecting low income members of the county.

YCAP has programs to provide emergency and social services, services to children, transportation services, weatherization of low-income individual's housing, and community development in the Yamhill County area. The principal sources of revenue are grants and contracts with local, state and federal governments and federal pass-through funds, fees for services and charitable donations.

The Camellia Court Housing project operates a 24 unit low-income project in Newberg, Oregon. YCAP was the General Partner of the project's owner, Camellia Court Limited Partnership and held a 1% controlling interest. On December 1, 2013 the 99% Limited Partner assigned its interest to Newberg Camellia Court, LLC, which is solely owned by YCAP. On December 31, 2013 Camellia Court Limited Partnership was terminated and all the assets and liabilities were transferred to YCAP. The Camellia Court Housing project financial activity has been included in the financial statements in accordance with Financial Accounting Standards Codification.

A volunteer Board of Directors directs the activities of YCAP through professional management.

### 2. Summary of Significant Accounting Policies

#### Basis of Presentation

The financial statements are presented in accordance with Statement of Financial Accounting Standards Board in its Statement of Financial Accounting Standards Codification (FASB ASC). Under FASB ASC 958-225-45-6, financial statements are presented on the basis of unrestricted, temporarily restricted and permanently restricted net assets predicated on the existence of donor-imposed restrictions.

Unrestricted net assets consist of all resources of YCAP which have not been specifically restricted by a donor. Temporarily restricted net assets consist of cash and other assets received with donor stipulations that limit their use. Donor restrictions are stipulated by either a time restriction or a purpose restriction. Upon expiration of a time restriction or completion of a purpose restriction, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Permanently restricted net assets consist of assets whose use has been restricted for investment in perpetuity. YCAP has no permanently restricted net assets.

**YAMHILL COMMUNITY ACTION PARTNERSHIP**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

**2. Summary of Significant Accounting Policies – continued**

**Revenue Recognition**

Rental income, principally short-term leases on apartment units and commercial space, is recognized as the rentals become due.

Grant, Contracts and Contribution - YCAP receives grants from government sources and private foundations. Government grants, which generally reflect cost reimbursement agreements are recognized when earned. Unconditional promises to give are recorded as revenue at estimated net realizable value. Conditional promises to give are not included as revenue until the conditions are substantially met. Grants and contributions whose restrictions, if any, are met in the same reporting period are reported as unrestricted revenue in the period of receipt. Grants and contract monies received in advance are recorded as deferred revenue, and are recognized as revenue as earned.

Donated goods and services are provided in a number of ways by volunteers and other friends of the Organization. Valuation of donated goods is based on an estimate of fair value of the goods. No amounts have been reflected in the financial statements for donated services by the Board members involved in Board activities or from unpaid volunteers because the criteria for recognition has not been met.

**Cash**

Cash and cash equivalents include all cash accounts, which are not subject to withdrawal restriction or penalties, and all highly liquid debt instruments purchased with a maturity of three months or less.

**Receivables**

Past due receivables are charged directly to expense when the amount is determined to be uncollectible. This method is not significantly different from the allowance method required by generally accepted accounting principles. In the opinion of management, receivables at June 30, 2015 and 2014 are fully collectible.

**Inventory**

Inventory consists of donated and purchased food. A substantial portion of the donated food inventory is stated generally at \$1.25 and \$1.39 per pound as of June 30, 2015 and 2014, respectively, as calculated by Feeding America and The Oregon Food Bank as a fixed price per pound rate. In addition, certain food commodity inventory is stated at a value assigned by the U.S. Department of Agriculture. Purchased food inventory is stated at cost.

**YAMHILL COMMUNITY ACTION PARTNERSHIP**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

**2. Summary of Significant Accounting Policies – continued**

**Facilities, Equipment and Depreciation**

Facilities and equipment utilized by YCAP are stated at cost. Donated assets are recorded at their estimated fair value. The cost of significant betterments are capitalized and depreciated over the useful life of the asset. YCAP generally capitalizes expenditures in excess of \$5,000. Depreciation is provided on the straight-line method over estimated useful lives of thirty to forty years for buildings and five to ten years for furniture, equipment and vehicles. Normal repairs and maintenance are charged to expense when incurred.

Buildings and capital expenditures related to the Camellia Court Project are depreciated over their estimated useful lives of twenty-seven years under the straight-line method. Land improvements are depreciated over useful lives of fifteen years under the 150% double declining balance method. Furniture and equipment including software is depreciated over five to seven years under the 200% declining balance method. Declining balance methods are appropriate for the type of property being depreciated.

When facilities and equipment are retired or sold, cost and the related accumulated depreciation or amortization is removed from YCAP's accounts and the resulting gain or loss is recognized. Amortization of capitalized leases is also included in depreciation.

**Impairment**

Management reviews its investment in real estate for possible impairment whenever events or circumstances indicate the carrying amount of an asset may not be recoverable. If there is an indication of impairment, management prepares an estimate of future cash flows (undiscounted and without interest charges) expected to result from the use of the asset and its eventual disposition. If these cash flows are less than the carrying amount of the asset, an impairment loss is recognized to write down the asset to its estimated fair value. Preparation of estimated expected future cash flows is inherently subjective and is based on management's best estimate of assumptions concerning expected future conditions. Management believes there were no impairments of assets at June 30, 2015 and 2014.

**Amortization**

Loan fees are amortized on a straight-line basis over the life of the loans.

## YAMHILL COMMUNITY ACTION PARTNERSHIP

### Notes to Financial Statements

June 30, 2015 and 2014

## 2. Summary of Significant Accounting Policies – continued

### Fair Value of Financial Instruments

Generally accepted accounting principles require disclosure of fair value information about financial instruments when it is practicable to estimate that value. The operations generated by the investment in real estate are subject to various government rules, regulations, and restrictions which make it impracticable to estimate the fair value of the notes payable, and related accrued interest. The carrying amount of other assets and liabilities reported on the statement of financial position that requires such disclosure approximates fair value.

FASB ASC 820-10-50-1 through 50-3 and 820-10-50-8 establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under are described below:

Level 1 – Valuation is based upon quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 – Valuation is based upon quoted prices for similar assets and liabilities in active markets, or other inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 – Valuation is based upon other unobservable inputs that are significant to the fair value measurement.

The carrying amounts for cash, receivables, prepaid expenses, restricted cash, accounts payable and other accrued liabilities approximate their fair value due to their short maturities. It is impractical to estimate the fair value of financing fees, tax credit fees, and mortgages and notes payable because there are no quoted market prices for transactions that are similar in nature.

Except for donated food disclosed above, all of YCAP's assets are Level 1. There were no Level 2 or Level 3 assets during the years ended June 30, 2015 and 2014.

### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.



**YAMHILL COMMUNITY ACTION PARTNERSHIP**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

**2. Summary of Significant Accounting Policies – continued**

**Federal and State Taxes**

YCAP is a tax-exempt corporation within the provisions of Internal Revenue Code Section 501(c)(3) and is not classified as a private foundation. It is management's opinion that none of YCAP's present activities are subject to unrelated business income taxes; therefore, no provisions for income taxes have been made in the accompanying financial statements.

YCAP files returns in the U.S. federal jurisdiction as well as the state of Oregon jurisdiction. Generally, tax filings are subject to federal and state examination for three years after they are filed. The returns filed for periods prior to June 30, 2012 are considered closed and management believes those returns are no longer subject to income tax examination. In the event penalties and interest are assessed by income taxing authorities, it is the YCAP's policy to include these in operating expenses. No penalties and interest were assessed for the years ended June 30, 2015 and 2014.

Accounting principles generally accepted in the United States of America require organization's management to evaluate tax positions taken by the organization and recognize a tax liability (or asset) if the plan has taken an uncertain position that more-likely-than-not would not be sustained upon examination by the Internal Revenue Service. YCAP has analyzed the tax positions taken and has concluded that as of June 30, 2015 and June 30, 2014 there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

**Concentration of Credit Risk**

YCAP maintains cash balances with banks and other financial institutions, which may exceed depository insurance limits. YCAP has not experienced any losses from these accounts and do not believe that they are exposed to significant credit risk. At June 30, 2015 cash exceeded federally insured limits by \$153,768.

**Compensated Absences**

Sick pay is earned at a rate of one day per month for full-time employees, but because it is not payable at termination, it is not accrued. Vacation pay is recorded as an expense when earned by the employee.

**Concentration of Economic Risk**

YCAP receives a substantial portion of its support from governmental agencies. If these funds were not available YCAP may not be able to continue operations. In the opinion of management, YCAP will continue to receive sufficient funding to assure its existence.

**YAMHILL COMMUNITY ACTION PARTNERSHIP**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

**2. Summary of Significant Accounting Policies – continued**

**Donated Goods**

Individuals and organizations, from time to time, donate goods to YCAP to benefit clients. YCAP values these based on management's judgment, at fair value at the date of donation, and records the receipt and subsequent disbursement of these goods as in-kind revenues and expenses, respectively.

**Donated Services**

Certain individuals, including Board of Directors members, donate substantial time to the operations of YCAP. Financial Accounting Standards significantly limits the amount of donated services that may be recorded in the financial statements. Generally accepted accounting principles require that only donated services that create non-financial assets and which would need to have been purchased if not donated are reflected in the financial statements. When such amounts are recorded, they are valued at the equivalent market rate at which the service could have been purchased.

**Functional Allocation of Expenses**

The costs of providing YCAP's various programs are summarized in the Statement of Functional Revenues and Expenses. Accordingly, certain costs, including indirect and administrative costs, have been allocated among the programs benefited based primarily on a cost allocation plan designed by management. In addition YCAP has entered into an indirect cost agreement with the U.S. Department of Health and Human Services that limits the percentage of indirect cost to program costs that can be allocated to its programs. The rate was 11.0% and 9.6% for the years ended June 30, 2015 and 2014, respectively.

**Summary of Financial Information for 2014**

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2014, from which the summarized information was derived.

**Reclassifications**

Certain amounts for the year ended June 30, 2014 have been reclassified to be consistent with the presentation during the current year ended June 30, 2015.

**YAMHILL COMMUNITY ACTION PARTNERSHIP**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

**3. Grants and Contracts Receivable**

Grants and contracts receivable consist of the following:

	<u>2015</u>	<u>2014</u>
Oregon Department of Housing and Community Services		
LIHEAP Energy Programs	\$ 23,187	\$ 5,726
LIHEAP Weatherization and Education Programs	23,621	14,376
DOE Weatherization Programs	1,776	15,315
ECHO Weatherization and Education Programs	15,396	4,160
BPA Weatherization Programs	2,526	2,739
OEA Weatherization Programs	20,373	20,316
Home TBA	9,469	13,750
EHA	-	1,482
HSP	2,784	10,367
SHAP	5,922	-
ESGP	11,221	11,915
LIRHF	3,592	655
OLGA	904	595
Community Services Block Grant	20,531	14,610
U.S. department of Health and Human Services		
RHY – SOP Youth	7,877	11,155
Basic Center Grants – Youth	11,319	44,365
Transitional Living Program – Youth	19,176	21,100
United Community Action Network		
Continuum of Care	4,377	985
Oregon Department of Human Services		
Supplemental Nutrition Assistance Program	4,198	5,766
Youth Job Development	12,500	12,500
Department of Homeland Security		
FEMA	-	14,172
Oregon Food Bank		
TEFAP	7,920	1,126
OHRF	-	14,352
United Way	1,843	26,375
Meyer Memorial Trust	-	15,000
Others	1,604	11
Community Action Partnership of Oregon		
VA Supportive Services for Veteran Families Program	8,163	-
	<u>\$ 220,279</u>	<u>\$ 282,913</u>

**YAMHILL COMMUNITY ACTION PARTNERSHIP**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

**4. Pledges Receivable – Capital Campaign**

YCAP has waged a capital campaign to obtain funds for construction of a facility to house its Food Bank and administrative offices. Capital Campaign pledges receivable at June 30, 2015 and 2014 represent unconditional promises to give as follows:

	<u>2015</u>	<u>2014</u>
Unconditional promises to give	\$ 26,700	\$ 29,200
Less allowance for doubtful accounts	(5,700)	(700)
Less unamortized discount	<u>(2,160)</u>	<u>(2,385)</u>
Net capital campaign pledges receivable	<u>\$ 18,840</u>	<u>\$ 26,115</u>

The pledges receivable are due as follows:

	<u>2015</u>	<u>2014</u>
Less than one year	\$ 5,640	\$ 7,275
One to five years	13,200	18,840
More than five years	<u>-</u>	<u>-</u>
	<u>\$ 18,840</u>	<u>\$ 26,115</u>

Pledges receivable with due dates extending beyond one year are discounted at 3%.

**5. Property, Facilities and Equipment**

Property, facilities and equipment as of June 2015 and 2014 consist of the following:

	<u>2015</u>	<u>2014</u>
Land	\$ 465,902	\$ 465,902
Buildings and improvements	4,170,760	4,170,760
Site improvements	433,281	433,281
Vehicles	178,875	172,261
Furniture and equipment	177,675	177,675
Construction-in-progress	<u>31,055</u>	<u>-</u>
	5,457,548	5,419,879
Less accumulated depreciation	<u>1,872,116</u>	<u>1,719,076</u>
	<u>\$ 3,585,432</u>	<u>\$ 3,700,803</u>

**YAMHILL COMMUNITY ACTION PARTNERSHIP**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

**6. Restricted Deposits and Funded Reserves**

Restricted cash balances related to the Camellia Court Project as of June 2015 and 2014 are comprised of the following:

	<u>2015</u>	<u>2014</u>
Tenant security deposits	\$ 13,850	\$ 12,610
Operating reserve	45,299	45,276
Replacement reserve	<u>32,960</u>	<u>28,945</u>
	<u>\$ 92,109</u>	<u>\$ 86,831</u>

Tenant security deposits are held in a separate bank account for refundable tenant security deposits. As of June 30, 2015 and 2014, the tenant security deposit account was funded as required.

The operating reserve fund shall be used to pay the operating costs and expenses to the extent collected gross receipts are insufficient for such purposes. Any funds in the reserve account at the close of any year in excess of \$120,059 may be withdrawn to repay principal and interest owing to the General Partner on the advances. As of June 30, 2015 and 2014 the reserve was funded as required.

The replacement reserve account shall be funded from the greatest of \$3,946 or three percent of the annual gross income from the Project on or before December 31, 1996. For each year after 1996 the Project shall deposit the greater of the amount contributed to such reserve in the previous year increased by four percent, or three percent of the annual gross income from the Project. The funds in the replacement reserve account shall be used solely for substantial repairs and/or replacement of the capital assets of the Project. As of June 30, 2015 and 2014 the reserve was funded as required.

**7. Deferred Revenue**

Deferred revenue at June 30, 2015 and 2014 consists of funds received in advance for the following programs and grants:

	<u>2015</u>	<u>2014</u>
Oregon Department of Housing and Community Services		
SHAP	\$ -	\$ 653
ECHO	229	739
LIHEAP Energy Programs	-	289
U.S. Department of Health and Human Services		
RHY – SOP Youth	2,875	3,000
Basic Center Grant	-	3,000
New Basic Center Grant	2,875	3,000
Transitional Living Program	2,874	-
Other	<u>3,062</u>	<u>46</u>
	<u>\$ 11,915</u>	<u>\$ 10,727</u>

**YAMHILL COMMUNITY ACTION PARTNERSHIP**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

**8. Employee Benefit Plan**

YCAP has a tax deferred defined contribution retirement plan under Internal Revenue Code Section 401K for the years ended June 30, 2015 and June 30, 2014 for its employees. Regular, full-and part-time employees are eligible to receive employer contributions on the 1<sup>st</sup> of the month following 60 days of employment. Employees may make voluntary contributions. YCAP is required to match employee's contributions up to 3% of compensation. Employer contributions are 100% vested after four years of employment for the 401K plan and two years for the 403(b) plan. Plan assets are not assets of YCAP, and, accordingly, are not recorded in the financial statements of YCAP. Contributions are invested in any of several investment vehicles, as directed by participating employees. Employer contributions to the plan for the years ended June 30, 2015 and 2014 were \$16,649 and \$15,202, respectively.

**9. Long Term Debt**

Long-term debt at June 30, 2015 and 2014 consists of the following:

	<u>2015</u>	<u>2014</u>
5.205% mortgage payable to Bank of America, due in monthly installments of \$4,093, including interest, matures August 1, 2026. The loan is secured by a first trust deed on the Camellia Court Project.	\$ 415,293	\$ 442,036
4% note payable, matures June 30, 2016. The note is secured by a trust deed on YCAP's property.	<u>128,669</u>	<u>264,000</u>
	543,962	706,036
Less current portion	<u>156,836</u>	<u>116,180</u>
	<u>\$ 387,126</u>	<u>\$ 589,856</u>

Aggregate maturities of long-term debt as of June 30, 2015 for the next five years are as follows:

2016	\$ 156,836
2017	29,669
2018	31,251
2019	32,917
2020	34,672
Thereafter	<u>258,617</u>
Total	<u>\$ 543,962</u>

**10. Line of Credit**

YCAP has an unused \$50,000 unsecured line of credit with a variable interest rate. The effective rate at June 30, 2015 was 5.5%. The line matures March 15, 2017.

**YAMHILL COMMUNITY ACTION PARTNERSHIP**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

**11. Commitment and Contingencies**

YCAP rents and leases facilities and equipment under month-to-month rental agreements and non-cancelable operating leases that expire through June, 2019. Monthly facility rent will be adjusted annually to reflect the most recent twelve month increase in the Portland CPI all urban index.

Minimum rental commitments under non-cancelable operating leases at June 30, 2015 are as follows:

Year ended June 30,	
2016	\$ 12,179
2017	2,160
2018	2,160
2019	2,160
Thereafter	<u>-</u>
Total	<u>\$ 18,659</u>

Total rent expense for the years ended June 30, 2015 and 2014 was approximately \$45,000 and \$41,000, respectively.

YCAP contracted with a general contractor to construct its new facility that was completed in the autumn of 2011. In September, 2013 the building experienced a major water intrusion event. YCAP's legal counsel notified the liability insurance carrier that provided coverage to the contractors involved of the imminent claim for property damages and deficient workmanship. Estimated cost to repair the building is \$659,000. In the opinion of legal counsel, a substantial portion of the repair cost should be covered by the contractors' liability insurance.

**12. Temporarily Restricted Net Assets**

Temporarily restricted net assets at June 30, 2015 and 2014 consists of the following:

	<u>2015</u>	<u>2014</u>
Capital campaign donations	\$ 4,497	\$ 77,748
Youth program grants and donations	27,936	87,370
Food program grants and donations	61,403	23,657
Other donor grants and donations	<u>64,353</u>	<u>118,828</u>
	<u>\$ 158,189</u>	<u>\$ 307,603</u>

**YAMHILL COMMUNITY ACTION PARTNERSHIP**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

**13. Fundraising Expense**

Direct fundraising expenses during the years ended June 30, 2015 and 2014 consist of the following:

	<u>2015</u>	<u>2014</u>
Personnel costs	\$ 61,453	\$ 49,908
Contracted services	4,615	6,096
Printing and photocopying	174	-
General administrative expenses	24,210	16,203
Direct mail and other solicitation	<u>26,312</u>	<u>26,417</u>
	<u>\$ 116,764</u>	<u>\$ 98,624</u>

Direct fundraising expenses are included in general agency and capital campaign in the accompanying financial statements.

**14. Unemployment Coverage**

As a 501(C)(3) Organization, YCAP has elected not to participate in the State Unemployment Tax system. However, YCAP does participate in the 501(C) Services Unemployment Compensation Trust program. Under the Trust program, YCAP makes contributions to a reserve account based primarily upon prior year's experience. Unemployment claims are paid to the State by the Trust from YCAP's reserve account. YCAP can be required to make additional contributions to the Trust in case of unusually large claims; however, stop-loss insurance protects the Trust and its participating agencies in the event of catastrophic losses.

**15. McMinnville Area Community Foundation**

On April 28, 2015, YCAP'S Board of Directors voted to invest \$50,000 to McMinnville Area Community Foundation (MACF) to establish an endowment fund for the benefit of the Organization and to encourage future growth of the endowment by other donors. The endowment fund was created on May 7, 2015 and is known as the YCAP Fund. The Organization irrevocably transferred the cash to the endowment fund in the form of a contribution. The contribution is included in miscellaneous expense in the accompanying Statement of Functional Revenues and Expenses for the year ended June 30, 2015. The Organization has no control over the investment or reinvestment of Fund assets. MACF has exclusive control over the YCAP Fund and MACF charges the fund an annual service fee which shall not exceed 1% of the Fund's net assets. The Organization is entitled to distributions from the YCAP Fund. The distributable amount of the Fund shall be calculated according to MACF's Spending Policy and Oregon's Uniform Prudent Management of Institutional Funds Act (UPMIFA), at a rate to be determined by MACF's Board of Directors.



**YAMHILL COMMUNITY ACTION PARTNERSHIP**  
**Notes to Financial Statements**  
**June 30, 2015 and 2014**

**16. Subsequent Events**

YCAP has evaluated events and transactions occurring after June 30, 2015 through November 17, 2015, the date the financial statements were available for issuance, for potential recognition or disclosure in the financial statements and have concluded no other subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

# **FEDERAL FINANCIAL ASSISTANCE**

**YAMHILL COMMUNITY ACTION PARTNERSHIP**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2015**

<u>Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
<b><u>MAJOR PROGRAMS</u></b>		
<u>U.S. Department of Health and Human Services</u>		
Passed through Oregon Department of Housing and Community Services		
Low Income Home Energy Assistance Program		
Energy Assistance and Administration	93.568	\$ 553,400
Energy Assistance and Administration-Education	93.568	16,502
Weatherization	93.568	150,802
Weatherization-TTA	93.568	4,003
Weatherization-Education	93.568	4,416
<b>TOTAL MAJOR FEDERAL AWARDS</b>		<u>729,123</u>
<b><u>NONMAJOR PROGRAMS</u></b>		
<u>U.S Department of Agriculture</u>		
Passed through Oregon Food Bank		
Emergency Food Assistance Program Admin	10.568	13,224
Emergency Food Assistance Program Commodities (In-Kind)	10.569	189,458
Total U.S. Department of Agriculture		<u>202,682</u>
<u>U.S. Department of Housing and Urban Development</u>		
Direct Funding		
Continuum of Care	14.235	36,637
Passed through United Community Action Network		
Continuum of Care	14.235	44,352
Sub-Total		<u>80,989</u>
Passed through Oregon Department of Housing and Community Services:		
Emergency Shelter Grant Program	14.231	54,398
Home TBA	14.239	96,308
Sub-Total		<u>150,706</u>
Total U.S. Department of Housing and Urban Development		<u>231,695</u>

**YAMHILL COMMUNITY ACTION PARTNERSHIP**  
**Schedule of Expenditures of Federal Awards - Continued**  
**For the Year Ended June 30, 2015**

<b>Federal Grantor/ Pass-through Grantor/ Program Title</b>	<b>Federal CFDA Number</b>	<b>Expenditures</b>
<b><u>NONMAJOR PROGRAMS - .Continued</u></b>		
<b><u>U.S. Department of Veterans Affairs</u></b>		
Passed through Community Action Partnership of Oregon VA Supportive Services for Veteran Families Program	64.033	<u>8,162</u>
<b><u>U.S. Department of Energy</u></b>		
Passed through Oregon Department of Housing and Community Services:		
DOE Weatherization	81.042	43,093
DOE TTA	81.042	<u>3,022</u>
Sub-Total		46,115
BPA Weatherization and TTA	81.xxx	<u>45,500</u>
Total U.S. Department of Energy		<u>91,615</u>
<b><u>U.S. Department of Health and Human Services</u></b>		
Direct Funding		
Transitional Living for Homeless Youth	93.550	139,391
Education & Prevention to Reduce Sexual Abuse of Runaway Homeless and Street Youth	93.557	89,581
Basic Center Grants	93.623	<u>84,566</u>
Total Direct Funding		313,538
Passed through Oregon Department of Housing and Community Services		
Temporary Assistance for Needy Families - HSP	93.558	11,018
Community Services Block Grant		
CSBG Discretionary	93.569	<u>152,940</u>
Total U.S. Department of Health and Human Services		<u>477,496</u>
<b>TOTAL NONMAJOR FEDERAL AWARDS</b>		<u>1,011,650</u>
<b>TOTAL FEDERAL AWARDS</b>		<u>\$ 1,740,773</u>
<b>Percentage of major awards to total awards</b>		<u>41.9%</u>

**YAMHILL COMMUNITY ACTION PARTNERSHIP**  
**Notes to Schedule of Federal Awards**  
**For the Year Ended June 30, 2015**

Note 1. Summary of Significant Accounting Policies

The Schedule of Federal Awards is prepared on the accrual basis of accounting followed in the general-purpose financial statements. See Note 2 of the general-purpose financial statements for a summary of significant accounting policies.

Note 2. Non-cash assistance

There was \$189,458 of non-cash assistance expended for federal awards.

Note 3. Insurance coverage

The total liability insurance coverage in effect for the year was \$3,000,000.

Note 4. Loan or loan guarantees

There were no outstanding loans or loan guarantees that were related to federal programs at June 30, 2015.

Note 5. Subrecipients

None noted.

**YAMHILL COMMUNITY ACTION PARTNERSHIP  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2015**

**1. Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued:	<b><u>Unmodified</u></b>
Internal control over financial reporting:	
• Material weakness identified?	<b><u>No</u></b>
• Significant deficiencies identified?	<b><u>None reported</u></b>
Noncompliance material to financial statements noted?	<b><u>No</u></b>

**Federal Awards**

Internal control over major program:	
• Material weakness identified?	<b><u>No</u></b>
• Significant deficiencies identified?	<b><u>None reported</u></b>

Type of auditor's report issued on compliance for major programs:	<b><u>Unmodified</u></b>
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	<b><u>No</u></b>

Major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
93.568	Low Income Home Energy Assistance Program

Dollar threshold used to distinguish between type A and B programs:	<b><u>\$300,000</u></b>
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Auditee qualified as low-risk auditee?	<b><u>Yes</u></b>
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**YAMHILL COMMUNITY ACTION PARTNERSHIP  
Schedule of Findings and Questioned Costs - Continued  
For the Year Ended June 30, 2015**

2. Findings relating to the general purpose financial statements reported in accordance with Government Auditing Standards: **None noted**
  
3. Findings and questioned costs relating to federal awards: **None noted**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT  
AUDITING STANDARDS**

November 17, 2015

Board of Directors  
Yamhill Community Action Partnership  
McMinnville, 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 financial statements of Yamhill Community Action Partnership as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Yamhill Community Action Partnership's basic financial statements, and have issued our report thereon dated November 17, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Yamhill Community Action Partnership'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Yamhill Community Action Partnership's internal control. Accordingly, we do not express an opinion on the effectiveness of Yamhill Community Action Partnership's internal control.

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

Our consideration of internal control 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.

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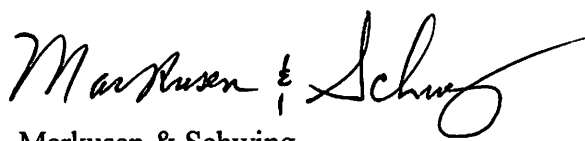


### **Compliance and Other Matters**

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

### **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.

  
Markusen & Schwing

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

November 17, 2015

Board of Directors  
Yamhill Community Action Partnership  
McMinnville, Oregon

**Report on Compliance for Each Major Federal Program**

We have audited Yamhill Community Action Partnership's compliance with the types of compliance requirements described in the *Compliance Supplement* that could have direct and material effect on each of Yamhill Community Action Partnership's major federal programs for the year ended June 30, 2015. Yamhill Community Action Partnership's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Yamhill Community Action Partnership'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 Yamhill Community Action Partnership'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 Yamhill Community Action Partnership's compliance.

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

In our opinion, Yamhill Community Action Partnership 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, 2015.

### **Other Matters**

#### **Report on Internal Control Over Compliance**

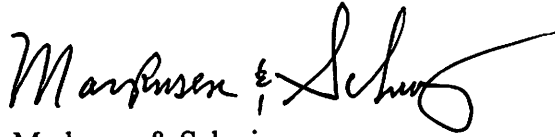
Management of Yamhill Community Action Partnership is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Yamhill Community Action Partnership's 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 Yamhill Community Action Partnership'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 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.

**Purpose of the Report**

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.

A handwritten signature in black ink, appearing to read "Markusen & Schwing". The signature is written in a cursive style with a long, sweeping horizontal line extending to the right.

Markusen & Schwing