

**COMMUNITY ACTION PROGRAM OF EAST  
CENTRAL OREGON**

**CONSOLIDATED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**YEARS ENDED JUNE 30, 2017 AND 2016**

**COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON  
TABLE OF CONTENTS  
YEARS ENDED JUNE 30, 2017 AND 2016**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>CONSOLIDATED FINANCIAL STATEMENTS</b>	
<b>CONSOLIDATED STATEMENTS OF FINANCIAL POSITION</b>	<b>3</b>
<b>CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS</b>	<b>5</b>
<b>CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES</b>	<b>7</b>
<b>CONSOLIDATED STATEMENTS OF CASH FLOWS</b>	<b>9</b>
<b>NOTES TO CONSOLIDATED FINANCIAL STATEMENTS</b>	<b>10</b>
<b>INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i></b>	<b>18</b>
<b>INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE</b>	<b>20</b>
<b>SCHEDULE OF FINDINGS AND QUESTIONED COSTS</b>	<b>22</b>
<b>SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS</b>	<b>24</b>
<b>NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS</b>	<b>28</b>
<b>SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS</b>	<b>29</b>



## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of Community Action Program of East Central Oregon and subsidiaries (a nonprofit organization) (the Organization or CAPECO), which comprise the consolidated statements of financial position as of June 30, 2017 and 2016, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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

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

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

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

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

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

**Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of CAPECO as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 1 to the consolidated financial statements, CAPECO adopted a recently issued accounting standard related to the accounting for debt issuance costs. The new standard requires entities to present debt issuance costs as a direct deduction from the face amount of the related borrowings, amortize debt issuance costs using the effective interest method over the life of the debt, and record the amortization as a component of interest expense. Our opinion is not modified with respect to this matter.

**Other Matters**

*Other Information – Schedule of Expenditures of Federal Awards*

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2017, on our consideration of CAPECO’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of CAPECO’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CAPECO’s internal control over financial reporting and compliance.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Tri Cities, Washington  
November 28, 2017

**COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2017 AND 2016**

	2017	2016
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 1,874,296	\$ 1,507,695
Receivables:		
Trade	9,922	17,476
Grants	680,390	467,698
Employee Advances	900	9,800
Inventory	131,138	109,435
Prepaid Expenses	95,227	90,527
Total Current Assets	2,791,873	2,202,631
 <b>PROPERTY, BUILDINGS, AND EQUIPMENT</b>		
Building	5,263,970	5,263,970
Equipment	330,064	302,609
Automotive	879,269	835,994
Furniture	220,590	220,590
Grounds Improvements	250,825	250,825
Total	6,944,718	6,873,988
Less: Accumulated Depreciation	(4,869,548)	(4,601,238)
Total	2,075,170	2,272,750
Land	298,380	298,380
Total Property, Buildings, and Equipment	2,373,550	2,571,130
 <b>OTHER ASSETS</b>		
Intangible Assets, Net of Amortization of \$21,879 and \$21,100, Respectively	5,131	5,910
Other Related Party Receivables	3,562	3,562
Housing Security Deposits	332	332
Total Other Assets	9,025	9,804
 Total Assets	 \$ 5,174,448	 \$ 4,783,565

See accompanying Notes to Consolidated Financial Statements.

<b>LIABILITIES AND NET ASSETS</b>	<u>2017</u>	<u>2016</u>
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 370,706	\$ 195,801
Accrued Payroll	156,643	173,054
Accrued Payroll Taxes	8,211	22,218
Accrued Benefits	66,569	45,409
Accrued Property Management Fees	32	630
Tenant Security Deposits	36,728	36,503
Tenant Prepaid Rent - Deferred Revenue	237	15
Protected Payee Liability	271,276	-
Current Maturities of Long-Term Debt	<u>35,573</u>	<u>34,326</u>
Total Current Liabilities	945,975	507,956
<b>LONG-TERM DEBT</b> , Less Current Maturities and Unamortized Debt Issuance Costs	<u>782,143</u>	<u>816,497</u>
Total Liabilities	1,728,118	1,324,453
<b>NET ASSETS</b>		
Unrestricted	3,207,991	3,235,819
Temporarily Restricted	<u>238,339</u>	<u>223,293</u>
Total Net Assets	<u>3,446,330</u>	<u>3,459,112</u>
Total Liabilities and Net Assets	<u><u>\$ 5,174,448</u></u>	<u><u>\$ 4,783,565</u></u>

**COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON  
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
YEAR ENDED JUNE 30, 2017**

	Unrestricted	Temporarily Restricted	Total
<b>REVENUE, GAINS, AND SUPPORT</b>			
Revenue, Program	\$ 4,693,358	\$ -	\$ 4,693,358
Revenue, Administration	381,330	-	381,330
Food Commodities	1,180,999	-	1,180,999
Irrigon Farm Labor Income	76,748	-	76,748
Morrow Estates Income	231,993	-	231,993
Applewood Village Income	238,912	-	238,912
Interest Earned	341	-	341
Reimbursed Expenses	377,727	-	377,727
Contributions and Fundraising Income	136,000	141,846	277,846
Miscellaneous Income	245,780	-	245,780
Total	<u>7,563,188</u>	<u>141,846</u>	<u>7,705,034</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	<u>126,800</u>	<u>(126,800)</u>	<u>-</u>
Total Revenue, Gains, and Support	7,689,988	15,046	7,705,034
<b>EXPENSES</b>			
Program Services	7,267,807	-	7,267,807
Supporting Services	450,009	-	450,009
Total Expenses	<u>7,717,816</u>	<u>-</u>	<u>7,717,816</u>
<b>CHANGES IN NET ASSETS</b>	(27,828)	15,046	(12,782)
Net Assets - Beginning of Year	<u>3,235,819</u>	<u>223,293</u>	<u>3,459,112</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 3,207,991</u>	<u>\$ 238,339</u>	<u>\$ 3,446,330</u>

See accompanying Notes to Consolidated Financial Statements.

**COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON  
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
YEAR ENDED JUNE 30, 2016**

	Unrestricted	Temporarily Restricted	Total
<b>REVENUE, GAINS, AND SUPPORT</b>			
Revenue, Program	\$ 4,470,029	\$ -	\$ 4,470,029
Revenue, Administration	387,290	-	387,290
Food Commodities	1,336,350	-	1,336,350
Irrigon Farm Labor Income	73,599	-	73,599
Morrow Estates Income	229,956	-	229,956
Applewood Village Income	232,849	-	232,849
Interest Earned	349	-	349
Reimbursed Expenses	319,542	-	319,542
Contributions and Fundraising Income	75,249	183,049	258,298
Miscellaneous Income	225,329	-	225,329
Total	<u>7,350,542</u>	<u>183,049</u>	<u>7,533,591</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	<u>216,618</u>	<u>(216,618)</u>	<u>-</u>
Total Revenue, Gains, and Support	7,567,160	(33,569)	7,533,591
<b>EXPENSES</b>			
Program Services	7,103,299	-	7,103,299
Supporting Services	413,926	-	413,926
Total Expenses	<u>7,517,225</u>	<u>-</u>	<u>7,517,225</u>
<b>CHANGES IN NET ASSETS</b>	49,935	(33,569)	16,366
Net Assets - Beginning of Year	<u>3,185,884</u>	<u>256,862</u>	<u>3,442,746</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 3,235,819</u>	<u>\$ 223,293</u>	<u>\$ 3,459,112</u>

See accompanying Notes to Consolidated Financial Statements.



**COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2017**

	Program Services						Supporting Services		Total
	Community Services	Food and Nutrition Services	Energy and Weatherization Services	Employment and Training Services	Senior Services	Housing	Administrative	Fundraising	
<b>EXPENSES</b>									
Payroll, Payroll Taxes, and Benefits	\$ 770,018	\$ 66,257	\$ 424,001	\$ 397,678	\$ 637,049	\$ 97,470	\$ 285,124	\$ 3,956	\$ 2,681,553
Direct Client Costs	46,431	-	1,836,044	256,366	35,607	-	-	-	2,174,448
Commodities Dispensed	29,282	1,097,095	-	-	274,134	-	-	-	1,400,511
Material Costs	-	-	128,102	-	-	-	-	-	128,102
Contracted Services	15,398	5,583	24,393	12,056	45,609	83,785	66,259	8,146	261,229
Tools and Equipment	-	4,364	8,859	3,129	20,547	-	1,155	-	38,054
Travel and Transportation	13,897	9,081	23,979	12,380	59,836	4,893	14,907	1,568	140,541
Occupancy	41,089	5,594	20,969	2,225	42,077	-	3,190	45	115,189
Utilities	18,100	6,489	5,858	918	7,250	97,444	3,009	24	139,092
Depreciation and Amortization	1,172	130	10,052	508	60,341	191,905	4,974	7	269,089
Office Supplies	10,440	1,703	13,578	4,500	21,540	3,965	13,072	567	69,365
Maintenance and Repair	2,131	107	1,826	651	3,215	77,972	25,750	28	111,680
Insurance	7,636	2,914	7,524	4,135	16,388	19,268	2,106	16	59,987
Interest	-	-	-	-	-	36,906	-	-	36,906
Postage and Delivery	1,669	189	2,885	412	10,221	464	1,544	8	17,392
Dues and Subscriptions	3,591	1,310	2,275	538	4,820	-	10,489	-	23,023
Advertising	1,070	24	440	147	502	510	424	363	3,480
Bad Debt Expense	-	-	-	-	-	4,647	-	-	4,647
Miscellaneous Expense	-	-	-	-	-	40,250	3,278	-	43,528
<b>Total Expenses</b>	<b>\$ 961,924</b>	<b>\$ 1,200,840</b>	<b>\$ 2,510,785</b>	<b>\$ 695,643</b>	<b>\$ 1,239,136</b>	<b>\$ 659,479</b>	<b>\$ 435,281</b>	<b>\$ 14,728</b>	<b>\$ 7,717,816</b>

See accompanying Notes to Consolidated Financial Statements.

**COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2016**

	Program Services					Supporting Services			Total
	Community Services	Food and Nutrition Services	Energy and Weatherization Services	Employment and Training Services	Senior Services	Housing	Administrative	Fundraising	
<b>EXPENSES</b>									
Payroll, Payroll Taxes, and Benefits	\$ 456,335	\$ 90,654	\$ 342,332	\$ 516,767	\$ 591,938	\$ 130,963	\$ 240,805	\$ 3,322	\$ 2,373,116
Direct Client Costs	237,946	-	1,512,018	219,852	47,816	-	-	-	2,017,632
Commodities Dispensed	119,758	1,216,406	-	-	277,728	-	-	-	1,613,892
Material Costs	-	-	177,245	-	-	-	-	-	177,245
Contracted Services	10,685	1,734	15,556	18,940	32,084	83,951	46,193	3,752	212,895
Tools and Equipment	3,503	7,243	15,707	-	16,782	-	-	-	43,235
Travel and Transportation	14,170	7,999	24,118	21,727	51,677	4,252	19,335	-	143,278
Occupancy	19,777	5,371	11,787	1,666	31,518	-	3,011	-	73,130
Utilities	24,668	7,419	12,878	4,353	15,749	91,074	4,928	-	161,069
Depreciation and Amortization	21,155	7	3,434	387	104,457	170,968	23,907	-	324,315
Office Supplies	12,153	4,483	16,642	4,438	23,916	2,889	6,358	-	70,879
Maintenance and Repair	1,341	407	2,043	1,239	3,278	69,888	17,703	-	95,899
Insurance	4,104	4,314	7,446	3,515	13,703	16,806	2,108	-	51,996
Interest	-	-	-	-	-	35,552	584	-	36,136
Postage and Delivery	2,438	948	2,766	401	5,511	766	2,020	-	14,850
Dues and Subscriptions	4,357	1,230	1,804	1,591	5,972	-	9,498	-	24,452
Advertising	1,387	44	2,115	361	4,343	653	2,372	488	11,763
Bad Debt Expense	-	-	-	-	-	4,827	-	-	4,827
Miscellaneous Expense	-	-	-	-	-	39,074	27,542	-	66,616
<b>Total Expenses</b>	<b>\$ 933,777</b>	<b>\$ 1,348,259</b>	<b>\$ 2,147,891</b>	<b>\$ 795,237</b>	<b>\$ 1,226,472</b>	<b>\$ 651,663</b>	<b>\$ 406,364</b>	<b>\$ 7,562</b>	<b>\$ 7,517,225</b>

See accompanying Notes to Consolidated Financial Statements.

**COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Grants and Program Services	\$ 7,512,532	\$ 7,436,469
Cash Paid to Suppliers and Employees	(7,005,529)	(7,284,333)
Interest Received	341	349
Interest Paid	(35,654)	(33,628)
Net Cash Provided by Operating Activities	471,690	118,857
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Property, Buildings, and Equipment	(70,730)	(149,408)
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal Payments on Long-Term Debt	(34,359)	(33,115)
 <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	366,601	(63,666)
Cash and Cash Equivalents - Beginning of Year	1,507,695	1,571,361
 <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 1,874,296	\$ 1,507,695
 <b>RECONCILIATION OF CHANGES IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Changes in Net Assets	\$ (12,782)	\$ 16,366
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	269,089	324,315
Amortization of Debt Issuance Costs	1,252	1,254
Bad Debt Expense	4,077	(4,827)
(Increase) Decrease in Assets:		
Trade Receivables	3,477	(856)
Grants Receivable	(212,692)	(95,149)
Employee Advances Receivable	8,900	1,580
Inventory	(21,703)	(20,207)
Prepaid Expenses	(4,700)	(11,661)
Increase (Decrease) in Liabilities:		
Accounts Payable	174,905	(91,051)
Accrued Payroll	(16,411)	20,434
Accrued Payroll Taxes	(14,007)	(44,986)
Accrued Benefits	21,160	23,674
Accrued Property Management Fees	(598)	630
Tenant Security Deposits	225	(616)
Tenant Prepaid Rent - Deferred Revenue	222	(43)
Protected Payee Liability	271,276	-
Total Adjustments	484,472	102,491
Net Cash Provided by Operating Activities	\$ 471,690	\$ 118,857

See accompanying Notes to Consolidated Financial Statements.

**COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

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

Morrow Estates, Inc. (MEI) is a nonprofit organization. MEI was the general partner in an Internal Revenue Code (IRC) Section 42 low income housing partnership, Morrow Estates Limited Partnership (Partnership), and had a minority ownership interest in the Partnership's assets. The limited partner in the Partnership contributed their equity to MEI in April 2010. The Partnership terminated on April 9, 2010, and all remaining assets were transferred to MEI upon termination. MEI is 100% controlled by CAPECO.

In October 2010, MEI contributed 1% of the Morrow Estates Housing Project to Morrow Estates Renewal, LLC (MER). CAPECO is the sole member of MER.

On October 14, 2010, MEI was terminated and the remaining 99% of the Morrow Estates Housing Project was transferred to CAPECO. As of June 30, 2011, CAPECO holds 99% and MER holds 1% of Morrow Estates Housing Project. As CAPECO is the sole member of MER, all assets, and equity of MER will be consolidated for financial statement purposes.

CAPECO was the general partner in an Internal Revenue Code (IRC) Section 42 low income housing partnership, Applewood Village Limited Partnership (Partnership), and had a minority ownership interest in the Partnership's assets. The limited partner in the Partnership contributed their equity to Applewood Village Renewal, LLC (AVR) on December 31, 2014. The Partnership terminated on December 31, 2014, and all remaining assets were transferred to AVR upon termination. CAPECO is the sole member of AVR. As CAPECO is the sole member of AVR, all assets and equity of AVR will be consolidated for financial statement purposes.

**Basis of Presentation**

The CAPECO accounts for contributions in accordance with the provisions of the Financial Accounting Standards Board (FASB) *Accounting Standards Codification (ASC) Topic 958, Not-for-Profit Entities Presentation of Financial Statements* (Topic 958). In accordance with Topic 958, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending upon the existence and/or nature of any donor restrictions.

The CAPECO presents its consolidated financial statements in accordance with the provisions of Topic 958. Under Topic 958, the Organization is required to report information regarding its financial position and activities in three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

**COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016**

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

**Basis of Presentation (Continued)**

Allocation of supporting service and functional expenditures — The cost of providing the various programs and other activities has been summarized on a functional basis in the consolidated statements of activities and changes in net assets and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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

**Basis of Accounting**

The consolidated financial statements of CAPECO have been prepared on the accrual basis of accounting.

**Revenue Recognition**

CAPECO records as support, at fair value, grants and contributions received unconditionally, including pledges, certain contributed services, and gifts of long lived and other assets. Pledges that are expected to be collected within one year are recorded at their net realizable value. Pledges that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. All contributions are considered to be unrestricted unless specifically restricted by the donor.

**Principles of Consolidation**

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

**Cash and Cash Equivalents**

CAPECO considers all highly-liquid investments with an initial maturity of three months or less to be cash equivalents.

**Trade Receivables**

Trade receivables are carried at the original invoice amount and are written off to expense in the period in which they are determined to be uncollectible. Management determines the uncollectibility of accounts by regularly evaluating individual customer receivables and considering a customer's financial condition, credit history, and current economic conditions. Recoveries of trade receivables previously written off are recorded when received. As of June 30, 2017 and 2016, no allowance was deemed necessary by management.

**COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016**

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

**Grants Receivable**

Grants receivable are the amount of funds that have been earned and authorized by federal, state, and private sources, but not yet received by CAPECO at year-end. All grants receivable at June 30, 2017 and 2016, are considered fully collectible.

**Contributions Receivable**

Contributions are recognized when the donor makes a promise to give to CAPECO that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

**Property, Buildings, and Equipment**

CAPECO capitalizes expenditures for property, buildings, and equipment with a purchase cost of \$5,000 or more. Purchased property, buildings, and equipment are carried at cost. Donated property, buildings, and equipment are carried at the approximate fair value at the date of donation, and are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. The cost of fixed assets, including capitalized leases, is depreciated over the estimated useful lives of the related assets. Depreciation is computed on the straight-line method.

Assets purchased with grantor funds remain the property of the grantor at the close of the grant contract. CAPECO has use of computers and other equipment provided for use as training tools by federal grants passed through the Oregon Housing and Community Services. The appropriate funding agency retains all rights and title to the equipment. The amount of equipment purchased through these programs for the fiscal years ended June 30, 2017 and 2016, was \$43,275 and \$107,730, respectively. Equipment purchased through these programs is recorded as fixed assets. As the assets are not considered depreciating assets due to being purchased with grantor funds, the related accumulated depreciation is booked at the time of capitalization to reflect the assets as nondepreciating.

**Intangible Assets**

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

**Debt Issuance Costs**

Debt issuance costs relate to financing costs that CAPECO incurred. Total costs were \$37,595 and are being amortized on a straight-line basis over the life of the debt which approximates the effective interest method. At June 30, 2017 and 2016, debt issuance costs are shown net of accumulated amortization of \$17,738 and \$16,486, respectively, as a contra-liability to long term debt. Amortization expense for the years ended June 30, 2017 and 2016, was \$1,252 and \$1,254, respectively and is included in interest expense.

**COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016**

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

**Inventory**

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

**Donated Materials and Services**

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

**Protected Payee Program**

CAPECO holds funds on behalf of protected payee clients. The intent of the account is to provide security and administrative support for individuals unable to account for their own financial affairs. These clients have individually managed bank accounts.

**Unrestricted Net Assets**

Net assets that are not subject to externally imposed restrictions, either temporary or permanent, and net assets received that are general in nature or for operating purposes are classified as unrestricted net assets.

**Temporarily Restricted Net Assets**

Net assets that are subject to externally imposed time or use restrictions that have not been met are classified as temporarily restricted net assets. Temporarily restricted net assets include contributions and grants bearing donor-imposed restrictions that have not been met. Temporarily restricted contributions and grants received during the reporting year for which the restrictions have been met during the same reporting year are reported as activity of unrestricted net assets.

**Permanently Restricted Net Assets**

Permanently restricted net assets have been restricted by donors to be maintained in perpetuity. CAPECO has no permanently restricted net assets.

**Use of Estimates**

The preparation of the consolidated 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 consolidated financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016**

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

**Income Taxes**

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

Under provisions of Section 501(c)(3) of the IRC, CAPECO is exempt from federal income taxes, except for net income from unrelated business activities. As of June 30, 2017 and 2016, CAPECO had no unrelated business activities subject to federal income tax.

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

**Change in Accounting Principle**

CAPECO has adopted the accounting guidance in the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2015-03, *Interest – Imputation of Interest (Subtopic 835-03): Simplifying the Presentation of Debt Issuance Costs*. ASU 2015-03 requires entities to present debt issuance costs as a direct deduction from the face amount of the related borrowings, amortize debt issuance costs using the effective interest method over the life of the debt, and record the amortization as a component of interest expense. The effect of adopting the new standard decreased the debt issuance costs asset to zero and decreased the debt liability by \$21,109 as of July 1, 2015. The adoption of the standard had no effect on previously reported net assets. The ASU is effective for fiscal years beginning after December 15, 2015, with early adoption permitted. The ASU is retrospectively applied. The CAPECO has elected to adopt this change in accounting principle as of July 1, 2016.

**Subsequent Events**

Network for Oregon Affordable Housing (NOAH) sold the Applewood Village Limited Partnership loan, loan documents, and collateral interest in reserves to Banner Bank effective September 26, 2017.

Subsequent events have been evaluated through November 28, 2017, which is the date the consolidated financial statements were available to be issued.



**COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016**

**NOTE 2 OTHER RELATED PARTY RECEIVABLES**

CAPECO is the general partner in Irrigon Farm Labor Housing Project. CAPECO's outstanding receivables at June 30, 2017 and 2016, were \$3,562.

Management assesses the credit quality by monitoring the receivables on an ongoing basis. Balances as of June 30, 2017 and 2016, are considered collectible and no allowance is deemed necessary.

**NOTE 3 INTANGIBLE ASSETS**

Intangible assets consisted of the following as of June 30:

	<u>2017</u>	<u>2016</u>
Tax Credit Fees	\$ 18,524	\$ 18,524
Other	<u>8,486</u>	<u>8,486</u>
Total Intangible Assets	27,010	27,010
Less: Accumulated Amortization	<u>(21,879)</u>	<u>(21,100)</u>
Total Intangible Assets, Net	<u><u>\$ 5,131</u></u>	<u><u>\$ 5,910</u></u>

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2018	\$ 950
2019	280
2020	280
2021	280
2022	280
Thereafter	3,061
Total	<u><u>\$ 5,131</u></u>

**COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016**

**NOTE 4 LONG-TERM DEBT**

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

<u>Description</u>	<u>2017</u>	<u>2016</u>
Note Payable to Farm Home Administration at \$688 per month, including interest at 1% through June 2028; collateralized by the Irrigon Housing Project	\$ 82,288	\$ 89,685
Note Payable to Bank of Eastern Oregon at \$2,319 per month, including interest at 4% through June 2031; collateralized by the Morrow Estates Housing Project	442,113	452,887
Note Payable to Network for Oregon Affordable Housing at \$2,538 per month, including interest at 4.43% through March 2031; collateralized by the Applewood Village Housing Project	313,172	329,360
Total Long-Term Debt	<u>837,573</u>	<u>871,932</u>
Less: Current Maturities	35,573	34,326
Less: Unamortized Debt Issuance Costs	19,857	21,109
Total Long-Term Debt, Net	<u>\$ 782,143</u>	<u>\$ 816,497</u>

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

<u>Year Ending June 30.</u>	<u>Amount</u>
2018	\$ 35,573
2019	36,869
2020	38,174
2021	39,625
2022	41,063
Thereafter	646,269
Total	<u>\$ 837,573</u>

**NOTE 5 EMPLOYEE BENEFIT PLAN**

CAPECO established a defined contribution retirement plan under section 401(a) of the IRC that was effective through December 31, 1997. Beginning January 1, 1998, CAPECO established a retirement plan under Section 403(b) of the IRC that was effective through January 30, 2009. Beginning February 17, 2009, CAPECO established a retirement plan under Section 401(k) of the IRC. All employees who have worked a minimum of 1,000 hours and have 12 months of service are eligible to be participants in the plan. During the years ended June 30, 2017 and 2016, CAPECO's contribution rate was 6% for both years and the total amount contributed was \$98,165 and \$78,674, respectively.

**COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016**

**NOTE 6 COMMITMENTS AND CONTINGENCIES**

CAPECO participates in federal and state assisted programs. These programs are subject to program compliance requirements which, if not met, could result in the disallowance of costs. At June 30, 2017 and 2016, CAPECO believes that any costs, which may be disallowed, would be immaterial.

**NOTE 7 CONCENTRATION OF CREDIT RISK**

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

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

**NOTE 8 NET ASSETS**

Temporarily restricted net assets were available for the following purposes as of June 30:

	<u>2017</u>	<u>2016</u>
Food Service Program	\$ 103,181	\$ 108,790
Economic Development Program	3,950	1,600
Back Pack Program	2,632	1,018
Girls Circle Program	80	80
Nutrition Program	117,197	111,367
Umatilla County Youth/OYCC	50	-
Independent Living Program	1,868	438
Youth House	9,381	-
Total	<u>\$ 238,339</u>	<u>\$ 223,293</u>

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

	<u>2017</u>	<u>2016</u>
Food Service Program	\$ 126,181	\$ 136,442
Back Pack Program	-	1,127
Nutrition Program	-	74,353
Umatilla County Youth/OYCC	-	1,948
Independent Living Program	-	2,748
Youth House	619	-
Total	<u>\$ 126,800</u>	<u>\$ 216,618</u>

The board of directors has designated \$24,408 of unrestricted net assets for specific purposes as of June 30, 2017 and 2016.



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Community Action Program of East Central Oregon and subsidiaries (the Organization or CAPECO), which comprise the consolidated statement of financial position as of June 30, 2017, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 28, 2017.

***Internal Control Over Financial Reporting***

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

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether CAPECO's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Tri Cities, Washington  
November 28, 2017

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

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

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

We have audited Community Action Program of East Central Oregon and subsidiaries (CAPECO) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of CAPECO's major federal programs for the year ended June 30, 2017. CAPECO's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

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

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

**Opinion on Each Major Federal Program**

In our opinion, CAPECO complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

**Report on Internal Control Over Compliance**

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

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

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

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

  
**CliftonLarsonAllen LLP**

Tri Cities, Washington  
November 28, 2017

**COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2017**

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

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***Financial Statements***

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

***Federal Awards***

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

***Identification of Major Federal Programs***

**CFDA Number(s)**

93.568

**Name of Federal Program or Cluster**

Low Income Home Energy Assistance Program (LIHEAP)

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

\$   750,000  

Auditee qualified as low-risk auditee?

  X   yes    \_\_\_\_\_ no



COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2017

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

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No matters were reported.

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

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No matters were reported.

**COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2017**

Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Disbursements/ Expenditures
<b>U.S. Department of Labor</b>				
Passed Through Eastern Oregon Workforce Investment Board:				
Adult	17.258	002-16/17	\$ -	\$ 172,988
Youth	17.259	002-16/17	-	180,497
High Concentration of Eligible Youth	17.259	002-16/17	-	4,936
Dislocated Worker	17.278	002-16/17	-	176,013
Collins Company (Rapid Response)	17.278	002-16/17	-	4,835
Collins Company (Additional Assistance)	17.278	002-16/17	-	49,066
Total WIOA Cluster			-	588,335
Job Driven NEG	17.277	002-16/17	-	48,293
Total Pass-Through Program			-	636,628
Total U.S. Department of Labor			-	636,628
<b>U.S. Department of Health and Human Services</b>				
Passed Through Oregon Seniors and Persons with				
Disability Division:				
Title III B	93.044	148982	-	84,589
Title C1	93.045	148982	-	131,504
Title C2	93.045	148982	-	58,004
Other Funds State 04AD (Computers)	93.045	148982	-	1,544
USDA/NSIP	93.053	148982	-	27,919
Total Aging Cluster			-	303,560
Title III D	93.043	148982	-	8,903
Title III E	93.052	148982	-	57,821
Title VII B	93.041	148982	-	529
Total Pass-Through Program			-	370,813

**COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED JUNE 30, 2017**

Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Disbursements/ Expenditures
<b>U.S. Department of Health and Human Services (Continued)</b>				
Passed Through Oregon Housing and Community Services:				
Temporary Assistance for Needy Families (HSP)	93.558	4220	\$ -	\$ 8,673
Passed Through Administration for Children and Families:				
CAF Self Sufficiency	93.558	148786	-	35,282
Total Pass-Through Program			-	43,955
Passed Through Oregon Housing and Community Services:				
Low Income Home Energy Assistance Program	93.568	4220	-	1,944,520
Community Services Block Grant	93.569	4220	-	132,567
Passed Through Administration for Children and Families:				
Child Welfare	93.658	149010	-	30,851
Total U.S. Department of Health and Human Services			-	2,522,706
<b>U.S. Department of Agriculture</b>				
Passed Through Oregon Housing and Community Services:				
Community Supplemental Food Program	10.565	4220	-	403
Passed Through Oregon Food Bank:				
Community Supplemental Food Program	10.565	CAPECO-OFT-PDO	-	15,232
COMMODITIES Community Supplemental Food Program	10.565	CAPECO-OFT-PDO	-	67,386
The Emergency Food Assistance Program	10.568	CAPECO-OFT-PDO	-	14,333
COMMODITIES	10.569	CAPECO-OFT-PDO	-	198,303
Total Food Distribution Cluster			-	295,657

**COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED JUNE 30, 2017**

Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Disbursements/ Expenditures
<b>U.S. Department of Agriculture (Continued)</b>				
Passed Through Confederated Tribes Umatilla County Indian Reservation:				
Food Distribution Program Indian Reservation	10.567	251-015	\$ -	\$ 63,240
COMMODITIES Food Distribution Program Indian Reservation	10.567	251-015	-	91,815
Total Pass-Through Program			-	<u>155,055</u>
Total U.S. Department of Agriculture			-	450,712
<b>U.S. Department of Housing and Urban Development</b>				
Supportive Housing Program/Continuum of Care Homeless Assistance Programs (TH)				
	14.235		-	116,262
Supportive Housing Program/Continuum of Care Homeless Assistance Programs (PSH)				
	14.235		-	46,642
Subtotal CFDA #14.235			-	<u>162,904</u>
Passed Through Oregon Housing and Community Services:				
Emergency Shelter Grant Program	14.231	4220	-	3,064
Home Tenant Based Assistance	14.239	4220	-	53,988
Total Pass-Through Program			-	<u>57,052</u>
Total U.S. Department of Housing and Urban Development			-	219,956

**COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED JUNE 30, 2017**

Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Disbursements/ Expenditures
<b>U.S. Department of Energy</b>				
Passed Through Oregon Housing and Community Services:				
Bonneville Power Administration	81.xxx	4220	\$ -	\$ 48,683
U.S. Department of Energy	81.042	4220	-	104,472
Total Pass-Through Program			<u>-</u>	<u>153,155</u>
Total U.S. Department of Energy			-	153,155
<b>U.S. Department of Transportation</b>				
Passed Through Federal Transit Administration:				
Vehicle	20.513	31428	-	38,831
Total Pass-Through Program			<u>-</u>	<u>38,831</u>
Total U.S. Department of Transportation			-	38,831
<b>National Foreclosure Mitigation Counseling Program</b>				
National Foreclosure Mitigation	21.xxx		-	1,728
Total National Foreclosure Mitigation Counseling Program			<u>-</u>	<u>1,728</u>
Total Consolidated Federal Awards			<u>\$ -</u>	<u>\$ 4,023,716</u>

**COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2017**

**NOTE 1 BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of CAPECO under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of CAPECO, it is not intended to, and does not, present the consolidated financial position, changes in net assets, or cash flows of CAPECO.

**NOTE 2 SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-122, *Cost Principles for Nonprofit Organizations*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**NOTE 3 INDIRECT COST RATE**

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

**COMMUNITY ACTION PROGRAM OF EAST CENTRAL OREGON  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
YEAR ENDED JUNE 30, 2017**

Department of Labor and Department of Health and Human Services

Community Action Program of East Central Oregon respectfully submits the following summary schedule of prior audit findings for the year ended June 30, 2016.

Audit period: July 01, 2015 - June 30, 2016

The findings from the prior audit's schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the prior year.

**FINDINGS—FINANCIAL STATEMENT AUDIT**

**2016 – 001 Reconciliation of Payroll Liability Accounts**

**Condition:** During our testing of payroll liability accounts, we determined that these accounts were not reviewed or reconciled on a regular basis and two payroll liability accounts were misstated at June 30, 2016.

**Status:** Corrected. Review and reconciliation of payroll liability accounts are being performed.

If the Department of Labor and Department of Health and Human Services have questions regarding this schedule, please call Patty Broker at 541-278-5687.