

**YAMHILL COMMUNITY ACTION
PARTNERSHIP**

FINANCIAL STATEMENTS

WITH INDEPENDENT AUDITOR'S REPORT

**YEAR ENDED JUNE 30, 2018
With Comparative Totals for 2017**

YAMHILL COMMUNITY ACTION PARTNERSHIP

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INDEPENDENT AUDITOR'S REPORT

December 10, 2018

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, 2018 and the related statements of activities and changes in net assets, functional revenues and expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

December 10, 2018
Yamhill Community Action Partnership
Board of Directors

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.

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, 2018, 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 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 22, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

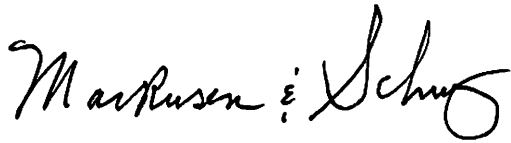
Report of Supplementary Information

Our audits were performed for the purpose of forming an opinion on the financial statements of Yamhill Community Action Partnership taken as a whole. The accompanying Audited Supplemental Information is presented for purposes of additional analysis and is not a required part of the basic 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.

December 10, 2018
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 December 10, 2018 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, 2018 with Comparative Totals as of June 30, 2017**

ASSETS

Current Assets:	2018	2017
Cash	\$ 702,483	\$ 619,126
Cash - restricted for unemployment coverage	44,401	47,677
Grants and contracts receivable	206,479	305,200
Accounts receivable	18,339	34,105
Prepaid expenses	12,528	10,766
Inventory - food	162,050	160,613
Total current assets	1,146,280	1,177,487
Property, Facilities and Equipment, net of accumulated depreciati	3,293,713	3,193,391
Restricted Deposits and Funded Reserves	105,290	100,001
 Total Assets	 \$ 4,545,283	 \$ 4,470,879

LIABILITIES AND NET ASSETS

Current Liabilities:		
Current portion of long-term debt	\$ 33,871	\$ 32,598
Accounts payable	74,435	82,485
Accrued payroll and related costs	91,670	89,875
Accrued vacation pay	61,922	49,085
Accrued interest payable	1,016	1,120
Other current liabilities	3,185	955
Deferred revenue	8,782	25,154
Total current liabilities	274,881	281,272
Deposit Liabilities - Tenant security deposits	14,905	13,660
Long-Term Debt, less current portion	284,667	318,538
Total Liabilities	574,453	613,470
Net Assets		
Unrestricted	3,577,837	3,551,897
Temporarily restricted	392,993	305,512
Total net assets	3,970,830	3,857,409
Total Liabilities and Net Assets	\$ 4,545,283	\$ 4,470,879

YAMHILL COMMUNITY ACTION PARTNERSHIP
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year ended June 30, 2018 with Comparative Totals for the year ended June 30, 2017

	2018			2017 Totals
	Unrestricted	Temporarily Restricted	Totals	
Revenues and Other Support				
Grants and contracts	\$ 3,202,568	\$ 19,573	\$ 3,222,141	\$ 3,142,586
Contributions	370,614	106,489	477,103	405,375
Program revenue	366,639	31,193	397,832	410,968
In-kind donations	2,115,668	162,050	2,277,718	2,554,431
Fundraising revenue	51,566	-	51,566	18,710
Other revenue	110,535	-	110,535	82,246
Total Revenues and Other Support	6,217,590	319,305	6,536,895	6,614,316
Net Assets Release from Restriction	231,824	(231,824)	-	-
Total Revenues and Other Support	6,449,414	87,481	6,536,895	6,614,316
Expenses				
Program Services				
Community development	38,202	-	38,202	25,468
Energy assistance and weatherization	1,417,381	-	1,417,381	1,451,286
Food	2,647,780	-	2,647,780	2,929,454
Client services and shelters	961,620	-	961,620	944,965
Camellia Court housing project	208,087	-	208,087	212,569
Youth	488,194	-	488,194	520,803
Total Program Services	5,761,264	-	5,761,264	6,084,545
Supporting Services				
Fund development and fundraising	148,628	-	148,628	103,545
General and administrative	513,582	-	513,582	481,437
Total Supporting Services	662,210	-	662,210	584,982
Total Expenses	6,423,474	-	6,423,474	6,669,527
Change in Net Assets	25,940	87,481	113,421	(55,211)
Net Assets, Beginning of Year	3,551,897	305,512	3,857,409	3,912,620
Net Assets, End of Year	\$ 3,577,837	\$ 392,993	\$ 3,970,830	\$ 3,857,409

YAMHILL COMMUNITY ACTION PARTNERSHIP
STATEMENT OF FUNCTIONAL REVENUES AND EXPENSES
Year Ended June 30, 2018 with Comparative Totals for the year ended June 30, 2017

	<u>Community Development</u>	<u>Energy and Weatherization</u>	<u>Food</u>	<u>Client Services and Shelters</u>
Revenue and Other Support				
Grants and contracts	\$ 40,182	\$ 1,422,954	\$ 229,420	\$ 1,027,405
Contributions	-	2,500	241,498	38,634
Program revenue	-	-	176,079	2,817
In-kind donations	-	98,164	2,159,817	-
Fundraising revenue	-	7,673	10,365	7,673
Other revenue	-	59,957	6,225	675
Total Revenue and Other Support	<u>40,182</u>	<u>1,591,248</u>	<u>2,823,404</u>	<u>1,077,204</u>
Expenses				
Personnel	37,151	346,712	271,669	378,144
Contracted services	-	3,826	3,366	7,764
Weatherization installation	-	224,244	-	-
Client assistance	-	688,606	7,976	482,855
In-kind	-	98,164	2,159,817	-
In-kind food inventory adjustment	-	-	(1,437)	-
Vehicle costs	-	3,752	17,873	4,936
Travel costs	-	7,189	5,153	1,181
Space and interest	272	-	1,385	16,911
Telephone	-	1,202	1,060	5,742
Supplies and publications	600	4,828	125,806	12,946
Equipment repairs and rent	-	3,763	8,674	2,897
Printing and photocopying	-	2,459	407	2,782
Insurance	-	2,964	2,086	3,591
Training and recruitment	-	7,020	-	12,901
Miscellaneous	179	3,977	814	502
Fundraising	-	-	818	-
Sub-total expenses	<u>38,202</u>	<u>1,398,706</u>	<u>2,605,467</u>	<u>933,152</u>
Depreciation				
Grant-funded	-	-	9,414	2,622
Agency-funded	-	18,675	32,899	25,846
Total Depreciation	<u>-</u>	<u>18,675</u>	<u>42,313</u>	<u>28,468</u>
Total Functional Expenses	<u>38,202</u>	<u>1,417,381</u>	<u>2,647,780</u>	<u>961,620</u>
General and administrative expense	<u>2,793</u>	<u>178,611</u>	<u>110,896</u>	<u>112,096</u>
Total Expenses	<u>40,995</u>	<u>1,595,992</u>	<u>2,758,676</u>	<u>1,073,716</u>
Change in Net Assets by Function	<u>\$ (813)</u>	<u>\$ (4,744)</u>	<u>\$ 64,728</u>	<u>\$ 3,488</u>

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

Camellia Court Housing Project	Youth	Fund Development and Fundraising	General and Administrative	Totals 2018	Totals 2017
\$ -	\$ 500,728	\$ -	\$ 1,452	\$ 3,222,141	\$ 3,142,586
-	49,366	145,105	-	477,103	405,375
218,016	920	-	-	397,832	410,968
-	12,000	7,737	-	2,277,718	2,554,431
-	10,215	15,640	-	51,566	18,710
46	-	4,149	39,483	110,535	82,246
<u>218,062</u>	<u>573,229</u>	<u>172,631</u>	<u>40,935</u>	<u>6,536,895</u>	<u>6,614,316</u>
-	312,577	83,173	317,674	1,747,100	1,631,872
83,713	12,449	4,498	63,846	179,462	238,792
-	-	-	-	224,244	210,262
-	44,884	7,737	-	1,232,058	1,203,660
-	12,000	-	-	2,269,981	2,553,989
-	-	-	-	(1,437)	34,719
-	7,917	-	868	35,346	30,016
-	2,758	600	1,284	18,165	15,207
54,034	63,202	1,031	28,801	165,636	181,413
3,137	13,537	857	8,112	33,647	38,234
4,446	5,230	4,027	16,675	174,558	199,597
-	3,264	1,874	11,544	32,016	35,529
-	1,643	99	5,538	12,928	17,814
5,232	1,900	-	11,560	27,333	27,162
100	4,035	856	30,386	55,298	46,502
1,254	-	149	1,021	7,896	11,137
-	98	42,092	225	43,233	28,067
<u>151,916</u>	<u>485,494</u>	<u>146,993</u>	<u>497,534</u>	<u>6,257,464</u>	<u>6,503,972</u>
-	-	-	-	12,036	2,880
56,171	2,700	1,635	16,048	153,974	162,675
<u>56,171</u>	<u>2,700</u>	<u>1,635</u>	<u>16,048</u>	<u>166,010</u>	<u>165,555</u>
208,087	488,194	148,628	513,582	6,423,474	6,669,527
-	63,603	20,831	(488,830)	-	-
<u>208,087</u>	<u>551,797</u>	<u>169,459</u>	<u>24,752</u>	<u>6,423,474</u>	<u>6,669,527</u>
<u>\$ 9,975</u>	<u>\$ 21,432</u>	<u>\$ 3,172</u>	<u>\$ 16,183</u>	<u>\$ 113,421</u>	<u>\$ (55,211)</u>

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

Year Ended June 30, 2018 with Comparative Totals for the year ended June 30, 2017

	2018	2017
Cash flows from operating activities:		
Change in net assets	\$ 113,421	\$ (55,211)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	166,010	165,555
Interest-amortized debt issuance costs	497	497
Net change in operating assets and liabilities:		
Grants and contracts receivable	98,721	(68,809)
Accounts receivable	15,766	(6,063)
Pledges receivable	-	940
Prepaid expenses	(1,762)	8,399
Inventory	(1,437)	34,719
Accounts payable	(8,050)	(4,350)
Accrued payroll and related costs	1,795	11,950
Accrued vacation pay	12,837	2,010
Accrued interest payable	(104)	(559)
Other current liabilities	2,230	(122)
Deferred revenue	(16,372)	(16,955)
Deposit liability	1,245	690
Net cash provided by operating activities	384,797	72,691
Cash flows from investing activities:		
(Increase) decrease in cash - restricted	3,276	(9,943)
(Increase) in restricted deposits and funded reserves	(5,289)	(4,732)
Purchases of property, plant and equipment	(266,332)	(34,512)
Construction defect settlement received	-	175,000
Net cash provided (used) by investing activities	(268,345)	125,813
Cash flows from financing activities:		
Principal payments on long-term debt	(33,095)	(31,480)
Net cash (used) by financing activities	(33,095)	(31,480)
Net increase in cash	83,357	167,024
Cash, beginning of year	619,126	452,102
Cash, end of year	\$ 702,483	\$ 619,126
Supplemental disclosure of cash flows information:		
Cash paid during year for income taxes	\$ -	\$ -
Cash paid during year for interest charged to expense	\$ 14,904	\$ 16,339

**NOTES TO
FINANCIAL STATEMENTS**

YAMHILL COMMUNITY ACTION PARTNERSHIP
Notes to Financial Statements
June 30, 2018 and 2017

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. During the year ended June 30, 2018 YCAP's Energy Services provided approximately 1,000 households 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 services, 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.

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

YAMHILL COMMUNITY ACTION PARTNERSHIP
Notes to Financial Statements
June 30, 2018 and 2017

2. Summary of Significant Accounting Policies – Continued

Revenue Recognition

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

Grant, Contracts and 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, 2018 and 2017 are fully collectible.

Inventory - Food

Inventory consists primarily of donated food. A substantial portion of the donated food inventory is stated generally at \$1.25 per pound as of June 30, 2018 and 2017, 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. A small amount of purchased food inventory is stated at cost (first in, first out). Amounts held at year-end are considered to be temporarily restricted in accordance with grantor requirements.

YAMHILL COMMUNITY ACTION PARTNERSHIP
Notes to Financial Statements
June 30, 2018 and 2017

2. Summary of Significant Accounting Policies – Continued

Facilities, Equipment and Depreciation

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

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

When facilities and equipment are retired or sold, cost and the related accumulated depreciation or amortization is removed from YCAP's accounts and the resulting gain or loss is recognized.

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, 2018 and 2017.

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

YAMHILL COMMUNITY ACTION PARTNERSHIP
Notes to Financial Statements
June 30, 2018 and 2017

2. Summary of Significant Accounting Policies – Continued

Fair Value of Financial Instruments – Continued

(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.

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.

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, 2015 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 YCAP's policy to

YAMHILL COMMUNITY ACTION PARTNERSHIP
Notes to Financial Statements
June 30, 2018 and 2017

2. Summary of Significant Accounting Policies – Continued

Federal and State Taxes – Continued

include these in operating expenses. No penalties and interest were assessed for the years ended June 30, 2018 and 2017.

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, 2018 and June 30, 2017, 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, 2018 and 2017, cash exceeded federally insured limits by \$385,053 and \$331,559, 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.

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 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.

YAMHILL COMMUNITY ACTION PARTNERSHIP
Notes to Financial Statements
June 30, 2018 and 2017

2. Summary of Significant Accounting Policies – Continued

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. There were no donated services recorded during the years ended June 30, 2018 and 2017.

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 provisional rate was 14.4% for the year ended June 30, 2018, and final rate was 14.4% for the year ended June 30, 2017. However, YCAP allocated 13.4% of indirect and administrative costs to programs during the years ended June 30, 2018 and 2017.

Summary of Financial Information for 2017

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, 2017, from which the summarized information was derived.

YAMHILL COMMUNITY ACTION PARTNERSHIP
Notes to Financial Statements
June 30, 2018 and 2017

3. Grants and Contracts Receivable

Grants and contracts receivable consist of the following:

	<u>2018</u>	<u>2017</u>
Oregon Department of Housing and Community Services		
LIHEAP Energy Programs	\$ 10,474	\$ 10,604
LIHEAP Weatherization and Education Programs	11,985	21,224
DOE Weatherization and Education Programs	18,105	6,868
ECHO Weatherization and Education Programs	27,263	49,258
BPA Weatherization Programs	8,606	1,672
OEA Weatherization Programs	5,863	27,995
Home TBA	3,580	17,009
EHA	13,411	67,069
EHA VET DRF	33	11,586
HSP	3,882	4,424
SHAP	9,884	23,312
ESGP	-	607
LIRHF	-	1,207
OLGA	25	1,008
Community Services Block Grant	7,602	14,952
U.S. Department of Health and Human Services		
RHY – SOP Youth	6,648	7,761
Basic Center Grants – Youth	12,379	-
Transitional Living Program – Youth	16,116	11,952
U.S. Department of Housing and Urban Development		
Continuum of Care	26,139	6,786
United Community Action Network		
Continuum of Care	9,002	-
Oregon Department of Human Services		
Supplemental Nutrition Assistance Program	1,873	2,504
Oregon Food Bank		
TEFAP	-	5,527
Community Action Partnership of Oregon		
VA Supportive Services for Veteran Families Program	13,357	11,875
Others	<u>252</u>	<u>-</u>
	<u>\$ 206,479</u>	<u>\$ 305,200</u>

YAMHILL COMMUNITY ACTION PARTNERSHIP
Notes to Financial Statements
June 30, 2018 and 2017

4. Property, Facilities and Equipment

Property, facilities and equipment as of June 2018 and 2017 consist of the following:

	<u>2018</u>	<u>2017</u>
Land	\$ 465,902	\$ 465,902
Buildings and improvements	4,271,727	4,131,238
Site improvements	433,281	433,281
Vehicles	299,355	178,875
Furniture and equipment	<u>183,038</u>	<u>177,675</u>
	5,653,303	5,386,971
Less accumulated depreciation	<u>2,359,590</u>	<u>2,193,580</u>
	<u>\$ 3,293,713</u>	<u>\$ 3,193,391</u>

5. Restricted Deposits and Funded Reserves

Restricted cash balances related to the Camellia Court Project as of June 2018 and 2017 are comprised of the following:

	<u>2018</u>	<u>2017</u>
Tenant security deposits	\$ 14,905	\$ 13,660
Operating reserve	45,367	45,344
Replacement reserve	<u>45,018</u>	<u>40,997</u>
	<u>\$ 105,290</u>	<u>\$ 100,001</u>

Tenant security deposits are held in a separate bank account for refundable tenant security deposits. As of June 30, 2018 and 2017, 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, 2018 and 2017, 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, 2018 and 2017, the reserve was funded as required.

YAMHILL COMMUNITY ACTION PARTNERSHIP
Notes to Financial Statements
June 30, 2018 and 2017

6. Deferred Revenue

Deferred revenue at June 30, 2018 and 2017 consists of funds received in advance for the following programs and grants:

	<u>2018</u>	<u>2017</u>
U.S. Department of Health and Human Services		
RHY – SOP Youth	\$ 2,925	1,667
New Basic Center Grant	2,925	3,583
Transitional Living Program	2,925	2,625
NW Natural Gas – Utility Client Assistance	-	17,068
Others	<u>7</u>	<u>211</u>
	<u>\$ 8,782</u>	<u>\$ 25,154</u>

7. 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, 2018 and June 30, 2017 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, 2018 and 2017 were \$20,451 and \$18,745, respectively.

8. Long-Term Debt

Long-term debt at June 30, 2018 and 2017 consists of the following:

	<u>2018</u>	<u>2017</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.	\$ 322,551	\$ 355,646
Less unamortized debt issuance costs	<u>4,013</u>	<u>4,510</u>
	318,538	351,136
Less current portion	<u>33,871</u>	<u>32,598</u>
	<u>\$ 284,667</u>	<u>\$ 318,538</u>

Debt issuance costs are being amortized to interest expense over the term of the loan. For both 2018 and 2017, amortization expense for debt issuance costs was \$497.

YAMHILL COMMUNITY ACTION PARTNERSHIP
Notes to Financial Statements
June 30, 2018 and 2017

8. Long-Term Debt – Continued

Aggregate maturities of long-term debt as of June 30, 2018 for the next five years are as follows:

2019	\$ 33,871
2020	35,192
2021	36,564
2022	37,990
2023	39,469
Thereafter	<u>135,452</u>
Total	<u>\$ 318,538</u>

9. 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, 2018 are as follows:

Year ended June 30,	
2019	\$ 4,464
2020	4,464
2021	<u>1,116</u>
Total	<u>\$ 10,044</u>

Total rent expense for years ended June 30, 2018 and 2017 was \$57,811 and \$52,413, respectively.

10. Construction Defect Settlement

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 final 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 that were charged to expense.

The settlement of \$175,000 was initially recorded as a reduction in the basis of buildings and improvements. During the years ended June 30, 2018 and 2017, \$137,994 of the settlement was used for necessary repairs to the building and recorded as an increase in the basis of buildings and improvements. The remaining \$37,006, after all necessary repairs were made, has been recorded during the year ended June 30, 2018 as other income to partially reimburse YCAP for legal fees it incurred in prior years to obtain the settlement; and as an increase in the basis of buildings and improvements.

YAMHILL COMMUNITY ACTION PARTNERSHIP
Notes to Financial Statements
June 30, 2018 and 2017

11. Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2018 and 2017 consist of the following:

	<u>2018</u>	<u>2017</u>
Youth program grants and donations	\$ 60,738	\$ 32,969
Food program grants and donations	27,330	7,349
Food inventory	162,050	160,613
Client services and shelters grants and donations	108,234	91,429
Energy and weatherization grants and donations	34,641	13,152
	<u>\$ 392,993</u>	<u>\$ 305,512</u>

12. 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 years' 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.

13. McMinnville Area Community Foundation

On April 28, 2015, YCAP'S Board of Directors voted to invest \$50,000 with McMinnville Area Community Foundation (MACF) to establish an endowment fund for the benefit of YCAP 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. YCAP irrevocably transferred the cash to the endowment fund in the form of a contribution. YCAP 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. YCAP 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, at a rate to be determined by MACF's Board of Directors. To date YCAP has not received any distributions from the endowment fund.

14. Subsequent Events

YCAP has evaluated events and transactions occurring after June 30, 2018 through December 10, 2018, 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.

AUDITED SUPPLEMENTARY INFORMATION

CAMELLIA COURT HOUSING PROJECT
SCHEDULE OF ASSETS, LIABILITIES AND NET ASSETS
June 30, 2018 and 2017

<u>ASSETS</u>		
	2018	2017
Current Assets:		
Cash	\$ 66,931	\$ 37,267
Tenant receivables	1,741	2,418
Prepaid expenses	2,076	1,980
Total current assets	70,748	41,665
Restricted Deposits and Funded Reserves		
Tenant security deposits	14,905	13,660
Operating reserve	45,367	45,344
Replacement reserve	45,018	40,997
Total restricted deposits and funded reserves	105,290	100,001
Property, Facilities and Equipment		
Land	110,290	110,290
Site improvements	195,379	195,379
Building and improvements	1,486,258	1,486,258
Furnishings and equipment	63,246	63,246
	1,855,173	1,855,173
Less accumulated depreciation	1,424,642	1,368,867
Net book value	430,531	486,306
Total Assets	\$ 606,569	\$ 627,972
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Current portion of long-term debt	\$ 33,871	\$ 32,598
Accounts payable	3,964	3,681
Accrued interest payable	1,016	1,120
Prepaid rent	7	211
Total current liabilities	38,858	37,610
Deposit Liabilities - Tenant security deposits	14,905	13,660
Long-Term Debt, less current portion	284,667	318,538
Total Liabilities	338,430	369,808
Net Assets - Unrestricted	268,139	258,164
Total Liabilities and Net Assets	\$ 606,569	\$ 627,972

CAMELLIA COURT HOUSING PROJECT
SCHEDULE OF REVENUE AND EXPENSES
Years ended June 30, 2018 and 2017

	2,018	2,017
Revenue		
Gross potential rental income	\$ 215,022	\$ 211,879
Vacancies	(1,999)	(7,235)
Total current assets	213,023	204,644
Interest income	24	44
Other fees and reimbursements	5,015	7,232
Total Revenue	218,062	211,920
Operating Expenses		
Administrative	50,055	53,864
Utilities	28,372	17,260
Maintenance and operating	51,840	63,545
Taxes and insurance	8,782	8,285
	139,049	142,954
Net Operating Income	79,013	68,966
Other Expenses		
Interest expense	13,263	14,949
Change in net assets before depreciation	65,750	54,017
Depreciation Expense	55,775	54,666
Change in Net Assets	\$ 9,975	\$ (649)

CAMELLIA COURT HOUSING PROJECT
SCHEDULE OF EXPENSES
Years ended June 30, 2018 and 2017

	2018	2017
Administrative		
Property management fee	\$ 13,035	\$ 12,493
Managers payroll	17,394	19,754
Managers rent free rent	8,400	8,400
Bad debt expense	960	4,303
Advertising	1,049	296
Compliance fees	600	600
Office supplies	2,557	2,390
Telephone	3,137	3,043
Miscellaneous expense	2,923	2,585
	\$ 50,055	\$ 53,864
 Utilities		
Electricity	\$ 2,940	\$ 2,372
Water and sewer	18,059	8,342
Garbage	7,373	6,546
	\$ 28,372	\$ 17,260
 Maintenance and Operating		
Maintenance staff payroll	\$ 15,153	\$ 13,549
Landscape maintenance	8,864	7,129
Maintenance and repairs	27,823	42,867
	\$ 51,840	\$ 63,545
 Taxes and Insurance		
Payroll taxes	\$ 2,932	\$ 2,836
Workers compensation insurance	568	410
Licenses and taxes	50	50
Property and liability insurance	5,232	4,989
	\$ 8,782	\$ 8,285
 Interest Expense		
Interest on mortgage	\$ 12,766	\$ 14,452
Interest - amortized debt issuance costs	497	497
	\$ 13,263	\$ 14,949

YAMHILL COMMUNITY ACTION PARTNERSHIP

**REPORTS IN CONFORMITY WITH U.S. OFFICE
OF MANAGEMENT AND BUDGET
UNIFORM GUIDANCE RELATED TO THE
YEAR ENDED JUNE 30, 2018**

YAMHILL COMMUNITY ACTION PARTNERSHIP

**Reports Required by the Uniform Guidance
Year Ended June 30, 2018**

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YAMHILL COMMUNITY ACTION PARTNERSHIP
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

<u>Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
<u>MAJOR PROGRAMS</u>		
<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	\$ 565,899
Energy Assistance and Administration - TTA	93.568	1,825
Energy Assistance and Administration - Education	93.568	6,643
Weatherization	93.568	99,852
Weatherization - Education	93.568	10,782
TOTAL MAJOR FEDERAL AWARDS		<u>685,001</u>
 <u>NONMAJOR PROGRAMS</u>		
<u>U.S. Department of Agriculture</u>		
Passed through Oregon Food Bank		
Emergency Food Assistance Program Admin	10.568	12,740
Emergency Food Assistance Program Commodities (In-Kind)	10.569	367,536
Total U.S. Department of Agriculture (Cluster Total)		<u>380,276</u>
 <u>U.S. Department of Housing and Urban Development</u>		
Direct Funding		
Continuum of Care	14.235	117,607
Passed through United Community Action Network		
Continuum of Care	14.235	118,326
Sub-Total		<u>235,933</u>
 Passed through Oregon Department of Housing and Community Services		
Emergency Shelter Grant Program	14.231	102,658
Home TBA	14.239	70,185
Sub-Total		<u>172,843</u>
Total U.S. Department of Housing and Urban Development		<u>408,776</u>

YAMHILL COMMUNITY ACTION PARTNERSHIP
Schedule of Expenditures of Federal Awards - Continued
For the Year Ended June 30, 2018

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Expenditures
<u>NONMAJOR PROGRAMS - Continued</u>		
<u>U.S. Department of Veterans Affairs</u>		
Passed through Community Action Partnership of Oregon VA Supportive Services for Veteran Families Program	64.033	<u>161,977</u>
<u>U.S. Department of Energy</u>		
Passed through Oregon Department of Housing and Community Services		
DOE Weatherization	81.042	67,468
DOE TTA	81.042	5,462
Sub-Total		<u>72,930</u>
BPA Weatherization and TTA	81.xxx	31,799
Total U.S. Department of Energy		<u>104,729</u>
<u>U.S. Department of Health and Human Services</u>		
Direct Funding		
Transitional Living for Homeless Youth	93.550	179,004
Education & Prevention to Reduce Sexual Abuse of Runaway Homeless and Street Youth	93.557	102,750
Basic Center Grants	93.623	<u>120,829</u>
Total Direct Funding		402,583
Passed through Oregon Department of Housing and Community Services		
Temporary Assistance for Needy Families - HSP Community Services Block Grant	93.558	12,108
CSBG Discretionary	93.569	<u>123,016</u>
Total U.S. Department of Health and Human Services		<u>537,707</u>
<u>U.S. Department of Homeland Security</u>		
Passed through Federal Emergency Management Agency Emergency Food and Shelter National Program	97.024	<u>25,088</u>
TOTAL NONMAJOR FEDERAL AWARDS		<u>1,618,553</u>
TOTAL FEDERAL AWARDS		<u>\$ 2,303,554</u>
Percentage of major awards to total awards		<u>29.7%</u>

YAMHILL COMMUNITY ACTION PARTNERSHIP
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

(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, 2018. 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, 2018.

(4) Loans Outstanding

There were no outstanding loans or loan guarantees that were related to federal programs during the year ended June 30, 2018.

(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, 2018

1. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	<u>Unmodified</u>
Is a "going concern" emphasis of matter paragraph included in the auditor's report?	<u>No</u>
Internal control over financial reporting:	
• Material weakness identified?	<u>No</u>
• Significant deficiencies identified?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

Federal Awards

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

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

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:	<u>\$750,000</u>
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Auditee qualified as low-risk auditee?	<u>Yes</u>
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2. Findings relating to the general purpose financial statements reported in accordance with Government Auditing Standards: None noted

3. Findings and questioned costs relating to federal awards: None noted

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

December 10, 2018

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, 2018, 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 December 10, 2018.

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.

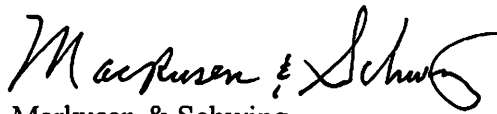
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE**

December 10, 2018

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, 2018. 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.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Yamhill Community Action Partnership complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

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.

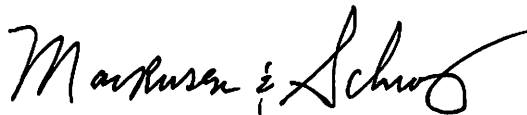
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

**Report on Schedule of Expenditures of Federal Awards Required by
the Uniform Guidance**

We have audited the financial statements of Yamhill Community Action Partnership as of and for the year ended June 30, 2018, and have issued our report thereon dated December 10, 2018, which contained an unmodified opinion on those financial statements. 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 as required by the Uniform Guidance 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

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.



Markusen & Schwing