

**YAMHILL COMMUNITY ACTION
PARTNERSHIP**

FINANCIAL STATEMENTS

WITH INDEPENDENT AUDITOR'S REPORT

**YEAR ENDED JUNE 30, 2020
With Comparative Totals for 2019**

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YAMHILL COMMUNITY ACTION PARTNERSHIP

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INDEPENDENT AUDITOR'S REPORT

September 27, 2021

Board of Directors
Yamhill Community Action Partnership
McMinnville, Oregon

Report on the Financial Statements

I have audited the accompanying financial statements of Yamhill Community Action Partnership (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit 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 I 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, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my 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, 2020, 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.

September 27, 2021
Yamhill Community Action Partnership
Board of Directors

Report on Summarized Comparative Information

I have previously audited Yamhill Community Action Partnership's 2019 financial statements, and expressed an unmodified audit opinion on those audited financial statements in my report dated January 28, 2019. In my opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Audited Supplemental Information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated Sept 27, 2021 on my consideration of Yamhill Community Action Partnership's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Yamhill Community Action Partnership'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 Yamhill Community Action Partnership's internal control over financial reporting and compliance.

Mark Schwing CPA PC

Mark Schwing CPA PC

YAMHILL COMMUNITY ACTION PARTNERSHIP
STATEMENT OF FINANCIAL POSITION
June 30, 2020 with Comparative Totals as of June 30, 2019

ASSETS

	2020	2019
Current Assets:		
Cash	\$ 1,039,727	\$ 457,230
Cash - restricted for unemployment coverage	49,432	41,258
Cash-total	1,089,159	498,488
Grants and contracts receivable	642,583	613,663
Accounts receivable	16,861	11,721
Prepaid expenses	33,821	26,365
Inventory - food and supplies	400,691	164,825
Total current assets	2,183,115	1,315,062
 Property, Facilities and Equipment, net of accumulated depreciation	3,025,465	3,170,634
 Restricted Deposits and Funded Reserves	115,450	109,550
 Total Assets	\$ 5,324,030	\$ 4,595,246

LIABILITIES AND NET ASSETS

Current Liabilities:		
Current portion of long-term debt	\$ 36,565	\$ 35,192
Paycheck protection program loan	423,006	-
Accounts payable	153,922	175,149
Accrued payroll and related costs	89,561	88,583
Accrued vacation pay	74,071	53,943
Accrued interest payable	908	908
Other current liabilities	4,046	5,034
Total current liabilities	782,079	358,809
 Deposit Liabilities - Tenant security deposits	15,986	15,123
 Long-Term Debt, less current portion	212,910	249,475
 Total Liabilities	1,010,975	623,407
 Net Assets		
Without Donor Restriction	3,236,770	3,321,744
With Donor Restriction	1,076,285	650,095
Total net assets	4,313,055	3,971,839
 Total Liabilities and Net Assets	\$ 5,324,030	\$ 4,595,246

YAMHILL COMMUNITY ACTION PARTNERSHIP
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year ended June 30, 2020 with Comparative Totals for the year ended June 30, 2019

	2020			2019 Totals
	Without Donor Restriction	With Donor Restriction	Totals	
Revenues and Other Support				
Grants and contracts	\$ 3,456,939	\$ 342,416	\$ 3,799,355	\$ 3,795,954
Contributions	850,366	64,140	914,506	467,154
Program revenue	361,469	-	361,469	414,428
In-kind donations	2,455,801	398,417	2,854,218	2,438,821
Fundraising revenue	13,290	-	13,290	48,871
Gain on sale of assets	4,835	-	4,835	-
Other revenue	48,507	-	48,507	44,740
Total Revenues and Other Support	7,191,207	804,973	7,996,180	7,209,968
Net Assets Release from Restriction	378,783	(378,783)	-	-
Total Revenues and Other Support	7,569,990	426,190	7,996,180	7,209,968
Expenses				
Program Services				
Community development	44,393	-	44,393	35,044
Energy assistance and weatherization	1,228,609	-	1,228,609	1,575,952
Food	3,074,509	-	3,074,509	2,823,797
Client services and shelters	1,819,614	-	1,819,614	1,265,045
Camellia Court housing project	228,516	-	228,516	246,464
Youth	446,517	-	446,517	489,957
Total Program Services	6,842,158	-	6,842,158	6,436,259
Supporting Services				
Fund development and fundraising	161,281	-	161,281	155,927
General and administrative	651,525	-	651,525	625,555
Total Supporting Services	812,806	-	812,806	781,482
Total Expenses	7,654,964	-	7,654,964	7,217,741
Change in Net Assets	(84,974)	426,190	341,216	(7,773)
Net Assets, Beginning of Year	3,321,744	650,095	3,971,839	3,979,612
Net Assets, End of Year	\$ 3,236,770	\$ 1,076,285	\$ 4,313,055	\$ 3,971,839

YAMHILL COMMUNITY ACTION PARTNERSHIP
STATEMENT OF FUNCTIONAL REVENUES AND EXPENSES
Year Ended June 30, 2020 with Comparative Totals for the year ended June 30, 2019

	<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	\$ 29,136	\$ 1,205,741	\$ 198,866	\$ 1,800,315
Contributions	-	240	362,731	146,401
Program revenue	-	1,013	118,440	5,153
In-kind donations	-	89,609	2,764,609	-
Fundraising revenue	-	-	1,500	-
Gain on sale of assets	-	-	-	-
Other revenue	-	43,975	3,070	46
Total Revenue and Other Support	<u>29,136</u>	<u>1,340,578</u>	<u>3,449,216</u>	<u>1,951,915</u>
Expenses				
Personnel	36,685	375,676	362,499	482,429
Contracted services	-	63	2,435	838
Weatherization installation	-	157,945	-	-
Client assistance	261	582,690	5,235	1,207,471
In-kind	-	82,231	2,761,604	-
In-kind food inventory adjustment	-	-	(233,822)	-
Vehicle costs	-	3,479	16,444	5,591
Travel costs	10	1,510	2,065	2,333
Space and interest	-	-	7,195	27,962
Telephone	-	1,076	1,334	5,209
Supplies and publications	4,334	5,793	98,477	46,615
Equipment repairs and rent	-	2,556	14,851	6,528
Printing and photocopying	2,812	3,080	667	2,467
Insurance	-	3,706	-	2,883
Training and recruitment	161	5,269	2,277	12,068
Miscellaneous	130	3,535	220	434
Fundraising	-	-	10,222	384
Sub-total expenses	<u>44,393</u>	<u>1,228,609</u>	<u>3,051,703</u>	<u>1,803,212</u>
Depreciation				
Grant-funded	-	-	22,476	7,255
Agency-funded	-	-	330	9,147
Total Depreciation	<u>-</u>	<u>-</u>	<u>22,806</u>	<u>16,402</u>
Total Functional Expenses	<u>44,393</u>	<u>1,228,609</u>	<u>3,074,509</u>	<u>1,819,614</u>
General and administrative expense	<u>7,224</u>	<u>110,546</u>	<u>158,479</u>	<u>180,692</u>
Total Expenses	<u>51,617</u>	<u>1,339,155</u>	<u>3,232,988</u>	<u>2,000,306</u>
Change in Net Assets by Function	<u>\$ (22,481)</u>	<u>\$ 1,423</u>	<u>\$ 216,228</u>	<u>\$ (48,391)</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 2020	Totals 2019
\$ -	\$ 519,862	\$ 44,435	\$ 1,000	\$ 3,799,355	\$ 3,795,954
-	38,850	366,284	-	914,506	467,154
236,573	290	-	-	361,469	414,428
-	-	-	-	2,854,218	2,438,821
-	-	11,790	-	13,290	48,871
-	-	-	4,835	4,835	-
39	-	-	1,377	48,507	44,740
236,612	559,002	422,509	7,212	7,996,180	7,209,968
-	259,174	134,569	352,930	2,003,962	1,999,103
84,466	24,202	-	70,090	182,094	171,517
-	-	-	-	157,945	296,782
-	39,543	-	-	1,835,200	1,388,323
-	-	-	7,378	2,851,213	2,438,821
-	-	-	-	(233,822)	(2,775)
-	7,685	-	764	33,963	41,380
-	42	845	3,377	10,182	14,291
71,928	77,739	208	40,381	225,413	232,930
3,678	11,909	499	12,034	35,739	35,300
5,072	7,827	3,541	27,690	199,349	198,205
-	3,868	849	12,062	40,714	75,032
-	750	6,193	6,733	22,702	20,591
5,476	1,077	-	10,257	23,399	23,340
-	5,239	4,079	27,216	56,309	61,235
5,204	-	2,671	6,719	18,913	9,338
-	-	7,827	-	18,433	38,349
175,824	439,055	161,281	577,631	7,481,708	7,041,762
-	7,462	-	-	37,193	30,415
52,692	-	-	73,894	136,063	145,564
52,692	7,462	-	73,894	173,256	175,979
228,516	446,517	161,281	651,525	7,654,964	7,217,741
-	48,980	20,881	(526,802)	-	-
228,516	495,497	182,162	124,723	7,654,964	7,217,741
\$ 8,096	\$ 63,505	\$ 240,347	\$ (117,511)	\$ 341,216	\$ (7,773)

YAMHILL COMMUNITY ACTION PARTNERSHIP
STATEMENT OF CASH FLOWS
Year Ended June 30, 2020 with Comparative Totals for the year ended June 30, 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ 341,216	\$ (7,773)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	173,256	175,979
Interest-amortized debt issuance costs	497	497
Gain on sale of assets	(4,835)	-
Net change in operating assets and liabilities:		
Grants and contracts receivable	(28,920)	(407,184)
Accounts receivable	(5,140)	6,618
Prepaid expenses	(7,456)	(13,837)
Inventory	(235,866)	(2,775)
Accounts payable	(21,227)	100,714
Accrued payroll and related costs	978	(3,087)
Accrued vacation pay	20,128	(7,979)
Accrued interest payable	-	(108)
Other current liabilities	(988)	1,849
Deposit liability	863	218
Net cash provided (used) by operating activities	<u>232,506</u>	<u>(156,868)</u>
Cash flows from investing activities:		
Proceeds from sale of assets	4,447	-
Purchases of property, plant and equipment	(27,699)	(52,900)
Net cash (used) by investing activities	<u>(23,252)</u>	<u>(52,900)</u>
Cash flows from financing activities:		
Proceeds from paycheck program protection loan	423,006	-
Principal payments on long-term debt	(35,689)	(34,368)
Net cash provided (used) by financing activities	<u>387,317</u>	<u>(34,368)</u>
Net change in cash and restricted cash	596,571	(244,136)
Cash and restricted cash at beginning of year	<u>608,038</u>	<u>852,174</u>
Cash and restricted cash at end of year	<u>\$ 1,204,609</u>	<u>\$ 608,038</u>
Supplemental disclosure of cash flows information:		
Cash paid during year for income taxes	<u>\$ -</u>	<u>\$ -</u>
Cash paid during year for interest charged to expense	<u>\$ 12,488</u>	<u>\$ 12,310</u>

**NOTES TO
FINANCIAL STATEMENTS**

YAMHILL COMMUNITY ACTION PARTNERSHIP

Notes to Financial Statements

June 30, 2020 and 2019

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: Housing Stabilization, Energy Services, the regional Food Bank, and Youth Services.

During the year ended June 30, 2020 YCAP quickly expanded its services to address those impacted by the COVID-19 pandemic. While Housing Stabilization continued to assist hundreds of individuals and families with transitional shelter, stable housing search, rental assistance, emergency financial support, case management, resource referrals, and other services including a specialized homeless veterans program, a new motel shelter program was launched to keep families experiencing homelessness safe during the pandemic. YCAP's Energy Services provided approximately 1,300 households with emergency utility bill support, and weatherized over 15 homes to help improve efficiency and lower energy costs. YCAP's Food Bank increased services and collected and distributed more than 2.1 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

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restriction – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets with Donor Restriction – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be

YAMHILL COMMUNITY ACTION PARTNERSHIP

Notes to Financial Statements

June 30, 2020 and 2019

2. Summary of Significant Accounting Policies – Continued

Basis of Presentation – Continued

maintained in perpetuity. Gifts of long lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Revenue Recognition

Rental revenues, principally short-term leases on apartment units and commercial space, are recognized in the month in which the services are provided.

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 in the period YCAP is notified of the commitments. 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.

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, 2020 and 2019 are fully collectible.

YAMHILL COMMUNITY ACTION PARTNERSHIP
Notes to Financial Statements
June 30, 2020 and 2019

2. Summary of Significant Accounting Policies – Continued

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, 2020 and 2019, 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 with donor restriction in accordance with grantor requirements.

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 twenty-seven 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, 2020 and 2019.

YAMHILL COMMUNITY ACTION PARTNERSHIP

Notes to Financial Statements

June 30, 2020 and 2019

2. Summary of Significant Accounting Policies – Continued

Fair Value of Financial Instruments

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

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

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

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

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

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

Except for donated food disclosed above, all of YCAP's assets are Level 1.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

YAMHILL COMMUNITY ACTION PARTNERSHIP

Notes to Financial Statements

June 30, 2020 and 2019

2. Summary of Significant Accounting Policies - Continued

Federal and State Taxes

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

YCAP files returns in the U.S. federal jurisdiction as well as the state of Oregon jurisdiction. Generally, tax filings are subject to federal and state examination for three years after they are filed. The returns filed for periods prior to June 30, 2017 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 include these in operating expenses. No penalties and interest were assessed for the years ended June 30, 2020 and 2019.

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, 2020 and 2019, cash exceeded federally insured limits by \$702,362 and \$142,111, 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, 2020 and 2019

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, 2020 and 2019.

Functional Allocation of Expenses

The costs of providing program services and supporting services have been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the program services and supporting services based on an allocation of employees' time incurred and on usage of resources. 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 12.10% for the year ended June 30, 2020, and final rate was 12.10% for the year ended June 30, 2019.

Summary of Financial Information for 2019

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, 2019, from which the summarized information was derived.

3. Reclassifications

Certain accounts in the prior year's financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements. These reclassifications did not change the total in net assets for the year ended June 30, 2019 as previously reported.

YAMHILL COMMUNITY ACTION PARTNERSHIP
Notes to Financial Statements
June 30, 2020 and 2019

4. Cash and Restricted Cash

Cash and restricted cash in the Statement of Cash Flows consist of the following:

	2020	2019
Cash	\$ 1,039,727	\$ 457,230
Cash – restricted for Unemployment Coverage	49,432	41,258
Total cash	1,089,159	498,488
Cash restricted		
Tenant security deposits	15,986	15,123
Operating reserves	45,405	45,387
Replacement reserves	54,059	49,040
Total restricted cash	115,450	109,550
 Total cash and restricted cash	 \$ 1,204,609	 \$ 608,038

In addition, certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

5. Liquidity and Availability of Financial Assets

Financial assets available for general expenditures that are without donor or other restrictions limiting their use, within one year of the Statement of Financial Position date, comprise the following:

	2020	2019
Financial assets:		
Cash	\$ 1,039,727	\$ 457,230
Cash – restricted for Unemployment Coverage	49,432	41,258
Grants and contracts receivable	642,583	613,663
Receivables	16,861	11,721
	1,748,603	1,123,872
Less amounts not available to be used within one year:		
Cash – restricted for unemployment coverage	49,432	41,258
Grants and contracts receivable – restricted	642,583	613,663
	692,015	654,921
Financial assets available to meet general expenditures within one year:	\$ 1,056,588	\$ 468,951

YCAP regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period YCAP considers all expenditures related to its ongoing activities of community development, energy and weatherization, food, client services and shelters, Camellia Court Housing project, and youth, as well as the conduct of services undertaken to support those activities, to be general expenditures.

YAMHILL COMMUNITY ACTION PARTNERSHIP

Notes to Financial Statements

June 30, 2020 and 2019

5. Liquidity and Availability of Financial Assets - Continued

In addition to financial assets available to meet general expenditures over the next 12 months, YCAP operates with at least a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the statement of cash flows which identifies the sources and uses of YCAP's cash flows.

6. Grants and Contracts Receivable

Grants and contracts receivable consist of the following:

	<u>2020</u>	<u>2019</u>
Oregon Department of Housing and Community Services		
LIHEAP Energy Programs	\$ 13,740	\$ 20,694
LIHEAP Weatherization and Education Programs	19,535	16,329
DOE Weatherization and Education Programs	1,279	14,117
ECHO Weatherization and Education Programs	6,180	9,662
BPA Weatherization Programs	840	5,269
OEA Weatherization Programs	10,552	16,414
Home TBA	31,817	21,342
EHA	35,480	187,143
Others	-	2,254
HSP	444	2,512
SHAP	4,187	67,810
OLGA	337	100
Community Services Block Grant	5,184	5,712
ESGP	11,897	-
COVID Rent Relief	203,296	-
Shelter Warming	121,947	-
U.S. Department of Health and Human Services		
RHY – SOP Youth	-	18,489
Basic Center Grants – Youth	29,386	51,116
Transitional Living Program – Youth	34,074	25,716
U.S. Department of Housing and Urban Development		
Continuum of Care	33,446	23,160
United Community Action Network		
Continuum of Care	-	41,961
Oregon Department of Human Services		
Supplemental Nutrition Assistance Program	1,472	2,121
Job Development	12,500	-
Oregon Food Bank		
TEFAP	15,107	11,079
Trade Mitigation	-	4,801
Oregon Hunger Relief Fund	7,788	22,241
Network	-	7,423

YAMHILL COMMUNITY ACTION PARTNERSHIP
Notes to Financial Statements
June 30, 2020 and 2019

6. Grants and Contracts Receivable - Continued

	<u>2020</u>	<u>2019</u>
Community Action Partnership of Oregon		
VA Supportive Services for Veteran Families Program	42,095	15,304
Federal Emergency Management Agency		
Food Bank	-	15,931
Others	-	4,963
	<u>\$ 642,583</u>	<u>\$ 613,663</u>

7. Property, Facilities and Equipment

Property, facilities and equipment as of June 2020 and 2019 consist of the following:

	<u>2020</u>	<u>2019</u>
Land	\$ 465,902	\$ 465,902
Buildings and improvements	4,271,727	4,271,727
Site improvements	433,281	433,281
Vehicles	327,433	324,420
Furniture and equipment	221,330	210,873
	5,719,673	5,706,203
Less accumulated depreciation	2,694,208	2,535,569
	<u>\$ 3,025,465</u>	<u>\$ 3,170,634</u>

8. Restricted Deposits and Funded Reserves

Restricted cash balances related to the Camellia Court Project as of June 2020 and 2019 are comprised of the following:

	<u>2020</u>	<u>2019</u>
Tenant security deposits	\$ 15,986	\$ 15,123
Operating reserve	45,405	45,387
Replacement reserve	54,059	49,040
	<u>\$ 115,450</u>	<u>\$ 109,550</u>

Tenant security deposits are held in a separate bank account for refundable tenant security deposits. As of June 30, 2020 and 2019, 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, 2020 and 2019, 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, 2020 and 2019, the reserve was funded as required.

YAMHILL COMMUNITY ACTION PARTNERSHIP
Notes to Financial Statements
June 30, 2020 and 2019

9. 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, 2020 and June 30, 2019 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, 2020 and 2019 were \$21,655 and \$23,226, respectively.

10. Long-Term Debt

Long-term debt at June 30, 2020 and 2019 consists of the following:

	2020	2019
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.	\$ 252,495	\$ 288,184
Less unamortized debt issuance costs	3,020	3,517
	249,475	284,667
Less current portion	36,565	35,192
	\$ 212,910	\$ 249,475

Debt issuance costs are being amortized to interest expense over the term of the loan. For both 2020 and 2019, amortization expense for debt issuance costs was \$497.

Aggregate maturities of long-term debt as of June 30, 2020 for the next five years are as follows:

2021	\$ 37,061
2022	38,486
2023	39,966
2024	41,503
2025	43,099
Thereafter	52,380
Total	\$ 252,495

YAMHILL COMMUNITY ACTION PARTNERSHIP

Notes to Financial Statements

June 30, 2020 and 2019

(11) Paycheck Protection Program Loan

The Paycheck Protection Program (“PPP”), which was established under the Coronavirus Aid, Relief and Economic Security Act (“the CARES Act”), provides for loans to qualifying businesses and not-for-profit organizations for amounts up to 2.5 times certain average monthly payroll expenses of the qualifying business. The loan and accrued interest, or a portion thereof, may be forgiven after 24 weeks so long as the borrower uses the loan proceeds for eligible purposes including payroll, benefits, rent, mortgage interest and utilities, and maintains its payroll levels, as defined by the PPP. At least 60% of the amount forgiven must be attributable to payroll costs, as defined by the PPP. YCAP is permitted to prepay or partially prepay the PPP loans at any time with no prepayment penalties. Under the terms of the CARES Act, PPP loan recipients can apply for, and be granted, forgiveness for all or a portion of loans granted under the PPP. Such forgiveness will be determined, subject to limitations and ongoing rulemaking by the SBA, based on the use of loan proceeds for payroll costs and mortgage interest, rent or utility cost and the maintenance of employee and compensation levels. As of June 30, 2020, the Company accounted for these loans in accordance with ASC 470.

On May 6, 2020, YCAP received loan proceeds under the PPP in the amount of \$423,006. The loan carries a fixed interest rate of 1% per annum. No payments were due under the loan for six months from the date of the first disbursement under the loan (“deferral period”), and interest continued to accrue during the deferral period. YCAP applied for forgiveness of the loan and was granted full forgiveness of the loan on May 26, 2021. Proceeds from the loan have been recorded as a financing activity on the Statements of Cash Flows during the year ended June 30, 2020. The loan forgiveness will be recorded as debt forgiveness on the Statement of Activities during the year-ended June 30, 2021. YCAP believes this presentation method promotes greater comparability amongst all periods presented.

12. 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, 2020 are as follows:

Year ended June 30,	
2021	\$ 1,116
Total	<u>\$ 1,116</u>

Total rent expense for years ended June 30, 2020 and 2019 was \$78,353 and \$66,026, respectively.

YAMHILL COMMUNITY ACTION PARTNERSHIP
Notes to Financial Statements
June 30, 2020 and 2019

13. Net Assets with Donor Restriction

Net assets with donor restriction at June 30, 2020 and 2019 consist of the following:

	<u>2020</u>	<u>2019</u>
Youth program grants and donations	\$ 342,382	\$ 260,255
Food program grants and donations	75,028	50,549
Food inventory	398,417	164,825
Client services and shelters grants and donations	245,839	150,889
Energy and weatherization grants and donations	14,619	23,577
	<u>\$ 1,076,285</u>	<u>\$ 650,095</u>

14. Unemployment Coverage

As a 501(c)(3) organization, YCAP has elected not to participate in the State Unemployment Tax system. However, YCAP does participate in the 501(c) Services Unemployment Compensation Trust program. Under the Trust program, YCAP makes contributions to a reserve account based primarily upon prior 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.

15. 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. MACF has variance power over the funds and as a result the \$50,000 contribution is not recorded in the accompanying statement of financial position.

YAMHILL COMMUNITY ACTION PARTNERSHIP
Notes to Financial Statements
June 30, 2020 and 2019

16. COVID-19

YCAP's operations have been affected by the recent and ongoing outbreak of the coronavirus disease 2019 (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption which may be caused by the outbreak is uncertain; however, it may result in a material adverse impact on YCAP's financial position, activities, and cash flows. Possible effects may include, but are not limited to, loss of funding and absenteeism in YCAP's staff. However, management of YCAP believes it has taken necessary precautions to minimize the effects of COVID-19 on its operations.

17. Subsequent Events

YCAP has evaluated events and transactions occurring after June 30, 2020 through September 27, 2021, the date the financial statements were available for issuance, for potential recognition or disclosure in the financial statements and have concluded, except for the forgiveness of the Paycheck Protection Program loan in the amount of \$423,006 on May 26, 2021 mentioned in note 11, 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, 2020 and 2019

ASSETS

Current Assets:	2020	2019
Cash	\$ 86,864	\$ 64,618
Tenant receivables	1,698	1,082
Prepaid expenses	2,099	1,938
Total current assets	<u>90,661</u>	<u>67,638</u>
 Restricted Deposits and Funded Reserves		
Tenant security deposits	15,986	15,123
Operating reserve	45,405	45,387
Replacement reserve	54,059	49,040
Total restricted deposits and funded reserves	<u>115,450</u>	<u>109,550</u>
 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
	<u>1,855,173</u>	<u>1,855,173</u>
Less accumulated depreciation	1,532,867	1,478,200
Net book value	<u>322,306</u>	<u>376,973</u>
 Total Assets	<u>\$ 528,417</u>	<u>\$ 554,161</u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Current portion of long-term debt	\$ 36,565	\$ 35,192
Accounts payable	6,456	5,899
Accrued interest payable	795	908
Prepaid rent	55	10
Total current liabilities	<u>43,871</u>	<u>42,009</u>
 Deposit Liabilities - Tenant security deposits	<u>15,986</u>	<u>15,123</u>
 Long-Term Debt, less current portion	<u>212,910</u>	<u>249,475</u>
 Total Liabilities	272,767	306,607
 Net Assets - Without Donor Restriction	<u>255,650</u>	<u>247,554</u>
 Total Liabilities and Net Assets	<u>\$ 528,417</u>	<u>\$ 554,161</u>

**CAMELLIA COURT HOUSING PROJECT
SCHEDULE OF REVENUE AND EXPENSES
Years ended June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
Revenue		
Gross potential rental income	\$ 230,778	\$ 221,240
Vacancies	(7,496)	-
Net rental income	<u>223,282</u>	<u>221,240</u>
Interest income	39	44
Other income	6,026	-
Other fees and reimbursements	6,930	4,595
Total Revenue	<u>236,277</u>	<u>225,879</u>
 Operating Expenses		
Administrative	55,587	48,645
Utilities	39,659	41,051
Maintenance and operating	59,918	79,140
Taxes and insurance	9,664	9,317
	<u>164,828</u>	<u>178,153</u>
 Net Operating Income	<u>71,449</u>	<u>47,726</u>
 Other Expenses		
Interest expense	<u>10,661</u>	<u>12,140</u>
 Change in net assets before depreciation	60,788	35,586
 Depreciation Expense	<u>52,692</u>	<u>56,171</u>
 Change in Net Assets	<u>\$ 8,096</u>	<u>\$ (20,585)</u>

CAMELLIA COURT HOUSING PROJECT
SCHEDULE OF EXPENSES
Years ended June 30, 2020 and 2019

	2020	2019
Administrative		
Property management fee	\$ 13,637	\$ 13,566
Managers payroll	19,810	17,375
Managers rent free rent	8,400	8,400
Bad debt expense	3,368	667
Advertising	548	431
Compliance fees	660	600
Office supplies	2,400	2,255
Telephone	3,678	3,276
Miscellaneous expense	3,086	2,075
	\$ 55,587	\$ 48,645
 Utilities		
Electricity	\$ 3,508	\$ 2,450
Water and sewer	28,283	31,066
Garbage	7,868	7,535
	\$ 39,659	\$ 41,051
 Maintenance and Operating		
Maintenance staff payroll	\$ 15,073	\$ 15,950
Landscape maintenance	6,310	8,194
Maintenance and repairs	38,535	54,996
	\$ 59,918	\$ 79,140
 Taxes and Insurance		
Payroll taxes	\$ 3,396	\$ 3,329
Workers compensation insurance	639	521
Licenses and taxes	153	150
Property and liability insurance	5,476	5,317
	\$ 9,664	\$ 9,317
 Interest Expense		
Interest on mortgage	\$ 10,164	\$ 11,643
Interest - amortized debt issuance costs	497	497
	\$ 10,661	\$ 12,140