

**YAMHILL COMMUNITY ACTION
PARTNERSHIP**

FINANCIAL STATEMENTS

WITH INDEPENDENT AUDITOR'S REPORT

**YEAR ENDED JUNE 30, 2019
With Comparative Totals for 2018**

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YAMHILL COMMUNITY ACTION PARTNERSHIP

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INDEPENDENT AUDITOR'S REPORT

January 28, 2020

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, 2019 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.

January 28, 2020
Yamhill Community Action Partnership
Board of Directors

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, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

The firm of Markusen & Schwing previously audited the Yamhill Community Action Partnership's 2018 financial statements, and expressed an unmodified audit opinion on those audited financial statements in their report dated December 10, 2018. In my opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Emphasis of a Matter

As discussed in Note 4, during the year ended June 30, 2019 Yamhill Community Action Partnership adopted Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. My opinion is not modified with respect to this matter.

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 basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In 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 January 28, 2020 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 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 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

YAMHILL COMMUNITY ACTION PARTNERSHIP
STATEMENT OF FINANCIAL POSITION
June 30, 2019 with Comparative Totals as of June 30, 2018

ASSETS

Current Assets:	2019	2018
Cash	\$ 457,230	\$ 702,483
Cash - restricted for unemployment coverage	41,258	44,401
Grants and contracts receivable	613,663	206,479
Accounts receivable	11,721	18,339
Prepaid expenses	26,365	12,528
Inventory - food	164,825	162,050
Total current assets	<u>1,315,062</u>	<u>1,146,280</u>
Property, Facilities and Equipment, net of accumulated depreciat	<u>3,170,634</u>	<u>3,293,713</u>
Restricted Deposits and Funded Reserves	<u>109,550</u>	<u>105,290</u>
 Total Assets	 <u>\$ 4,595,246</u>	 <u>\$ 4,545,283</u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Current portion of long-term debt	\$ 35,192	\$ 33,871
Accounts payable	175,149	74,435
Accrued payroll and related costs	88,583	91,670
Accrued vacation pay	53,943	61,922
Accrued interest payable	908	1,016
Other current liabilities	5,034	3,185
Total current liabilities	<u>358,809</u>	<u>266,099</u>
Deposit Liabilities - Tenant security deposits	<u>15,123</u>	<u>14,905</u>
Long-Term Debt, less current portion	<u>249,475</u>	<u>284,667</u>
Total Liabilities	<u>623,407</u>	<u>565,671</u>
Net Assets		
Without Donor Restriction	3,321,744	3,577,837
With Donor Restriction	650,095	401,775
Total net assets	<u>3,971,839</u>	<u>3,979,612</u>
Total Liabilities and Net Assets	<u>\$ 4,595,246</u>	<u>\$ 4,545,283</u>

YAMHILL COMMUNITY ACTION PARTNERSHIP
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year ended June 30, 2019 with Comparative Totals for the year ended June 30, 2018

	2019		Totals	2018 Totals
	Without Donor Restriction	With Donor Restriction		
Revenues and Other Support				
Grants and contracts	\$ 3,533,591	\$ 262,363	\$ 3,795,954	\$ 3,205,769
Contributions	441,475	25,679	467,154	477,103
Program revenue	414,428	-	414,428	397,832
In-kind donations	2,273,996	164,825	2,438,821	2,277,718
Fundraising revenue	48,871	-	48,871	51,566
Other revenue	44,740	-	44,740	110,535
Total Revenues and Other Support	6,757,101	452,867	7,209,968	6,520,523
Net Assets Release from Restriction	204,547	(204,547)	-	-
Total Revenues and Other Support	6,961,648	248,320	7,209,968	6,520,523
Expenses				
Program Services				
Community development	35,044	-	35,044	38,202
Energy assistance and weatherization	1,575,952	-	1,575,952	1,417,381
Food	2,823,797	-	2,823,797	2,647,780
Client services and shelters	1,265,045	-	1,265,045	961,620
Camellia Court housing project	246,464	-	246,464	208,087
Youth	489,957	-	489,957	488,194
Total Program Services	6,436,259	-	6,436,259	5,761,264
Supporting Services				
Fund development and fundraising	155,927	-	155,927	148,628
General and administrative	625,555	-	625,555	513,582
Total Supporting Services	781,482	-	781,482	662,210
Total Expenses	7,217,741	-	7,217,741	6,423,474
Change in Net Assets	(256,093)	248,320	(7,773)	97,049
Net Assets, Beginning of Year	3,577,837	401,775	3,979,612	3,882,563
Net Assets, End of Year	<u>\$ 3,321,744</u>	<u>\$ 650,095</u>	<u>\$ 3,971,839</u>	<u>\$ 3,979,612</u>

YAMHILL COMMUNITY ACTION PARTNERSHIP
STATEMENT OF FUNCTIONAL REVENUES AND EXPENSES
Year Ended June 30, 2019 with Comparative Totals for the year ended June 30, 2018

	<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	\$ 13,422	\$ 1,539,732	\$ 173,831	\$ 1,350,215
Contributions	-	5,067	230,703	54,263
Program revenue	-	335	180,951	7,052
In-kind donations	-	118,195	2,308,626	-
Fundraising revenue	-	9,771	9,789	9,770
Other revenue	-	33,656	1,819	-
Total Revenue and Other Support	<u>13,422</u>	<u>1,706,756</u>	<u>2,905,719</u>	<u>1,421,300</u>
Expenses				
Personnel	24,737	403,520	312,775	474,991
Contracted services	4,051	3,310	3,118	3,585
Weatherization installation	-	296,782	-	-
Client assistance	-	711,838	11,231	626,836
In-kind	-	118,195	2,308,626	-
In-kind food inventory adjustment	-	-	(2,775)	-
Vehicle costs	-	3,902	25,172	4,242
Travel costs	-	5,125	1,877	1,800
Space and interest	-	-	583	44,704
Telephone	-	1,060	1,585	5,004
Supplies and publications	628	10,472	115,946	20,234
Equipment repairs and rent	-	5,030	12,491	38,940
Printing and photocopying	-	2,867	24	10,775
Insurance	-	3,324	-	2,883
Training and recruitment	1	6,248	2,953	15,723
Miscellaneous	501	4,279	238	519
Fundraising	5,126	-	4,599	-
Sub-total expenses	<u>35,044</u>	<u>1,575,952</u>	<u>2,798,443</u>	<u>1,250,236</u>
Depreciation				
Grant-funded	-	-	22,475	5,662
Agency-funded	-	-	2,879	9,147
Total Depreciation	<u>-</u>	<u>-</u>	<u>25,354</u>	<u>14,809</u>
Total Functional Expenses	<u>35,044</u>	<u>1,575,952</u>	<u>2,823,797</u>	<u>1,265,045</u>
General and administrative expense	<u>4,874</u>	<u>136,535</u>	<u>139,136</u>	<u>145,579</u>
Total Expenses	<u>39,918</u>	<u>1,712,487</u>	<u>2,962,933</u>	<u>1,410,624</u>
Change in Net Assets by Function	<u>\$ (26,496)</u>	<u>\$ (5,731)</u>	<u>\$ (57,214)</u>	<u>\$ 10,676</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 2019	Totals 2018
\$ -	\$ 711,978	\$ 5,032	\$ 1,744	\$ 3,795,954	\$ 3,205,769
-	37,587	139,534	-	467,154	477,103
225,835	255	-	-	414,428	397,832
-	12,000	-	-	2,438,821	2,277,718
-	9,770	9,771	-	48,871	51,566
44	2,000	4,637	2,584	44,740	110,535
<u>225,879</u>	<u>773,590</u>	<u>158,974</u>	<u>4,328</u>	<u>7,209,968</u>	<u>6,520,523</u>
-	305,695	112,897	364,488	1,999,103	1,747,100
90,117	18,713	6,400	42,223	171,517	179,462
-	-	-	-	296,782	224,244
-	38,413	-	5	1,388,323	1,232,058
-	12,000	-	-	2,438,821	2,269,981
-	-	-	-	(2,775)	(1,437)
-	7,254	46	764	41,380	35,346
-	4,601	622	266	14,291	18,165
86,730	66,558	448	33,907	232,930	165,636
3,276	11,796	484	12,095	35,300	33,647
3,670	9,047	3,549	34,659	198,205	174,558
-	7,423	167	10,981	75,032	32,016
-	308	27	6,590	20,591	12,928
5,317	1,077	-	10,739	23,340	27,333
-	4,072	1,202	31,036	61,235	55,298
1,183	47	1,461	1,110	9,338	7,896
-	-	28,624	-	38,349	43,233
<u>190,293</u>	<u>487,004</u>	<u>155,927</u>	<u>548,863</u>	<u>7,041,762</u>	<u>6,257,464</u>
-	2,278	-	-	30,415	12,036
56,171	675	-	76,692	145,564	153,974
<u>56,171</u>	<u>2,953</u>	<u>-</u>	<u>76,692</u>	<u>175,979</u>	<u>166,010</u>
246,464	489,957	155,927	625,555	7,217,741	6,423,474
-	55,273	23,290	(504,687)	-	-
<u>246,464</u>	<u>545,230</u>	<u>179,217</u>	<u>120,868</u>	<u>7,217,741</u>	<u>6,423,474</u>
<u>\$ (20,585)</u>	<u>\$ 228,360</u>	<u>\$ (20,243)</u>	<u>\$ (116,540)</u>	<u>\$ (7,773)</u>	<u>\$ 97,049</u>

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

Year Ended June 30, 2019 with Comparative Totals for the year ended June 30, 2018

	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ (7,773)	\$ 97,049
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	175,979	166,010
Interest-amortized debt issuance costs	497	497
Net change in operating assets and liabilities:		
Grants and contracts receivable	(407,184)	98,721
Accounts receivable	6,618	15,766
Prepaid expenses	(13,837)	(1,762)
Inventory	(2,775)	(1,437)
Accounts payable	100,714	(8,050)
Accrued payroll and related costs	(3,087)	1,795
Accrued vacation pay	(7,979)	12,837
Accrued interest payable	(108)	(104)
Other current liabilities	1,849	2,230
Deposit liability	218	1,245
Net cash provided (used) by operating activities	(156,868)	384,797
Cash flows from investing activities:		
(Increase) decrease in cash - restricted	3,143	3,276
(Increase) in restricted deposits and funded reserves	(4,260)	(5,289)
Purchases of property, plant and equipment	(52,900)	(266,332)
Net cash (used) by investing activities	(54,017)	(268,345)
Cash flows from financing activities:		
Principal payments on long-term debt	(34,368)	(33,095)
Net cash (used) by financing activities	(34,368)	(33,095)
Net change in cash	(245,253)	83,357
Cash, beginning of year	702,483	619,126
Cash, end of year	\$ 457,230	\$ 702,483
Supplemental disclosure of cash flows information:		
Cash paid during year for income taxes	\$ -	\$ -
Cash paid during year for interest charged to expense	\$ 12,310	\$ 14,904

**NOTES TO
FINANCIAL STATEMENTS**

YAMHILL COMMUNITY ACTION PARTNERSHIP
Notes to Financial Statements
June 30, 2019 and 2018

1. The Organization

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

Client Services and Housing assists hundreds of individuals and families annually with transitional shelter, stable housing search, rental assistance, emergency financial support, case management and resource referral, among other services. This includes a specialized homeless veterans program. During the year ended June 30, 2019 YCAP's Energy Services provided approximately 1,000 households with emergency utility bill support, and weatherized over 30 homes to help improve efficiency and lower energy costs. YCAP's Food Bank collected and distributed approximately 1.4 million pounds of food to over 35 partner pantries, community meal sites, public housing complexes, a senior center and four elementary schools throughout the county. Youth Services programs support young people ages 11-21 with a safe place to hang out or stay overnight, longer term housing, youth leadership and life skills training, job placement, and more.

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

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

2. Summary of Significant Accounting Policies

Basis of Presentation

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 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

YAMHILL COMMUNITY ACTION PARTNERSHIP
Notes to Financial Statements
June 30, 2019 and 2018

2. Summary of Significant Accounting Policies – Continued

Basis of Presentation – Continued

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

Grant, Contracts and Contributions: YCAP receives grants from government sources and private foundations. Government grants, which generally reflect cost reimbursement agreements, are recognized when earned. Unconditional promises to give are recorded as revenue at estimated net realizable value 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, 2019 and 2018 are fully collectible.

YAMHILL COMMUNITY ACTION PARTNERSHIP
Notes to Financial Statements
June 30, 2019 and 2018

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, 2019 and 2018, 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, 2019 and 2018.

YAMHILL COMMUNITY ACTION PARTNERSHIP
Notes to Financial Statements
June 30, 2019 and 2018

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, 2019 and 2018

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, 2016 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, 2019 and 2018.

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, 2019 and 2018, cash exceeded federally insured limits by \$142,111 and \$385,053, 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, 2019 and 2018

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, 2019 and 2018.

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 12.1% for the year ended June 30, 2019, and final rate was 14.4% for the year ended June 30, 2018.

Summary of Financial Information for 2018

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, 2018, 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, 2019 and 2018

4. New Accounting Pronouncement

On August 18, 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. YCAP has adjusted the presentation of its financial statements accordingly, applying the changes retrospectively to the comparative period presented. The new standards change the following aspects of YCAP's financial statements:

- The unrestricted net asset class has been included in net assets without donor restriction.
- The temporarily restricted net asset class and deferred revenue of nonreciprocal transactions have been combined into net assets with donor restriction.
- The financial statements include a new disclosure about liquidity and availability of resources (Note 5).

The changes have the following effect on net assets and deferred revenue at June 30, 2018:

<u>Net Asset Class</u>	<u>As Originally Presented</u>	<u>After Adoption of ASU 2016-14</u>
Unrestricted net assets	\$ 3,577,837	\$ -
Temporarily restricted net assets	392,993	-
Deferred revenue	8,782	
Net assets without donor restriction	-	3,577,837
Net assets with donor restriction	-	401,775
	<u>\$ 3,979,612</u>	<u>\$ 3,979,612</u>

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.

Restatement of Prior-Year Net Assets and Change in Net Assets

As a result of the new accounting pronouncement for the year ended June 30, 2018 total net assets were increased \$8,782, from \$3,970,830 to \$3,979,612, and change in net assets was decreased \$16,372, from \$113,421 to \$97,049.

YAMHILL COMMUNITY ACTION PARTNERSHIP

Notes to Financial Statements

June 30, 2019 and 2018

5. Liquidity and Availability of Financial Assets

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

	<u>2019</u>	<u>2018</u>
Financial assets:		
Cash	\$ 498,488	\$ 746,884
Grants and contracts receivable	613,663	206,479
Receivables	<u>11,721</u>	<u>18,339</u>
Total financial assets	1,123,872	971,702
Less amounts not available to be used within one year:		
Cash – restricted for unemployment coverage	<u>41,258</u>	<u>44,401</u>
 Financial assets available to meet general expenditures within one year:	 <u>\$ 1,082,614</u>	 <u>\$ 927,301</u>

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.

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 statements 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>2019</u>	<u>2018</u>
Oregon Department of Housing and Community Services		
LIHEAP Energy Programs	\$ 20,694	\$ 10,474
LIHEAP Weatherization and Education Programs	16,329	11,985
DOE Weatherization and Education Programs	14,117	18,105
ECHO Weatherization and Education Programs	9,662	27,263
BPA Weatherization Programs	5,269	8,606
OEA Weatherization Programs	16,414	5,863
Home TBA	21,342	3,580
EHA	187,143	13,444
Others	2,254	-
HSP	2,512	3,882

YAMHILL COMMUNITY ACTION PARTNERSHIP
Notes to Financial Statements
June 30, 2019 and 2018

6. Grants and Contracts Receivable – Continued

	<u>2019</u>	<u>2018</u>
Oregon Department of Housing and Community Services - Continued		
SHAP	67,810	9,884
OLGA	100	25
Community Services Block Grant	5,712	7,602
U.S. Department of Health and Human Services		
RHY – SOP Youth	18,489	6,648
Basic Center Grants – Youth	51,116	12,379
Transitional Living Program – Youth	25,716	16,116
U.S. Department of Housing and Urban Development		
Continuum of Care	23,160	26,139
United Community Action Network		
Continuum of Care	41,961	9,002
Oregon Department of Human Services		
Supplemental Nutrition Assistance Program	2,121	1,873
Oregon Food Bank		
TEFAP	11,079	-
Trade Mitigation	4,801	-
Oregon Hunger Relief Fund	22,241	-
Network	7,423	-
Community Action Partnership of Oregon		
VA Supportive Services for Veteran Families Program	15,304	13,357
Federal Emergency Management Agency		
Food Bank	15,931	-
Others	4,963	252
	<u>\$ 613,663</u>	<u>\$ 206,479</u>

7. Property, Facilities and Equipment

Property, facilities and equipment as of June 2019 and 2018 consist of the following:

	<u>2019</u>	<u>2018</u>
Land	\$ 465,902	\$ 465,902
Buildings and improvements	4,271,727	4,271,727
Site improvements	433,281	433,281
Vehicles	324,420	299,355
Furniture and equipment	210,873	183,038
	5,706,203	5,653,303
Less accumulated depreciation	2,535,569	2,359,590
	<u>\$ 3,170,634</u>	<u>\$ 3,293,713</u>

YAMHILL COMMUNITY ACTION PARTNERSHIP
Notes to Financial Statements
June 30, 2019 and 2018

8. Restricted Deposits and Funded Reserves

Restricted cash balances related to the Camellia Court Project as of June 2019 and 2018 are comprised of the following:

	<u>2019</u>	<u>2018</u>
Tenant security deposits	\$ 15,123	\$ 14,905
Operating reserve	45,387	45,367
Replacement reserve	<u>49,040</u>	<u>45,018</u>
	<u>\$ 109,550</u>	<u>\$ 105,290</u>

Tenant security deposits are held in a separate bank account for refundable tenant security deposits. As of June 30, 2019 and 2018, 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, 2019 and 2018, 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, 2019 and 2018, the reserve was funded as required.

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, 2019 and June 30, 2018 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, 2019 and 2018 were \$23,226 and \$20,451, respectively.

YAMHILL COMMUNITY ACTION PARTNERSHIP
Notes to Financial Statements
June 30, 2019 and 2018

10. Long-Term Debt

Long-term debt at June 30, 2019 and 2018 consists of the following:

	2019	2018
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.	\$ 288,184	\$ 322,551
Less unamortized debt issuance costs	3,517	4,013
	284,667	318,538
Less current portion	35,192	33,871
	\$ 249,475	\$ 284,667

Debt issuance costs are being amortized to interest expense over the term of the loan. For both 2019 and 2018, amortization expense for debt issuance costs was \$497.

Aggregate maturities of long-term debt as of June 30, 2019 for the next five years are as follows:

2020	\$ 35,192
2021	36,564
2022	37,990
2023	39,469
2024	41,006
Thereafter	94,446
Total	\$ 284,667

11. Commitment and Contingencies

YCAP rents and leases facilities and equipment under month-to-month rental agreements and non-cancelable operating leases that expire in September 2020. Monthly facility rent will be adjusted annually to reflect the most recent twelve-month increase in the Portland CPI all-urban index.

Minimum rental commitments under non-cancelable operating leases at June 30, 2019 are as follows:

Year ended June 30,	
2020	\$ 4,464
2021	1,116
Total	\$ 5,580

Total rent expense for years ended June 30, 2019 and 2018 was \$66,026 and \$57,811, respectively.

YAMHILL COMMUNITY ACTION PARTNERSHIP
Notes to Financial Statements
June 30, 2019 and 2018

12. Construction Defect Settlement

YCAP contracted with a general contractor to construct its new facility that was completed in the autumn of 2011. In September 2013, the building experienced a major water intrusion event. YCAP's legal counsel notified the liability insurance carrier that provided coverage to the contractors involved of the imminent claim for property damages and deficient workmanship. In July 2016, YCAP received a final settlement in the amount of \$175,000, which in the opinion of management should cover the cost of necessary repairs to the building as well as its out-of-pocket legal fees that were charged to expense.

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

13. Net Assets with Donor Restriction

Net assets with donor restriction at June 30, 2019 and 2018 consist of the following:

	<u>2019</u>	<u>2018</u>
Youth program grants and donations	\$ 260,255	\$ 69,520
Food program grants and donations	50,549	27,330
Food inventory	164,825	162,050
Client services and shelters grants and donations	150,889	108,234
Energy and weatherization grants and donations	<u>23,577</u>	<u>34,641</u>
	<u>\$ 650,095</u>	<u>\$ 401,775</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

YAMHILL COMMUNITY ACTION PARTNERSHIP

Notes to Financial Statements

June 30, 2019 and 2018

15. McMinnville Area Community Foundation – Continued

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.

16. Subsequent Events

YCAP has evaluated events and transactions occurring after June 30, 2019 through January 28, 2020, the date the financial statements were available for issuance, for potential recognition or disclosure in the financial statements and have concluded no other subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

AUDITED SUPPLEMENTARY INFORMATION

CAMELLIA COURT HOUSING PROJECT
SCHEDULE OF ASSETS, LIABILITIES AND NET ASSETS
June 30, 2019 and 2018

ASSETS

Current Assets:	2019	2018
Cash	\$ 64,618	\$ 66,931
Tenant receivables	1,082	1,741
Prepaid expenses	1,939	2,076
Total current assets	<u>67,639</u>	<u>70,748</u>
Restricted Deposits and Funded Reserves		
Tenant security deposits	15,123	14,905
Operating reserve	45,387	45,367
Replacement reserve	49,039	45,018
Total restricted deposits and funded reserves	<u>109,549</u>	<u>105,290</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	1,478,200	1,424,642
Net book value	<u>376,973</u>	<u>430,531</u>
Total Assets	<u>\$ 554,161</u>	<u>\$ 606,569</u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Current portion of long-term debt	\$ 35,192	\$ 33,871
Accounts payable	5,899	3,964
Accrued interest payable	908	1,016
Prepaid rent	10	7
Total current liabilities	<u>42,009</u>	<u>38,858</u>
Deposit Liabilities - Tenant security deposits	<u>15,123</u>	<u>14,905</u>
Long-Term Debt, less current portion	<u>249,475</u>	<u>284,667</u>
Total Liabilities	306,607	338,430
Net Assets - Without Donor Restriction	<u>247,554</u>	<u>268,139</u>
Total Liabilities and Net Assets	<u>\$ 554,161</u>	<u>\$ 606,569</u>

**CAMELLIA COURT HOUSING PROJECT
SCHEDULE OF REVENUE AND EXPENSES
Years ended June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
Revenue		
Gross potential rental income	\$ 221,240	\$ 215,022
Vacancies	-	(1,999)
Total current assets	<u>221,240</u>	<u>213,023</u>
Interest income	44	24
Other fees and reimbursements	<u>4,595</u>	<u>5,015</u>
Total Revenue	<u>225,879</u>	<u>218,062</u>
 Operating Expenses		
Administrative	48,645	50,055
Utilities	41,051	28,372
Maintenance and operating	79,140	51,840
Taxes and insurance	<u>9,317</u>	<u>8,782</u>
	<u>178,153</u>	<u>139,049</u>
 Net Operating Income	<u>47,726</u>	<u>79,013</u>
 Other Expenses		
Interest expense	<u>12,140</u>	<u>13,263</u>
 Change in net assets before depreciation	35,586	65,750
 Depreciation Expense	<u>56,171</u>	<u>55,775</u>
 Change in Net Assets	<u>\$ (20,585)</u>	<u>\$ 9,975</u>

CAMELLIA COURT HOUSING PROJECT
SCHEDULE OF EXPENSES
Years ended June 30, 2019 and 2018

	2019	2018
Administrative		
Property management fee	\$ 13,566	\$ 13,035
Managers payroll	17,375	17,394
Managers rent free rent	8,400	8,400
Bad debt expense	667	960
Advertising	431	1,049
Compliance fees	600	600
Office supplies	2,255	2,557
Telephone	3,276	3,137
Miscellaneous expense	2,075	2,923
	\$ 48,645	\$ 50,055
 Utilities		
Electricity	\$ 2,450	\$ 2,940
Water and sewer	31,066	18,059
Garbage	7,535	7,373
	\$ 41,051	\$ 28,372
 Maintenance and Operating		
Maintenance staff payroll	\$ 15,950	\$ 15,153
Landscape maintenance	8,194	8,864
Maintenance and repairs	54,996	27,823
	\$ 79,140	\$ 51,840
 Taxes and Insurance		
Payroll taxes	\$ 3,329	\$ 2,932
Workers compensation insurance	521	568
Licenses and taxes	150	50
Property and liability insurance	5,317	5,232
	\$ 9,317	\$ 8,782
 Interest Expense		
Interest on mortgage	\$ 11,643	\$ 12,766
Interest - amortized debt issuance costs	497	497
	\$ 12,140	\$ 13,263