

**YAMHILL COMMUNITY ACTION  
PARTNERSHIP**

**FINANCIAL STATEMENTS**

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

**YEAR ENDED JUNE 30, 2016  
With Comparative Totals for 2015**

**YAMHILL COMMUNITY ACTION  
PARTNERSHIP**

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AND  
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**YEAR ENDED JUNE 30, 2016  
With Comparative Totals for 2015**

# YAMHILL COMMUNITY ACTION PARTNERSHIP

## TABLE OF CONTENTS

|  |       |
|--|-------|
| <b>INDEPENDENT AUDITORS' REPORT</b>  | 1-3   |
| <b>FINANCIAL STATEMENTS:</b>   |       |
| Statement of Financial Position  | 4     |
| Statement of Activities and Changes in Net Assets  | 5     |
| Statement of Functional Revenues and Expenses  | 6     |
| Statement of Cash Flows  | 7     |
| Notes to Financial Statements  | 9-20  |
| <b>FEDERAL PROGRAM REPORTS:</b>  |       |
| Schedule of Expenditures of Federal Awards   | 22-23 |
| Notes to Schedule of Expenditures of Federal Awards  | 24    |
| Schedule of Findings and Questioned Costs  | 25    |
| Independent Auditors' Report on Internal Control Over<br>Financial Reporting and on Compliance and Other Matters<br>Based on an Audit of Financial Statements Performed<br>in Accordance With <i>Government Auditing Standards</i> | 26-27 |
| Independent Auditors' Report on Compliance for<br>Each Major Program and on Internal Control Over<br>Compliance Required by the Uniform Guidance   | 28-30 |

**INDEPENDENT AUDITORS' REPORT**

October 18, 2016

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, 2016 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.

**Auditors' 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.

October 18, 2016  
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, 2016, 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 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 17, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Other Matters**

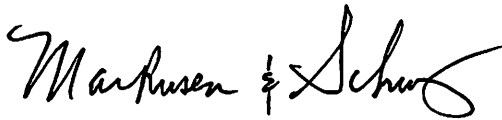
#### **Report on Schedule of Expenditures of Federal Awards**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a 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.

October 18, 2016  
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 October 18, 2016 on our consideration of 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.

A handwritten signature in cursive script, appearing to read "Markusen & Schwing".

Markusen & Schwing

**YAMHILL COMMUNITY ACTION PARTNERSHIP**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2016 with Comparative Totals as of June 30, 2015**

**ASSETS**

|   | <u>2016</u>         | <u>2015</u>         |
|---|---------------------|---------------------|
| Current Assets:   |                     |                     |
| Cash  | \$ 452,102          | \$ 444,761          |
| Cash - restricted for unemployment coverage                         | 37,734              | 24,040              |
| Grants and contracts receivable                                     | 236,391             | 220,279             |
| Accounts receivable   | 28,042              | 35,629              |
| Pledges receivable - capital campaign                               | 940                 | 5,640               |
| Prepaid expenses  | 19,165              | 18,449              |
| Inventory - Food  | 195,332             | 186,614             |
| Total current assets  | <u>969,706</u>      | <u>935,412</u>      |
| Property, Facilities and Equipment, net of accumulated depreciation | <u>3,499,434</u>    | <u>3,585,432</u>    |
| Restricted Deposits and Funded Reserves                             | <u>95,269</u>       | <u>92,109</u>       |
| Other Assets:   |                     |                     |
| Pledges receivable - capital campaign                               | -                   | 13,200              |
| Financing costs, net of accumulated amortization                    | 5,007               | 5,504               |
| Total other assets  | <u>5,007</u>        | <u>18,704</u>       |
| Total Assets  | <u>\$ 4,569,416</u> | <u>\$ 4,631,657</u> |

**LIABILITIES AND NET ASSETS**

|  |                     |                     |
|--|---------------------|---------------------|
| Current Liabilities:                           |                     |                     |
| Current portion of long-term debt              | \$ 29,669           | \$ 156,836          |
| Accounts payable                               | 86,835              | 85,767              |
| Payroll and payroll taxes payable              | 77,925              | 44,004              |
| Accrued vacation pay                           | 47,075              | 31,120              |
| Accrued interest payable                       | 1,679               | 1,801               |
| Other current liabilities                      | 1,077               | -                   |
| Deferred revenue                               | 42,109              | 11,915              |
| Total current liabilities                      | <u>286,369</u>      | <u>331,443</u>      |
| Deposit Liabilities - Tenant security deposits | <u>12,970</u>       | <u>13,850</u>       |
| Long-Term Debt, less current portion           | <u>357,457</u>      | <u>387,126</u>      |
| Total Liabilities                              | <u>656,796</u>      | <u>732,419</u>      |
| Commitments and Contingencies                  | -                   | -                   |
| Net Assets                                     |                     |                     |
| Unrestricted                                   | 3,698,963           | 3,741,049           |
| Temporarily restricted                         | 213,657             | 158,189             |
| Total net assets                               | <u>3,912,620</u>    | <u>3,899,238</u>    |
| Total Liabilities and Net Assets               | <u>\$ 4,569,416</u> | <u>\$ 4,631,657</u> |

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, 2016 with Comparative Totals for the year ended June 30, 2015

|                                      | 2016         |                           | Totals       | 2015<br>Totals |
|--------------------------------------|--------------|---------------------------|--------------|----------------|
|                                      | Unrestricted | Temporarily<br>Restricted |              |                |
| Revenues and Other Support           |              |                           |              |                |
| Grants and contracts                 | \$ 2,771,807 | \$ 33,311                 | \$ 2,805,118 | \$ 2,341,990   |
| Contributions                        | 302,327      | 114,160                   | 416,487      | 597,778        |
| Program revenue                      | 331,782      | 2,254                     | 334,036      | 345,145        |
| In-kind donations                    | 1,875,533    | -                         | 1,875,533    | 1,577,830      |
| Fundraising revenue                  | 35,478       | 1,100                     | 36,578       | 16,050         |
| Other revenue                        | 98,568       | 6,683                     | 105,251      | 85,178         |
| Total Revenues and Other Support     | 5,415,495    | 157,508                   | 5,573,003    | 4,963,971      |
| Net Assets Release from Restriction  | 102,040      | (102,040)                 | -            | -              |
| Total Revenues and Other Support     | 5,517,535    | 55,468                    | 5,573,003    | 4,963,971      |
| Expenses                             |              |                           |              |                |
| Program Services                     |              |                           |              |                |
| Community development                | 14,441       | -                         | 14,441       | 41,743         |
| Energy assistance and weatherization | 1,425,106    | -                         | 1,425,106    | 1,337,459      |
| Food                                 | 2,117,850    | -                         | 2,117,850    | 1,778,379      |
| Client services and shelters         | 670,380      | -                         | 670,380      | 556,877        |
| Camellia Court housing project       | 220,131      | -                         | 220,131      | 207,048        |
| Youth                                | 475,088      | -                         | 475,088      | 458,773        |
| Total Program Services               | 4,922,996    | -                         | 4,922,996    | 4,380,279      |
| Supporting Services                  |              |                           |              |                |
| Fund development and fundraising     | 149,797      | -                         | 149,797      | 130,254        |
| General and administrative           | 486,828      | -                         | 486,828      | 439,113        |
| Total Supporting Services            | 636,625      | -                         | 636,625      | 569,367        |
| Total Expenses                       | 5,559,621    | -                         | 5,559,621    | 4,949,646      |
| Change in Net Assets                 | (42,086)     | 55,468                    | 13,382       | 14,325         |
| Net Assets, Beginning of Year        | 3,741,049    | 158,189                   | 3,899,238    | 3,884,913      |
| Net Assets, End of Year              | \$ 3,698,963 | \$ 213,657                | \$ 3,912,620 | \$ 3,899,238   |



**YAMHILL COMMUNITY ACTION PARTNERSHIP**  
**STATEMENT OF FUNCTIONAL REVENUES AND EXPENSES**  
**Year Ended June 30, 2016 with Comparative Totals for the year ended June 30, 2015**

|  | <u>Community<br/>Development</u> | <u>Energy and<br/>Weatherization</u> | <u>Food</u>        | <u>Client Services<br/>and<br/>Shelters</u> |
|--|----------------------------------|--------------------------------------|--------------------|---|
| Revenue and Other Support              |                                  |                                      |                    |   |
| Grants and contracts                   | \$ 14,910                        | \$ 1,403,741                         | \$ 144,093         | \$ 711,320                                  |
| Contributions                          | -                                | 2,700                                | 179,406            | 27,348                                      |
| Program revenue                        | -                                | -                                    | 124,004            | 5,795                                       |
| In-kind donations                      | -                                | 85,575                               | 1,711,206          | 47,726                                      |
| Fundraising revenue                    | -                                | -                                    | -                  | 800   |
| Other revenue                          | -                                | 82,884                               | 9,538              | 1,149                                       |
| <b>Total Revenue and Other Support</b> | <u>14,910</u>                    | <u>1,574,900</u>                     | <u>2,168,247</u>   | <u>794,138</u>                              |
| Expenses                               |                                  |                                      |                    |   |
| Personnel                              | 13,824                           | 365,717                              | 208,988            | 270,520                                     |
| Contracted services                    | -                                | 1,918                                | 2,873              | 10,858                                      |
| Weatherization installation            | -                                | 180,769                              | -                  | -   |
| Client assistance                      | -                                | 723,301                              | 14,079             | 272,871                                     |
| In-kind                                | -                                | 85,575                               | 1,710,563          | 30,701                                      |
| In-kind food inventory adjustment      | -                                | -                                    | (8,162)            | -   |
| Vehicle costs                          | -                                | 3,408                                | 23,079             | 3,109                                       |
| Travel costs                           | 63                               | 5,413                                | 3,200              | 843   |
| Space and interest                     | 200                              | 180                                  | 810                | 18,627                                      |
| Telephone                              | -                                | 1,705                                | 2,274              | 4,318                                       |
| Supplies and publications              | -                                | 7,353                                | 111,033            | 9,637                                       |
| Equipment repairs and rent             | -                                | 2,680                                | 7,266              | 12,782                                      |
| Printing and photocopying              | -                                | 3,974                                | 788                | 1,729                                       |
| Insurance                              | -                                | 2,556                                | -                  | 2,873                                       |
| Training and recruitment               | 295                              | 17,448                               | 2,968              | 5,177                                       |
| Miscellaneous                          | 59                               | 4,292                                | 2,300              | 646   |
| Fundraising                            | -                                | -                                    | -                  | -   |
| Sub-total expenses                     | <u>14,441</u>                    | <u>1,406,289</u>                     | <u>2,082,059</u>   | <u>644,691</u>                              |
| Depreciation                           |                                  |                                      |                    |   |
| Grant-funded                           | -                                | -                                    | 2,807              | -   |
| Agency-funded                          | -                                | 18,817                               | 32,984             | 25,689                                      |
| Total Depreciation                     | <u>-</u>                         | <u>18,817</u>                        | <u>35,791</u>      | <u>25,689</u>                               |
| Total Functional Expenses              | <u>14,441</u>                    | <u>1,425,106</u>                     | <u>2,117,850</u>   | <u>670,380</u>                              |
| General and administrative expense     | <u>1,704</u>                     | <u>178,454</u>                       | <u>73,077</u>      | <u>88,810</u>                               |
| <b>Total Expenses</b>                  | <u>16,145</u>                    | <u>1,603,560</u>                     | <u>2,190,927</u>   | <u>759,190</u>                              |
| Change in Net Assets by Function       | <u>\$ (1,235)</u>                | <u>\$ (28,660)</u>                   | <u>\$ (22,680)</u> | <u>\$ 34,948</u>                            |

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

| <b>Camellia<br/>Court<br/>Housing<br/>Project</b> | <b>Youth</b>     | <b>Fund<br/>Development<br/>and<br/>Fundraising</b> | <b>General<br/>and<br/>Administrative</b> | <b>Totals<br/>2016</b> | <b>Totals<br/>2015</b> |
|---|------------------|---|---|------------------------|------------------------|
| \$ -  | \$ 530,930       | \$ -  | \$ 124                                    | \$ 2,805,118           | \$ 2,341,990           |
| -   | 2,569            | 204,464   | -   | 416,487                | 597,778                |
| 203,487   | 750              | -   | -   | 334,036                | 345,145                |
| -   | 13,500           | 16,941  | 585                                       | 1,875,533              | 1,577,830              |
| -   | 300              | 35,478  | -   | 36,578                 | 16,050                 |
| 6,324   | 1,200            | 2,994   | 1,162                                     | 105,251                | 85,178                 |
| <u>209,811</u>                                    | <u>549,249</u>   | <u>259,877</u>                                      | <u>1,871</u>                              | <u>5,573,003</u>       | <u>4,963,971</u>       |
| -   | 301,305          | 74,513  | 263,830                                   | 1,498,697              | 1,291,789              |
| 81,064  | 17,530           | 4,540   | 74,307                                    | 193,090                | 147,868                |
| -   | -                | -   | -   | 180,769                | 205,133                |
| -   | 27,354           | -   | -   | 1,037,605              | 932,022                |
| -   | 13,500           | 16,941  | 585                                       | 1,857,865              | 1,571,216              |
| -   | -                | -   | -   | (8,162)                | 33,260                 |
| -   | 11,930           | -   | 2,041                                     | 43,567                 | 32,847                 |
| -   | 9,527            | 408   | 2,096                                     | 21,550                 | 17,829                 |
| 66,053  | 52,738           | 717   | 30,029                                    | 169,354                | 175,810                |
| 3,057   | 14,223           | 568   | 11,119                                    | 37,264                 | 31,874                 |
| 4,227   | 7,629            | 2,194   | 16,650                                    | 158,723                | 153,493                |
| -   | 8,722            | -   | 6,178                                     | 37,628                 | 35,521                 |
| -   | 727              | -   | 7,667                                     | 14,885                 | 13,901                 |
| 4,714   | 1,668            | -   | 12,530                                    | 24,341                 | 24,931                 |
| -   | 5,467            | 1,916   | 18,306                                    | 51,577                 | 40,933                 |
| 5,516   | -                | 219   | 25,145                                    | 38,177                 | 60,768                 |
| -   | -                | 46,284  | 1   | 46,285                 | 26,898                 |
| <u>164,631</u>                                    | <u>472,320</u>   | <u>148,300</u>                                      | <u>470,484</u>                            | <u>5,403,215</u>       | <u>4,796,093</u>       |
| -   | 68               | -   | -   | 2,875                  | 3,696                  |
| 55,500  | 2,700            | 1,497   | 16,344                                    | 153,531                | 149,857                |
| <u>55,500</u>                                     | <u>2,768</u>     | <u>1,497</u>  | <u>16,344</u>                             | <u>156,406</u>         | <u>153,553</u>         |
| 220,131   | 475,088          | 149,797   | 486,828                                   | 5,559,621              | 4,949,646              |
| -   | 60,082           | 17,317  | (419,444)                                 | -                      | -                      |
| <u>220,131</u>                                    | <u>535,170</u>   | <u>167,114</u>                                      | <u>67,384</u>                             | <u>5,559,621</u>       | <u>4,949,646</u>       |
| <u>\$ (10,320)</u>                                | <u>\$ 14,079</u> | <u>\$ 92,763</u>                                    | <u>\$ (65,513)</u>                        | <u>\$ 13,382</u>       | <u>\$ 14,325</u>       |

**YAMHILL COMMUNITY ACTION PARTNERSHIP  
STATEMENT OF CASH FLOWS**

**Year Ended June 30, 2016 with Comparative Totals for the year ended June 30, 2015**

|   | <b>2016</b> | <b>2015</b> |
|---|-------------|-------------|
| Cash flows from operating activities:   |             |             |
| Change in net assets  | \$ 13,382   | \$ 14,325   |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: |             |             |
| Depreciation and amortization   | 156,406     | 153,553     |
| In-kind donations capitalized   | (14,434)    | (6,614)     |
| Net change in operating assets and liabilities:   |             |             |
| Grants and contracts receivable   | (16,112)    | 62,634      |
| Accounts receivable   | 7,587       | (22,288)    |
| Pledges receivable  | 17,900      | 7,275       |
| Prepaid expenses  | (716)       | (6,429)     |
| Inventory   | (8,718)     | 33,261      |
| Accounts payable  | 1,068       | 29,667      |
| Payroll and payroll taxes payable   | 33,921      | (6,533)     |
| Accrued vacation pay  | 15,955      | (3,036)     |
| Accrued interest payable  | (122)       | (7,589)     |
| Other current liabilities   | 1,077       | -           |
| Deferred revenue  | 30,194      | 1,188       |
| Net cash provided (used) by operating activities  | 237,388     | 249,414     |
| Cash flows from investing activities:   |             |             |
| (Increase) in cash - restricted   | (13,694)    | (1,335)     |
| (Increase) in restricted deposits   | (4,040)     | (4,038)     |
| Purchases of property, plant and equipment  | (55,477)    | (31,055)    |
| Decrease in cash restricted by donors   | -           | 51,633      |
| Net cash provided (used) by investing activities  | (73,211)    | 15,205      |
| Cash flows from financing activities:   |             |             |
| Principal payments on long-term debt  | (156,836)   | (162,074)   |
| Net cash provided (used) by financing activities  | (156,836)   | (162,074)   |
| Net increase in cash  | 7,341       | 102,545     |
| Cash, beginning of year   | 444,761     | 342,216     |
| Cash, end of year   | \$ 452,102  | \$ 444,761  |
| Supplemental disclosure of cash flows information:  |             |             |
| Cash paid during year for income taxes  | \$ -        | \$ -        |
| Cash paid during year for interest charged to expense                                       | \$ 25,007   | \$ 37,803   |

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, 2016 and 2015**

**1. The Organization**

The Yamhill Community Action Partnership (YCAP) was founded in 1980 as part of a nationwide network of social service agencies designed to help improve the lives of low-income people and strengthen communities. YCAP assists the residents of Yamhill County, diligently focusing on four primary service categories: Client Services and Housing, Energy Services, the regional Food Bank, and Youth Services.

Client Services and Housing assists hundreds of individuals and families annually with transitional shelter, stable housing search, rental assistance, emergency financial support, case management and resource referral, among other services. This includes a specialized homeless veterans program. Last year YCAP's Energy Services provided approximately 1,500 clients with emergency utility bill support, and weatherized over 30 homes to help improve efficiency and lower energy costs. YCAP's Food Bank collected and distributed approximately 1.4 million pounds of food to over 35 partner pantries, community meal sites, public housing complexes, a senior center and four elementary schools throughout the county. Youth Services programs support young people ages 11-21 with a safe place to hang out or stay overnight, longer term housing, youth leadership and life skills training, job placement, and more.

YCAP's primary sources of revenue include federal and state grants, contracts with local, state and federal governments, fees for service, and donations from foundations, corporations, and generous individuals. A volunteer Board of Directors oversees YCAP through professional management.

YCAP's mission is to advocate for and assist persons toward self-sufficiency. YCAP's dedicated and caring staff is inspired every day by the stories of those who want a better life for themselves and their families, and we are honored to support our neighbors in need.

**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, financial statements are presented on the basis of unrestricted, temporarily restricted and permanently restricted net assets predicated on the existence of donor-imposed restrictions.

**YAMHILL COMMUNITY ACTION PARTNERSHIP**  
**Notes to Financial Statements**  
**June 30, 2016 and 2015**

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

**Basis of Presentation – Continued**

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.

**Revenue Recognition**

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

Grant, Contracts and Contributions: 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, 2016 and 2015 are fully collectible.

**YAMHILL COMMUNITY ACTION PARTNERSHIP**  
**Notes to Financial Statements**  
**June 30, 2016 and 2015**

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

**Inventory**

Inventory consists of donated and purchased food. A substantial portion of the donated food inventory is stated generally at \$1.25 per pound as of June 30, 2016 and 2015, 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. Inventory also consists of weatherization supplies, including utility heaters, smoke detectors, and CO monitors.

**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.

**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, 2016 and 2015.

**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, 2016 and 2015**

**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 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, 2016 and 2015.

**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, 2016 and 2015**

**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, 2013 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, 2016 and 2015.

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, 2016 and June 30, 2015, 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 does not believe that they are exposed to significant credit risk. At June 30, 2016 and 2015, cash exceeded federally insured limits by \$181,103 and \$147,427, respectively.

**Compensated Absences**

Sick pay is earned at a rate of .0463 hours for every hour paid for all 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.

# **YAMHILL COMMUNITY ACTION PARTNERSHIP**

## **Notes to Financial Statements**

**June 30, 2016 and 2015**

### **2. Summary of Significant Accounting Policies – Continued**

#### **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.

#### **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 limit 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% for the year ended June 30, 2015. During the year ended June, 30, 2016, the rate was 11.0% from July 1, 2015 until January 31, 2016 and was 13.4% from February 1, 2016 to June 30, 2016.

#### **Summary of Financial Information for 2015**

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, 2015, from which the summarized information was derived.

**YAMHILL COMMUNITY ACTION PARTNERSHIP**  
**Notes to Financial Statements**  
**June 30, 2016 and 2015**

**3. Grants and Contracts Receivable**

Grants and contracts receivable consist of the following:

|   | <u>2016</u>       | <u>2015</u>       |
|---|-------------------|-------------------|
| Oregon Department of Housing and Community Services |                   |                   |
| LIHEAP Energy Programs                              | \$ 17,156         | \$ 23,187         |
| LIHEAP Weatherization and Education Programs        | 4,446             | 23,621            |
| DOE Weatherization and Education Programs           | 2,064             | 1,776             |
| ECHO Weatherization and Education Programs          | 43,645            | 15,396            |
| BPA Weatherization Programs                         | 5,613             | 2,526             |
| OEA Weatherization Programs                         | 12,595            | 20,373            |
| Home TBA  | 12,093            | 9,469             |
| EHA   | 7,247             | -                 |
| HSP   | 1,971             | 2,784             |
| SHAP  | 1,539             | 5,922             |
| ESGP  | 4,250             | 11,221            |
| LIRHF   | 3,193             | 3,592             |
| OLGA  | 358               | 904               |
| Community Services Block Grant                      | 11,553            | 20,531            |
| U.S. Department of Health and Human Services        |                   |                   |
| RHY – SOP Youth                                     | 9,385             | 7,877             |
| Basic Center Grants – Youth                         | 9,962             | 11,319            |
| Transitional Living Program – Youth                 | 15,978            | 19,176            |
| U.S. Department of Housing and Urban Development    |                   |                   |
| Continuum of Care                                   | 8,091             | -                 |
| United Community Action Network                     |                   |                   |
| Continuum of Care                                   | 18,356            | 4,377             |
| Oregon Department of Human Services                 |                   |                   |
| Supplemental Nutrition Assistance Program           | 3,238             | 4,198             |
| Youth Job Development                               | -                 | 12,500            |
| Oregon Food Bank                                    |                   |                   |
| TEFAP   | 2,343             | 7,920             |
| OHRF  | 2,930             | -                 |
| United Way  | -                 | 1,843             |
| Community Action Partnership of Oregon              |                   |                   |
| VA Supportive Services for Veteran Families Program | 34,921            | 8,163             |
| Others  | <u>3,464</u>      | <u>1,604</u>      |
|   | <u>\$ 236,391</u> | <u>\$ 220,279</u> |

**YAMHILL COMMUNITY ACTION PARTNERSHIP**  
**Notes to Financial Statements**  
**June 30, 2016 and 2015**

**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, 2016 and 2015 represent unconditional promises to give as follows:

|  | <u>2016</u>   | <u>2015</u>      |
|--|---------------|------------------|
| Unconditional promises to give             | \$ 1,000      | \$ 26,700        |
| Less allowance for doubtful accounts       | -             | (5,700)          |
| Less unamortized discount                  | <u>(60)</u>   | <u>(2,160)</u>   |
| Net capital campaign pledges receivable    | <u>\$ 940</u> | <u>\$ 18,840</u> |
| The pledges receivable are due as follows: |               |                  |
| Less than one year                         | \$ 940        | \$ 5,640         |
| One to five years                          | -             | 13,200           |
| More than five years                       | <u>-</u>      | <u>-</u>         |
|  | <u>\$ 940</u> | <u>\$ 18,840</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 2016 and 2015 consist of the following:

|                               | <u>2016</u>        | <u>2015</u>        |
|-------------------------------|--------------------|--------------------|
| Land                          | \$ 465,902         | \$ 465,902         |
| Buildings and improvements    | 4,271,726          | 4,170,760          |
| Site improvements             | 433,281            | 433,281            |
| Vehicles                      | 178,875            | 178,875            |
| Furniture and equipment       | 177,675            | 177,675            |
| Construction – in-progress    | <u>-</u>           | <u>31,055</u>      |
|                               | 5,527,459          | 5,457,548          |
| Less accumulated depreciation | <u>2,028,025</u>   | <u>1,872,116</u>   |
|                               | <u>\$3,499,434</u> | <u>\$3,585,432</u> |

**YAMHILL COMMUNITY ACTION PARTNERSHIP**  
**Notes to Financial Statements**  
**June 30, 2016 and 2015**

**6. Restricted Deposits and Funded Reserves**

Restricted cash balances related to the Camellia Court Project as of June 2016 and 2015 are comprised of the following:

|                          | <u>2016</u>      | <u>2015</u>      |
|--------------------------|------------------|------------------|
| Tenant security deposits | \$ 12,970        | \$ 13,850        |
| Operating reserve        | 45,322           | 45,299           |
| Replacement reserve      | <u>36,977</u>    | <u>32,960</u>    |
|                          | <u>\$ 95,269</u> | <u>\$ 92,109</u> |

Tenant security deposits are held in a separate bank account for refundable tenant security deposits. As of June 30, 2016 and 2015, 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. As of June 30, 2016 and 2015, the reserve was funded as required.

The replacement reserve account shall be funded from the greater 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, 2016 and 2015, the reserve was funded as required.

**7. Deferred Revenue**

Deferred revenue at June 30, 2016 and 2015 consists of funds received in advance for the following programs and grants:

|  | <u>2016</u>      | <u>2015</u>      |
|--|------------------|------------------|
| Oregon Department of Housing and Community Services        |                  |                  |
| ECHO   | \$ -             | \$ 229           |
| U.S. Department of Health and Human Services               |                  |                  |
| RHY – SOP Youth  | 2,905            | 2,875            |
| New Basic Center Grant                                     | 4,821            | 2,875            |
| Transitional Living Program                                | 3,862            | 2,874            |
| NW Natural Gas – Utility Client Assistance                 | 13,245           | -                |
| Yamhill Community Care Organization – Mobile Food Pantries | 9,574            | -                |
| Others   | <u>7,702</u>     | <u>3,062</u>     |
|  | <u>\$ 42,109</u> | <u>\$ 11,915</u> |

**YAMHILL COMMUNITY ACTION PARTNERSHIP**  
**Notes to Financial Statements**  
**June 30, 2016 and 2015**

**8. Employee Benefit Plan**

YCAP has a tax-deferred defined contribution retirement plan under Internal Revenue Code Section 401(k) for the years ended June 30, 2016 and June 30, 2015 for its employees. Regular, full- and part-time employees are eligible to receive employer contributions on the first of the month following 60 days of employment. Employees may make voluntary contributions. YCAP is required to match employees' contributions up to 3% of compensation. Employer contributions are 100% vested after four years of employment. 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, 2016 and 2015 were \$14,716 and \$16,649, respectively.

**9. Long-Term Debt**

Long-term debt at June 30, 2016 and 2015 consists of the following:

|  | <u>2016</u>       | <u>2015</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. | \$ 387,126        | \$ 415,293        |
| 4% note payable, matures June 30, 2016. The note is secured by a trust deed on YCAP's property.  | -                 | 128,669           |
|  | 387,126           | 543,962           |
| Less current portion   | 29,669            | 156,836           |
|  | <u>\$ 357,457</u> | <u>\$ 387,126</u> |

Aggregate maturities of long-term debt as of June 30, 2016 for the next five years are as follows:

|            |                   |
|------------|-------------------|
| 2017       | \$ 29,669         |
| 2018       | 31,251            |
| 2019       | 32,917            |
| 2020       | 34,672            |
| 2021       | 36,520            |
| Thereafter | 222,097           |
| Total      | <u>\$ 387,126</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, 2016 was 5.5%. The line matures March 15, 2017.

**YAMHILL COMMUNITY ACTION PARTNERSHIP**  
**Notes to Financial Statements**  
**June 30, 2016 and 2015**

**11. Commitment and Contingencies**

YCAP rents and leases facilities and equipment under month-to-month rental agreements and non-cancelable operating leases that expire in September, 2020. 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, 2016 are as follows:

| Year ended June 30, |                  |
|---------------------|------------------|
| 2017                | \$ 13,914        |
| 2018                | 4,464            |
| 2019                | 4,464            |
| 2020                | 4,464            |
| 2021                | <u>1,116</u>     |
| Total               | <u>\$ 28,422</u> |

Total rent expense for the years ended June 30, 2016 and 2015 was approximately \$47,000 and \$45,000, 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. In July 2016, YCAP received a settlement in the amount of \$175,000, which in the opinion of management should cover the cost of necessary repairs to the building as well as its out-of-pocket legal fees.

**12. Temporarily Restricted Net Assets**

Temporarily restricted net assets at June 30, 2016 and 2015 consist of the following:

|                                    | <u>2016</u>       | <u>2015</u>       |
|------------------------------------|-------------------|-------------------|
| Capital campaign donations         | \$ -              | \$ 4,497          |
| Youth program grants and donations | 28,119            | 27,936            |
| Food program grants and donations  | 95,044            | 61,403            |
| Other donor grants and donations   | <u>90,494</u>     | <u>64,353</u>     |
|                                    | <u>\$ 213,657</u> | <u>\$ 158,189</u> |

**13. Related Party Transaction**

During the year ended June 30, 2016, YCAP provided food in the amount of \$1,429 for a church soup kitchen, of which a YCAP board member is the church's Pastor.

**YAMHILL COMMUNITY ACTION PARTNERSHIP**  
**Notes to Financial Statements**  
**June 30, 2016 and 2015**

**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.

**16. Subsequent Events**

YCAP has evaluated events and transactions occurring after June 30, 2016 through October 18, 2016, 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 PROGRAM REPORTS**

**YAMHILL COMMUNITY ACTION PARTNERSHIP**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2016**

| <u>Pass-through Grantor/<br/>Program Title</u>                         | <u>Federal<br/>CFDA<br/>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                             | \$ 552,074          |
| Energy Assistance and Administration - TTA                             | 93.568                             | 1,938               |
| Energy Assistance and Administration - Education                       | 93.568                             | 18,083              |
| Weatherization   | 93.568                             | 51,383              |
| Weatherization - TTA   | 93.568                             | 600                 |
| Weatherization - Education   | 93.568                             | 6,120               |
| <b>TOTAL MAJOR FEDERAL AWARDS</b>                                      |                                    | <u>630,198</u>      |
| <br><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                             | 12,043              |
| Emergency Food Assistance Program Commodities (In-Kind)                | 10.569                             | 219,168             |
| Total U.S. Department of Agriculture                                   |                                    | <u>231,211</u>      |
| <br><u>U.S. Department of Housing and Urban Development</u>            |                                    |                     |
| Direct Funding   |                                    |                     |
| Continuum of Care  | 14.235                             | 45,638              |
| Passed through United Community Action Network                         |                                    |                     |
| Continuum of Care  | 14.235                             | 86,532              |
| Sub-Total  |                                    | <u>132,170</u>      |
| <br>Passed through Oregon Department of Housing and Community Services |                                    |                     |
| Emergency Shelter Grant Program  | 14.231                             | 52,413              |
| Home TBA   | 14.239                             | 78,080              |
| Sub-Total  |                                    | <u>130,493</u>      |
| Total U.S. Department of Housing and Urban Development                 |                                    | <u>262,663</u>      |

**YAMHILL COMMUNITY ACTION PARTNERSHIP  
Schedule of Expenditures of Federal Awards - Continued  
For the Year Ended June 30, 2016**

| <u>Federal Grantor/<br/>Pass-through Grantor/<br/>Program Title</u>  | <u>Federal<br/>CFDA<br/>Number</u> | <u>Expenditures</u> |
|--|------------------------------------|---------------------|
| <br><b><u>NONMAJOR PROGRAMS - Continued</u></b>  |                                    |                     |
| <br><u>U.S. Department of Veterans Affairs</u>   |                                    |                     |
| Passed through Community Action Partnership of Oregon<br>VA Supportive Services for Veteran Families Program | 64.033                             | <u>139,361</u>      |
| <br><u>U.S. Department of Energy</u>   |                                    |                     |
| Passed through Oregon Department of Housing and Community Services   |                                    |                     |
| DOE Weatherization   | 81.042                             | 47,202              |
| DOE TTA  | 81.042                             | <u>7,472</u>        |
| Sub-Total  |                                    | 54,674              |
| BPA Weatherization and TTA   | 81.xxx                             | <u>19,930</u>       |
| Total U.S. Department of Energy  |                                    | <u>74,604</u>       |
| <br><u>U.S. Department of Health and Human Services</u>  |                                    |                     |
| Direct Funding   |                                    |                     |
| Transitional Living for Homeless Youth   | 93.550                             | 187,562             |
| Education & Prevention to Reduce Sexual Abuse<br>of Runaway Homeless and Street Youth                        | 93.557                             | 110,751             |
| Basic Center Grants  | 93.623                             | <u>137,331</u>      |
| Total Direct Funding   |                                    | 435,644             |
| Passed through Oregon Department of Housing and Community Services   |                                    |                     |
| Temporary Assistance for Needy Families - HSP  | 93.558                             | 6,915               |
| Community Services Block Grant   |                                    |                     |
| CSBG Discretionary   | 93.569                             | <u>123,599</u>      |
| Total U.S. Department of Health and Human Services   |                                    | <u>566,158</u>      |
| <br><u>U.S. Department of Homeland Security</u>  |                                    |                     |
| Passed through Federal Emergency Management Agency   |                                    |                     |
| Emergency Food and Shelter National Program  | 97.024                             | <u>30,918</u>       |
| <b>TOTAL NONMAJOR FEDERAL AWARDS</b>   |                                    | <u>1,304,915</u>    |
| <b>TOTAL FEDERAL AWARDS</b>  |                                    | <u>\$ 1,935,113</u> |
| <b>Percentage of major awards to total awards</b>  |                                    | <u>32.6%</u>        |

**YAMHILL COMMUNITY ACTION PARTNERSHIP**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2016**

**(1) Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Yamhill Community Action Partnership (YCAP) under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of YCAP, it is not intended to and does not present the financial position, changes in net assets, or cash flows of YCAP.

**(2) Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**(3) Expenditures to Subrecipients**

There were no federal expenditures to subrecipients during the year ended June 30, 2016.

**(4) Loans Outstanding**

There were no outstanding loans or loan guarantees that were related to federal programs during the year ended June 30, 2016.

**(5) Insurance Coverage**

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

**(6) Indirect Cost Rate**

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

**YAMHILL COMMUNITY ACTION PARTNERSHIP**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2016**

**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>         |

|                                    |   |
|------------------------------------|---|
| Programs tested as 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>\$750,000</u></b> |
| Auditee qualified as low-risk auditee?                              | <b><u>Yes</u></b>       |

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 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***

October 18, 2016

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 (a non-profit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 18, 2016.

**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 opinion 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.

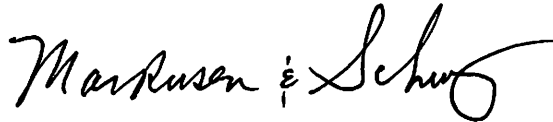
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**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 organization'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 organization'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**

October 18, 2016

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 OMB *Compliance Supplement* that could have a direct and material effect on each of Yamhill Community Action Partnership's major federal programs for the year ended June 30, 2016. 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 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 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, 2016.

### **Other Matters**

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

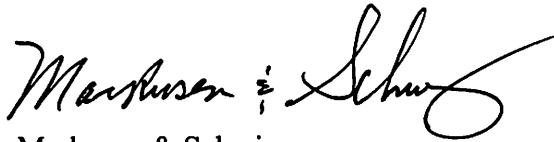
Management of Yamhill Community Action Partnership is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Yamhill Community Action Partnership's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

Markusen & Schwing