

Yamhill Community Action Partnership and Subsidiary

McMinnville, Oregon

Consolidated Financial Statements and Supplementary Information

Years Ended June 30, 2022 and 2021



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Yamhill Community Action Partnership and Subsidiary

Consolidated Financial Statements and Supplementary Information
Years Ended June 30, 2022 and 2021

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Independent Auditor's Report

Board of Directors
Yamhill Community Action Partnership and Subsidiary
McMinnville, Oregon

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Yamhill Community Action Partnership (a nonprofit organization) and Subsidiary, which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Yamhill Community Action Partnership and Subsidiary as of June 30, 2022 and 2021, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Yamhill Community Action Partnership and Subsidiary and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. The financial statements of Yamhill Community Action Partnership's subsidiary were not audited in accordance with *Government Auditing Standards*.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Yamhill Community Action Partnership and Subsidiary's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Yamhill Community Action Partnership and Subsidiary's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Yamhill Community Action Partnership and Subsidiary's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the Camellia Court supplemental schedules are presented for the purposes of additional analysis, and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2023, 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 agreement and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the 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.

Wipfli LLP

Wipfli LLP
Madison, Wisconsin

March 7, 2023

Yamhill Community Action Partnership

Consolidated Statements of Financial Position

June 30, 2022 and 2021

<i>Assets</i>	2022	2021
Current assets:		
Cash	\$ 2,112,866	\$ 1,258,672
Grants receivable	1,397,995	1,216,721
Accounts receivable	24,377	59,356
Prepaid expenses	95,594	68,102
Inventory	182,804	373,891
Total current assets	3,813,636	2,976,742
Restricted cash	169,463	154,823
Property and equipment, net	2,914,910	2,925,641
TOTAL ASSETS	\$ 6,898,009	\$ 6,057,206
<i>Liabilities and Net Assets</i>		
Current liabilities:		
Note payable - Current portion	\$ 39,966	\$ 38,486
Accounts payable	393,922	153,942
Accrued payroll and related liabilities	75,760	114,285
Accrued vacation	110,983	81,629
Accrued interest payable	557	678
Refundable advance liabilities	524,470	39,399
Other current liabilities	4,887	4,836
Total current liabilities	1,150,545	433,255
Tenant security deposits liability	16,229	16,151
Note payable, long-term	134,955	174,424
Total liabilities	1,301,729	623,830
Net assets:		
Without donor restrictions	4,551,017	4,195,054
With donor restrictions	1,045,263	1,238,322
Total net assets	5,596,280	5,433,376
TOTAL LIABILITIES AND NET ASSETS	\$ 6,898,009	\$ 6,057,206

Yamhill Community Action Partnership

Consolidated Statements of Activities

Years Ended June 30, 2022 and 2021

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:			
Grant revenue	\$ 14,140,771	\$ 132,678	\$ 14,273,449
Contributions	699,159	30,034	729,193
Program revenue	71,268	0	71,268
Rental income	247,510	0	247,510
In-kind donations	1,563,537	180,888	1,744,425
Gain on sale of assets	7,000	0	7,000
Other income	46,161	0	46,161
Net assets released from restrictions	536,659	(536,659)	0
Total revenue	17,312,065	(193,059)	17,119,006
Expenses:			
Program services expenses:			
Community development	74,983	0	74,983
Energy assistance and weatherization	2,298,829	0	2,298,829
Food	2,428,256	0	2,428,256
Client services and shelters	10,281,979	0	10,281,979
Camellia court housing project	233,110	0	233,110
Youth services	599,096	0	599,096
Total program services expenses	15,916,253	0	15,916,253
Management and general expenses	862,352	0	862,352
Fundraising expenses	177,497	0	177,497
Total expenses	16,956,102	0	16,956,102
Changes in net assets	355,963	(193,059)	162,904
Net assets - Beginning of year	4,195,054	1,238,322	5,433,376
Net assets - End of year	\$ 4,551,017	\$ 1,045,263	\$ 5,596,280

Yamhill Community Action Partnership

Consolidated Statements of Activities

Years Ended June 30, 2022 and 2021

	2021		Total
	Without Donor Restrictions	With Donor Restrictions	
Revenue:			
Grant revenue	\$ 10,051,299	\$ 0	\$ 10,051,299
Contributions	1,208,038	209,437	1,417,475
Program revenue	61,624	0	61,624
Rental income	240,868	0	240,868
In-kind donations	2,049,345	372,405	2,421,750
Gain on sale of assets	0	0	0
Other income	29,764	0	29,764
Net assets released from restrictions	419,805	(419,805)	0
Total revenue	14,060,743	162,037	14,222,780
Expenses:			
Program services expenses:			
Community development	54,576	0	54,576
Energy assistance and weatherization	1,710,832	0	1,710,832
Food	2,831,053	0	2,831,053
Client services and shelters	6,881,178	0	6,881,178
Camellia court housing project	221,470	0	221,470
Youth services	543,655	0	543,655
Total program services expenses	12,242,764	0	12,242,764
Management and general expenses	689,788	0	689,788
Fundraising expenses	169,907	0	169,907
Total expenses	13,102,459	0	13,102,459
Changes in net assets	958,284	162,037	1,120,321
Net assets - Beginning of year	3,236,770	1,076,285	4,313,055
Net assets - End of year	\$ 4,195,054	\$ 1,238,322	\$ 5,433,376

Yamhill Community Action Partnership

Consolidated Statements of Functional Expenses
Years Ended June 30, 2022 and 2021

	2022									
	Program Services						Total Program Services	Management and General	Fundraising	Total Expenses
	Community Development	Energy and Weatherization	Food	Client Services and Shelters	Camelia Court Housing Project	Youth Services				
Personnel	\$ 62,784	\$ 559,190	\$ 374,525	\$ 1,019,833	\$ 0	\$ 401,732	\$ 2,418,064	\$ 550,568	\$ 148,392	\$ 3,117,024
Contracted services	0	353	2,535	52,938	85,472	(11,831)	129,467	69,868	0	199,335
Weatherization installation	0	272,772	0	0	0	85	272,857	0	0	272,857
Client assistance	85	1,283,565	6,657	8,945,744	0	73,911	10,309,962	0	0	10,309,962
In-kind	0	118,487	1,625,938	0	0	0	1,744,425	0	0	1,744,425
Food inventory costs	0	0	191,517	0	0	0	191,517	0	0	191,517
Vehicle costs	0	5,493	25,640	10,172	0	12,927	54,232	1,057	0	55,289
Travel	18	3,275	1,406	2,252	0	246	7,197	2,524	1,492	11,213
Space and interest	0	20	7,789	44,756	76,815	81,499	210,879	40,461	15	251,355
Telephone	0	4,084	1,122	10,745	3,817	5,454	25,222	7,862	811	33,895
Supplies and publications	257	11,974	127,270	122,560	4,454	15,074	281,589	34,810	5,264	321,663
Equipment repairs and rent	0	13,679	14,522	17,541	0	1,297	47,039	12,008	0	59,047
Printing and photocopying	8,917	7,974	20	0	0	789	17,700	3,681	5,451	26,832
Insurance	0	4,090	0	4,778	7,040	1,689	17,597	26,056	0	43,653
Training and recruitment	1,109	8,662	0	24,293	100	9,533	43,697	35,329	5,475	84,501
Miscellaneous	1,813	5,211	4,283	836	745	0	12,888	848	10,597	24,333
Depreciation	0	0	45,032	25,531	54,667	6,691	131,921	77,280	0	209,201
Total expenses	\$ 74,983	\$ 2,298,829	\$ 2,428,256	\$ 10,281,979	\$ 233,110	\$ 599,096	\$ 15,916,253	\$ 862,352	\$ 177,497	\$ 16,956,102

See accompanying notes to consolidated financial statements.

Yamhill Community Action Partnership

Consolidated Statements of Functional Expenses (Continued)

Years Ended June 30, 2022 and 2021

	2021									Total Expenses
	Community Development	Energy and Weatherization	Food	Client Services and Shelters	Camelia Court Housing Project	Youth Services	Total Program Services	Management and General	Fundraising	
Personnel	\$ 44,489	\$ 436,540	\$ 357,414	\$ 696,184	\$ 0	\$ 313,310	\$ 1,847,937	\$ 383,362	\$ 137,220	\$ 2,368,519
Contracted services	0	45	0	2,276	86,548	43,237	132,106	45,768	0	177,874
Weatherization installation	0	209,795	0	0	0	0	209,795	0	0	209,795
Client assistance	0	898,820	5,838	6,021,741	0	40,760	6,967,159	0	0	6,967,159
In-kind	0	124,746	2,285,501	3,578	0	0	2,413,825	0	0	2,413,825
Food inventory costs	0	0	29,590	0	0	0	29,590	0	0	29,590
Vehicle costs	0	4,447	24,443	9,286	0	7,679	45,855	7,510	0	53,365
Travel	30	171	1,580	0	0	386	2,167	1,646	733	4,546
Space and interest	0	30	4,170	37,530	64,550	82,732	189,012	43,253	264	232,529
Telephone	0	1,034	2,317	8,372	4,026	5,890	21,639	12,355	206	34,200
Supplies and publications	384	16,769	72,778	40,804	4,493	21,463	156,691	40,609	4,144	201,444
Equipment repairs and rent	0	3,807	16,236	12,563	0	7,027	39,633	20,153	1,214	61,000
Printing and photocopying	8,487	6,921	1,579	1,583	0	638	19,208	5,263	11,249	35,720
Insurance	0	3,982	0	3,791	6,345	1,350	15,468	11,756	0	27,224
Training and recruitment	88	181	1,732	21,991	0	11,721	35,713	39,517	7,840	83,070
Miscellaneous	1,098	3,544	3,835	812	841	0	10,130	1,796	7,037	18,963
Depreciation	0	0	24,040	20,667	54,667	7,462	106,836	76,800	0	183,636
Total expenses	\$ 54,576	\$ 1,710,832	\$ 2,831,053	\$ 6,881,178	\$ 221,470	\$ 543,655	\$ 12,242,764	\$ 689,788	\$ 169,907	\$ 13,102,459

See accompanying notes to consolidated financial statements.

Yamhill Community Action Partnership

Consolidated Statements of Cash Flows

Years Ended June 30, 2022 and 2021

	2022	2021
Increase (decrease) in cash and restricted cash:		
Cash flows from operating activities:		
Changes in net assets	\$ 162,904	\$ 1,120,321
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	209,201	183,636
Debt issuance cost amortized to interest expense	497	497
Gain on disposal of property and equipment	(7,000)	0
Contribution of property and equipment	0	(7,925)
Change in food inventory	191,517	26,012
Changes in operating assets and liabilities:		
Grants receivable	(181,274)	(574,138)
Accounts receivable	34,979	(42,495)
Prepaid expenses	(27,492)	(34,281)
Inventory	(430)	788
Accounts payable	239,980	20
Accrued payroll and related liabilities	(38,525)	24,724
Accrued vacation	29,354	7,558
Accrued interest payable	(121)	(230)
Refundable advance liabilities	485,071	(383,607)
Other current liabilities	51	790
Tenant security deposit liability	78	165
Net cash provided by operating activities	1,098,790	321,835
Cash flows from investing activities:		
Purchase of property and equipment	(198,470)	(75,887)
Proceeds from sale of property and equipment	7,000	0
Net cash used in investing activities	(191,470)	(75,887)
Cash flows from financing activities:		
Principal payments on long-term debt	(38,486)	(37,062)
Net cash used in financing activities	(38,486)	(37,062)
Changes in cash and restricted cash	868,834	208,886
Cash and restricted cash - Beginning of year	1,413,495	1,204,609
Cash and restricted cash - End of year	\$ 2,282,329	\$ 1,413,495
Supplemental schedule of other cash activity:		
Cash paid during year for interest	\$ 7,358	\$ 8,675
Reconciliation of cash and restricted cash to consolidated statements of financial position at June 30, 2022 and 2021:		
Cash	2,112,866	1,258,672
Restricted cash	169,463	154,823
Total cash and restricted cash	\$ 2,282,329	\$ 1,413,495

See accompanying notes to consolidated financial statements.

Yamhill Community Action Partnership and Subsidiary

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies

Nature of Operations

Yamhill Community Action Partnership (“YCAP” or “the Organization”) 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's mission is to advocate for people in need by providing access to resources and tools to strengthen communities in Yamhill County. YCAP assists the residents of Yamhill County by diligently focusing on four primary service categories: Housing Stabilization, Energy Services, the regional Food Bank, and Youth Services.

During the fiscal year ended June 30, 2022, YCAP continued to expand its services to address growing community needs. Housing Stabilization once again assisted hundreds of individuals and families with transitional shelter, stable housing search, rental assistance, emergency financial support, case management, resource referrals, a specialized homeless veterans’ program, and other services including the Turnkey Program of Yamhill. YCAP's Energy Services provided approximately 1,400 households with emergency utility bill support, and weatherized over 20 homes to help improve efficiency and lower energy costs. YCAP's Food Bank added a new refrigerated truck and collected and distributed almost 2 million pounds of food to over 35 partner pantries, community meal sites, public housing complexes, and 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 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.

Camellia Court, L.P., is a wholly owned subsidiary of YCAP and was formed for the purpose of constructing 24 housing units in Newberg, Oregon. The units are rented to low-income individuals.

Principles of Consolidation

These financial statements are consolidated and include the accounts of Yamhill Community Action Partnership and Camellia Court, L.P. All material inter-company transactions and accounts are eliminated in consolidation. Collectively, the entities are referred to as the “Organizations.”

Basis of Presentation

The consolidated financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.

Yamhill Community Action Partnership and Subsidiary

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Classification of Net Assets

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

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

Net Assets With Donor Restrictions - Net assets subject to donor-imposed stipulations that may or may not be met either by actions of the Organizations and/or the passage of time. When a restriction expires, net assets with donor restrictions are transferred to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Use of Estimates

The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Revenue Recognition

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identifying of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. If a restriction is satisfied in the year of contribution, the contribution is recorded as revenue without restrictions.

Conditional contributions are recognized when the barriers to entitlement are overcome and the promises become unconditional. Unconditional contributions are recognized as revenue when received.

Yamhill Community Action Partnership and Subsidiary

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

A. Grant Awards That Are Contributions

Grants that qualify as contributions are recorded as invoiced to the funding sources in accordance with the terms of the award and ASC Subtopic 958-605. Revenue is recognized in the accounting period when the related expenses are incurred. Amounts received or receivable in excess of expenses are reflected as a refundable advance liability.

B. Grant Awards That Are Exchange Transactions

Exchange transactions are reimbursed based on a predetermined rate for services performed in accordance with the terms of the award and ASC Topic 606. Revenue is recognized when control of the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Amounts received in excess of recognized revenue are reflected as a contract liability.

Rental Income

Rental income is derived primarily from annual leases with tenants. Rental income is recognized when earned.

In-Kind Contributions

In accordance with accounting standards, YCAP records in-kind contributions for food and supplies donations in the consolidated statements of activities. The accounting standard for in-kind requires that only contributions of service received that create or enhance a nonfinancial asset or require specialized skill by the individual possessing those skills and would typically need to be purchased if not provided by donation be recorded. No amounts related to unpaid volunteers have been reported because the criteria for recognition has not been met.

Accounts and Grants Receivable

The Organizations analyze accounts and grants receivables and record an allowance that management believes will reserve for possible losses on existing receivables that may become uncollectible. The evaluations take into consideration such factors as changes in the customer's creditworthiness, prior loss experience, and current economic conditions. An account is considered uncollectible when all collection efforts prove worthless. The Organizations consider accounts and grants receivable to be fully collectible. Accordingly, no allowance for doubtful accounts has been recorded at June 30, 2022 or 2021.

Yamhill Community Action Partnership and Subsidiary

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Inventory

Inventory is stated at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation.

Inventory consists primarily of donated food. A substantial portion of the donated food inventory is stated at \$1.25 per pound as of June 30, 2022 and 2021, as calculated by Feeding America and The Oregon Food Bank. In addition, certain food commodity inventory is stated at values assigned by the U.S. Department of Agriculture.

Amounts held at year-end are considered to be with donor restriction in accordance with grantor requirements.

Property and Equipment

Property and equipment purchased are recorded at cost and depreciated using the straight-line method over the estimated useful life of the asset. Property and equipment are items with a cost of \$5,000 or more and have a useful life of more than one year.

The Organizations report gifts of property and equipment at their estimated fair value as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are reported as with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organizations report expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Property and equipment purchased with grant funds are owned by YCAP while used in the program for which they were purchased or in other future authorized programs. However, the various funding sources have a reversionary interest in the property and equipment purchased with grant funds. The disposition of property and equipment, as well as the ownership of any proceeds therefrom, is subject to funding source regulations. The net book value of property and equipment purchased with grant funds is \$226,349 and \$233,810 at June 30, 2022 and 2021, respectively.

The Organizations review property and equipment periodically to determine potential impairment by comparing the carrying value of the property and equipment with the estimated future undiscounted cash flows expected to result from the use of the assets, including cash flows from disposition. Should the sum of the expected cash flows be less than the carrying value, the Organizations would recognize an impairment loss at that time. No impairment loss was recognized in 2022 or 2021.

Debt Issuance Costs

Debt issuance costs represent costs associated with obtaining the note payable. Unamortized debt issuance costs have been recorded as a reduction to the related debt obligation. The costs are being amortized to interest expense over the maximum term provided in the debt agreement using the straight-line method, which approximates the effective interest method.

Yamhill Community Action Partnership and Subsidiary

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Income Taxes

YCAP is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. It is also exempt from Oregon income taxes.

Camellia Court, L.P. is a single member L.P. and is treated as a disregarded entity for tax purposes. Yamhill Community Action Partnership is the sole partner of this L.P. and the activity of this L.P. is included in Yamhill Community Action Partnership's annual federal and state returns.

The Organizations are required to assess whether it is more likely than not that a tax position will be sustained upon examination on the technical merits of the position assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of that position is not recognized in the consolidated financial statements. The Organizations have determined there are no amounts to record as assets or liabilities related to uncertain tax positions.

Indirect Cost Rate

Joint costs are allocated to benefiting programs using an indirect cost rate. Joint costs are those costs incurred for the common benefit of all organization programs that cannot be readily identified with a final cost objective. A provisional indirect cost rate of 12% of modified total direct costs has been approved by the U.S. Department of Health and Human Services (DHHS). A provisional indirect cost rate is based upon the projected costs of the Organization for the fiscal year under consideration. The Organization adjusts the provisional rate based upon actual experience. This adjusted rate is subject to approval at which time the indirect cost rate becomes final. Any adjustments to the rate will be reflected in the consolidated financial statements when the rate is finalized.

Functional Allocation

The costs of providing the various programs and activities have been summarized on a functional basis in the consolidated statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Personnel costs are allocated based on time and effort reporting. Occupancy and related costs are allocated based on square footage.

Recently Adopted Accounting Pronouncement

As of June 30, 2022, the Organization adopted ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Non-Financial Assets (Topic 958)*, which is intended to improve transparency in reporting contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. ASU No. 2020-07 requires not-for-profit entities to present contributed nonfinancial assets as a separate line item in the consolidated statements of activities, and additional disclosures about contributed nonfinancial assets.

Yamhill Community Action Partnership and Subsidiary

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Upcoming Accounting Pronouncements

In 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which is intended to improve financial reporting on leasing transactions. ASU No. 2016-02 will require lessees to recognize right of use assets and lease obligations for operating and finance leases under terms greater than 12 months. ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2021, with early adoption permitted. The Organizations are currently evaluating the impact of the provisions of ASU Topic 842.

Subsequent Events

Subsequent events have been evaluated through March 7, 2023, which is the date the consolidated financial statements were available to be issued.

Note 2: Liquidity and Availability

The following reflects Organizations' financial assets of June 30, 2022 and 2021, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the consolidated statement of financial position date. The calculation of available financial assets at June 30, 2022 and 2021 is as follows:

	2022	2021
Cash	\$ 2,112,866	\$ 1,258,672
Grants receivable	1,397,995	1,216,721
Accounts receivable	24,377	59,356
Total financial assets at June 30	3,535,238	2,534,749
Less: Accounts payable	(393,922)	(153,942)
Less: Accrued payroll and related liabilities	(75,760)	(114,285)
Less: Accrued vacation	(110,983)	(81,629)
Less: Refundable advance	(524,470)	(39,399)
Less: Net assets with donor restrictions included in financial assets	(864,375)	(865,917)
<u>Total available financial assets</u>	<u>\$ 1,565,728</u>	<u>\$ 1,279,577</u>

The Organizations have no formal liquidity policy and YCAP relies on available grant funding that is requested and received shortly thereafter to ensure it has cash available to meet its current obligations. In addition to the financial assets available, YCAP has grant commitments for future expenses as described in Note 13.

Note 3: Concentration of Risk

The Organizations maintain their cash balances at several financial institutions. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Organizations' cash balances at times exceed insured limits as designated by FDIC. The Organizations have not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk on cash.

Yamhill Community Action Partnership and Subsidiary

Notes to Consolidated Financial Statements

Note 3: Concentration of Risk (Continued)

Financial awards from federal, state and local governmental entities make up 83% and 71% of total revenue for the years ended June 30, 2022 and 2021, respectively. A substantial reduction in the level of this support may have an adverse effect on YCAP's programs and activities.

Note 4: Grants Receivable

Grants receivable at June 30, 2022 and 2021, consisted of the following:

	2022	2021
Federal programs	\$ 909,240	\$ 963,189
State and local programs	488,755	253,532
Totals	\$ 1,397,995	\$ 1,216,721

Note 5: Restricted Cash

The restricted cash balances at June 30, 2022 and 2021, consisted of the following:

	2022	2021
Tenant security deposits	\$ 16,229	\$ 16,151
Operating reserve	45,424	45,420
Replacement reserve	60,084	58,078
Unemployment reserve	47,726	35,174
Totals	\$ 169,463	\$ 154,823

Note 6: Property and Equipment

A summary of property and equipment at June 30, 2022 and 2021 is as follows:

	2022	2021
Land	\$ 355,612	\$ 355,612
Land - partnership	110,290	110,290
Buildings and improvements	2,877,363	2,868,785
Buildings and improvements – partnership	1,486,258	1,486,258
Site improvements	237,902	237,902
Site improvements - partnership	208,946	195,379
Vehicles and equipment	638,328	485,517
Furnishings – partnership	63,246	63,246
Subtotal	5,977,945	5,802,989
Accumulated depreciation	(3,063,035)	(2,877,348)
Property and equipment, net	\$ 2,914,910	\$ 2,925,641

Yamhill Community Action Partnership and Subsidiary

Notes to Consolidated Financial Statements

Note 7: Note Payable

The balance at June 30, consists of the following:

	2022	2021
<u>Camellia Court, L.P.</u>		
Note payable to Bank of America dated December 1, 2005, with 3.779% interest rate and monthly principal and interest payments of \$3,830. The note matures August 1, 2026. The note is secured by a first trust deed on the housing project.	\$ 176,947	\$ 215,433
Subtotals	176,947	215,433
Debt issuance costs, net of accumulated amortization of \$12,873 and \$12,376	(2,026)	(2,523)
Current maturities	(39,966)	(38,486)
<u>Long-term note payable</u>	<u>\$ 134,955</u>	<u>\$ 174,424</u>

Future payments of note payable are as follows:

2023	\$ 39,966
2024	41,503
2025	43,099
2026	44,751
2027	7,628
<u>Total</u>	<u>\$ 176,947</u>

Note 8: Net Assets With Donor Restrictions

At June 30, 2022 and 2021, YCAP had net assets with donor restrictions of \$1,045,263 and \$1,238,322, respectively. These net assets consist of contributions and grants that have been restricted by donors or grantors for the following specific program uses:

	2022	2021
Youth programs	\$ 354,156	\$ 359,100
Food programs	62,088	105,893
Food inventory	180,888	372,405
Client services and shelter programs	433,988	385,499
Energy and weatherization programs	14,143	15,425
<u>Net assets with donor restrictions</u>	<u>\$ 1,045,263</u>	<u>\$ 1,238,322</u>

Net assets of \$536,659 and \$419,805 during the years ended June 30, 2022 and 2021, respectively, were released from restrictions by incurring expenses satisfying the restricted purposes.

Yamhill Community Action Partnership and Subsidiary

Notes to Consolidated Financial Statements

Note 9: Unemployment

The Organization has a self-insured unemployment insurance arrangement with a third-party trustee to provide administration for unemployment claims for the Organization. The Organization makes contributions to a reserve account based primarily upon prior years' experience and unemployment claims are paid from the reserve account. The Organization may 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. The unemployment reserve balance was \$47,726 and \$35,174 at June 30, 2022 and 2021.

Note 10: 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 endowment fund is not recorded in the accompanying consolidated financial statements. The balance in the endowment fund was \$66,453 and 74,543 as of June 30, 2022 and 2021, respectively.

Note 11: Employee Retirement Plan

YCAP has a tax-deferred defined contribution retirement plan under Internal Revenue Code Section 401(k) 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 consolidated 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, 2022 and 2021, were \$43,939 and \$35,246, respectively.

Note 12: Rental Income

Rental income for the years ended June 30, 2022 and 2021 was \$247,510 and \$240,868, respectively, and is from annual leases at Camellia Court.

Yamhill Community Action Partnership and Subsidiary

Notes to Consolidated Financial Statements

Note 12: Rental Income (Continued)

The carrying value of the property leased to others is as follows:

	2022	2021
Land	\$ 110,290	\$ 110,290
Buildings and improvements	1,486,258	1,486,258
Site improvements	208,946	195,379
Furnishings	63,246	63,246
Subtotal	1,868,740	1,855,173
Accumulated depreciation	(1,642,200)	(1,587,534)
Property and equipment, net	\$ 226,540	\$ 267,639

Note 13: Commitments and Contingencies

At June 30, 2022, YCAP had commitments under various grants of approximately \$2,840,000. These commitments are not recognized in the accompanying consolidated financial statements as they are conditional awards.

These grant programs operated by YCAP are subject to audit by agents of grant authorities, the purpose of which is to ensure compliance with grant conditions. Any potential liability for reimbursement, which may arise as a result of such audits, is not believed by YCAP's management, to be material.

Note 14: Contributed Nonfinancial Assets

For the years ending June 30, 2022, contributed nonfinancial assets included in in-kind revenue on the statements of activities are as follows:

	2022	2021	Usage in Programs/Activities	Donor- imposed Restrictions	Valuation Techniques & Inputs
Program services	\$ 128,594	\$ 128,324	All activities	None	Program services are based on current rates of donor services provided by the donor.
Food	1,615,831	2,285,500	All activities	Restricted to distribute to food pantries and soup kitchens in the county.	Value is determined by the State Food Bank.
Equipment	0	7,926	All activities	None	Equipment is based on the estimated fair value on the basis of wholesale value that would be received for selling similar products in the United States.
Totals	\$1,744,425	\$2,421,750			

Supplementary Information

Yamhill Community Action Partnership

Schedule B

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program Title	AL Number	Grant Numbers	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Passed-Through Oregon Food Bank			
Food Distribution Cluster			
Emergency Food Assistance Program Admin	10.568	116527	29,342
Emergency Food Assistance Program Commodities (In-Kind)	10.569	163126	676,223
Total Federal Expenditures - Food Distribution Cluster - AL 10.568, 10.569			705,565
TOTAL U.S. DEPARTMENT OF AGRICULTURE			705,565
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed-Through Oregon Department of Housing and Community Services			
Emergency Shelter Grant Program 2021	14.231	E-19-DC-41-0001	20,363
Emergency Shelter Grant Program CV2	14.231	E-20-DW-41-0001	177,759
Emergency Shelter Grant Program CV2	14.231	E-20-DW-41-0001	39,405
COVID-19 Emergency Shelter Grant Program	14.231	E-20-DW-41-0001	25,100
Total Federal Expenditures - AL 14.231			262,627
Home TBA	14.239	M-19-SC-41-0100	36,764
Direct Support			
Continuum of Care	14.267	OR0233L0E52004	78,611
Continuum of Care	14.267	OR0084LOE52013	33,654
Continuum of Care	14.267	OR0292L0E52001	86,860
Continuum of Care	14.267	OR0264L0E52002	43,056
Passed-Through United Community Action Network			
Continuum of Care	14.267	N/A	108,398
Total Federal Expenditures - AL 14.267			350,579
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			649,970

See Independent Auditor's Report.

See Notes to Schedule of Expenditures of Federal Awards.

Yamhill Community Action Partnership

Schedule B

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program Title	AL Number	Grant Numbers	Federal Expenditures
U.S. DEPARTMENT OF THE TREASURY			
Passed-Through Oregon Department of Housing and Community Services			
COVID-19 - Coronavirus Relief Fund	21.019	N/A	1,304,819
Passed-Through Oregon Department of Housing and Community Services			
COVID-19 - Emergency Rental Assistance Program	21.023	6193	5,194,170
Passed-Through City of Newberg			
COVID-19 - Coronavirus State and Local Fiscal Recovery Fund ARPA	21.027	N/A	7,012
TOTAL U.S. DEPARTMENT OF THE TREASURY			6,506,001
U.S. DEPARTMENT OF VETERANS AFFAIRS			
Passed-Through Community Action Partnership of Oregon			
VA Supportive Services Shallow Subsidies	64.033	20-OR-430	4,319
VA Supportive Services for Veteran Families Program	64.033	20-OR-430	421,484
Total Federal Expenditures - AL 64.033			425,803
TOTAL U.S. DEPARTMENT OF VETERANS AFFAIRS			425,803
U.S. DEPARTMENT OF ENERGY			
Passed-Through Oregon Department of Housing and Community Services			
DOE Weatherization	81.042	DE-EE0007945	122,625
BPA Weatherization and TTA	81.042	83358	61,968
Total Federal Expenditures - AL 81.042			184,593
TOTAL U.S. DEPARTMENT OF ENERGY			184,593
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed-Through Oregon Health Authority			
COVID-19 - Coronavirus Relief Fund	93.323	165756	25,000
Direct Funding			
Transitional Living for Homeless Youth	93.550	90CX713705	158,733
COVID-19 Transitional Living for Homeless Youth	93.550	90CX713703C3	5,645
Total Federal Expenditures - AL 93.550			164,378

See Independent Auditor's Report.

See Notes to Schedule of Expenditures of Federal Awards.

Yamhill Community Action Partnership

Schedule B

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program Title	AL Number	Grant Numbers	Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED)			
Passed-Through Oregon Department of Housing and Community Services			
Low Income Household Water Assistance	93.499	2120ORLWC6	19,482
Direct Funding			
Street Outreach	93.557	90YO24240	86,223
Passed-Through Oregon Department of Housing and Community Services			
Temporary Assistance for Needy Families - HSP	93.558	2001ORTANF	34,067
Low Income Home Energy Assistance Program:			
Energy Assistance and Administration 2022	93.568	2001ORLIEA	453,809
Energy Assistance and Administration 2021	93.568	2102ORLIEA	59,407
EAP Weatherization 2022	93.568	2001ORLIEA	27,500
EAP Weatherization 2021	93.568	2102ORLIEA	46,430
COVID-19 Energy Assistance and Administration ARPA	93.568	2102ORE5C6	702,823
COVID-19 EAP Weatherization ARPA	93.568	2102ORE5C6	147,395
COVID-19 Energy Assistance and Administration	93.568	2001ORE5C3	15,920
COVID-19 EAP Weatherization	93.568	2001ORE5C3	3,509
Total Federal Expenditures - AL 93.568			1,456,793
Community Services Block Grant 2022	93.569	2202ORCOSR	99,780
Community Services Block Grant 2021	93.569	2102ORCOSR	127,881
COVID-19 Community Services Block Grant	93.569	2001ORCSC3	105,490
Total Federal Expenditures - AL 93.569			333,151
Direct Funding			
Basic Center Grants	93.623	90CY696903	159,958
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			2,279,052
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed-Through United Way			
Emergency Food and Shelter National Program	97.024	36-7170-00	78,402
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			78,402
TOTAL FEDERAL EXPENDITURES			\$ 10,829,386

See Independent Auditor's Report.

See Notes to Schedule of Expenditures of Federal Awards.

Yamhill Community Action Partnership

Notes to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2022

Note 1 - Basis of Presentation

The Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of Yamhill Community Action Partnership under programs of the federal government for the year ended June 30, 2022. 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 Yamhill Community Action Partnership, it is not intended to and does not present the financial position, changes in net assets or cash flows of Yamhill Community Action Partnership.

Note 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.

Note 3 - Indirect Cost Allocation

Yamhill Community Action Partnership has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4 - Subrecipients

Yamhill Community Action Partnership does not have subrecipients or subrecipient expenditures.

Camellia Court Housing Project

Schedules of Assets, Liabilities, and Net Assets

June 30, 2022 and 2021

<i>Assets</i>	2022	2021
Current assets:		
Cash	\$ 129,739	\$ 109,869
Tenant receivables	19,384	12,781
Prepaid expenses	3,605	3,416
Total current assets	152,728	126,066
Restricted deposits:		
Tenant security deposits	16,229	16,151
Operating reserve	45,424	45,420
Replacement reserve	60,084	58,078
Total restricted deposits	121,737	119,649
Property & equipment, net	226,540	267,639
TOTAL ASSETS	\$ 501,005	\$ 513,354
<i>Liabilities and Net Assets</i>		
Current liabilities:		
Current portion of note payable	\$ 39,966	\$ 38,486
Accounts payable	6,211	4,267
Accrued interest payable	557	678
Prepaid rent	4,283	102
Total current liabilities	51,017	43,533
Tenant Security deposits	16,229	16,151
Long-term liabilities:		
Notes payable, net	134,955	174,424
Total long-term liabilities	134,955	174,424
Total liabilities	202,201	234,108
Net assets without donor restrictions	298,804	279,246
TOTAL LIABILITIES AND NET ASSETS	\$ 501,005	\$ 513,354

Camellia Court Housing Project

Schedules of Revenue and Expenses

Years Ended June 30, 2022 and 2021

	2022	2021
Revenue:		
Rent revenue	\$ 247,510	\$ 240,868
Interest income	11	35
Fees and reimbursements	5,147	4,163
Total revenue	252,668	245,066
Operating expenses:		
Administrative	65,529	53,905
Utilities	47,251	43,463
Maintenance and operating	47,443	50,120
Taxes and insurance	10,365	10,030
Total operating expenses	170,588	157,518
Net operating income	82,080	87,548
Other expenses:		
Interest expense	7,855	9,285
Changes in net assets before depreciation	74,225	78,263
Depreciation expense	54,667	54,667
Changes in net assets without donor restrictions	\$ 19,558	\$ 23,596

Camellia Court Housing Project

Schedules of Expenses

Years Ended June 30, 2022 and 2021

	2022	2021
Administrative expenses:		
Property management fee	\$ 15,014	\$ 13,939
Managers payroll	29,174	19,433
Managers rent free rent	8,400	8,400
Advertising	823	864
Compliance fees	720	720
Office supplies	2,103	2,560
Telephone	3,817	4,026
Miscellaneous expenses	5,478	3,963
Total administrative expenses	65,529	53,905
Utilities:		
Electricity	3,994	3,536
Water and sewer	29,495	30,250
Garbage	13,762	9,677
Total utilities expense	47,251	43,463
Maintenance and operating:		
Maintenance staff payroll	4,568	12,048
Maintenance and repairs	42,875	38,072
Total maintenance and operating	47,443	50,120
Taxes and insurance:		
Payroll taxes	2,892	3,117
Workers compensation insurance	383	415
Licenses and taxes	50	153
Property and liability insurance	7,040	6,345
Total taxes and insurance	10,365	10,030
Other expenses:		
Interest on note payable	7,358	8,788
Interest - amortized debt issuance costs	497	497
Depreciation expense	54,667	54,667
Total other expenses	62,522	63,952
Total expenses	\$ 233,110	\$ 221,470

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*

Board of Directors
Yamhill Community Action Partnership and Subsidiary
McMinnville, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of Yamhill Community Action Partnership (a nonprofit organization) and Subsidiary, which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated March 7, 2023. The financial statements of the subsidiary were not audited in accordance with *Government Auditing Standards* and, accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the subsidiary.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Yamhill Community Action Partnership’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 consolidated 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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Yamhill Community Action Partnership's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. 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 Yamhill Community Action Partnership's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Yamhill Community Action Partnership's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Wipfli LLP
Madison, Wisconsin

March 7, 2023

Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

Board of Directors
Yamhill Community Action Partnership and Subsidiary
McMinnville, Oregon

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Yamhill Community Action Partnership's (a nonprofit organization) 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, 2022. 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.

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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Yamhill Community Action Partnership and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Yamhill Community Action Partnership's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Yamhill Community Action Partnership's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Yamhill Community Action Partnership's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about Yamhill Community Action Partnership's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Yamhill Community Action Partnership's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Yamhill Community Action Partnership's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Yamhill Community Action Partnership's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Wipfli LLP

Wipfli LLP
Madison, Wisconsin

March 7, 2023

Yamhill Community Action Partnership

Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

Section I - Summary of Auditor's Results

Consolidated Financial Statements

Type of auditor's report issued?	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified?	None Reported
Noncompliance material to consolidated financial statements noted?	No

Federal Awards

Internal control over major federal programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	None Reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance [2 CFR 200.516(a)]	No

Identification of major federal programs:

<u>Name of Federal Major Program or Cluster</u>	<u>AL No.</u>
COVID-19 Emergency Rental Assistance Program	21.023
Low-income Home Energy Assistance Program	93.568
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Section IV - Summary Schedule of Prior Year Findings

None