
Oregon Coast Community Action

An Oregon Non-Profit Corporation

Financial Statements

**For the Fiscal Year Ended June 30, 2021
With Comparative Totals for 2020**

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Independent Auditor's Report

To the Board of Directors
Oregon Coast Community Action
Coos Bay, OR

Report on the Financial Statements

We have audited the accompanying financial statements of Oregon Coast Community Action (ORCCA), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. The prior year summarized comparative information has been derived from ORCCA's 2020 financial statements and, in our report dated April 13, 2021, we expressed an unqualified opinion on those financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our 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 we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ORCCA as of June 30, 2021, 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.

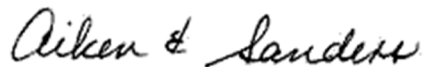
Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our 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*, we have also issued our report dated September 29, 2022, on our consideration of ORCCA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ORCCA's internal control over financial reporting and compliance.



Aiken & Sanders, Inc., PS
Certified Public Accountants
& Consultants

September 29, 2022

Oregon Coast Community Action

Statement of Financial Position

(With Comparative Totals for June 30, 2020)

Year Ended June 30, 2021

	<u>2021</u>	<u>2020</u>
Assets		
Current Assets		
Cash & Cash Equivalents	\$ 695,465	\$ 1,330,298
Grants & Accounts Receivable	3,206,304	1,321,637
Prepaid Expense	400	41,830
Other	171,846	69,445
Total Current Assets	<u>4,074,015</u>	<u>2,763,210</u>
Non-Current Assets		
Loan Receivable	2,333,965	2,333,965
Property & Equipment	9,701,050	9,512,665
Total Non-Current Assets	<u>12,035,015</u>	<u>11,846,630</u>
Total Assets	<u>\$ 16,109,030</u>	<u>\$ 14,609,840</u>
Liabilities & Net Assets		
Current Liabilities		
Accounts Payables & Accrued Liabilities	\$ 881,451	\$ 271,060
Accrued Payroll & Related Liabilities	235,406	273,444
Accrued Compensated Absences	204,462	122,031
Security Deposits	22,662	21,771
Deferred Revenue	545,406	248,854
Line of Credit	250,000	-
Current Portion of Long-Term Debt	123,497	697,341
Total Current Liabilities	<u>2,262,884</u>	<u>1,634,501</u>
Long-Term Liabilities		
Notes Payable	4,229,320	4,317,946
Total Long-Term Liabilities	<u>4,229,320</u>	<u>4,317,946</u>
Total Liabilities	<u>6,492,204</u>	<u>5,952,447</u>
Net Assets		
Without Donor Restrictions		
Available for Current Operations	3,737,626	3,275,923
Net Investment in Property & Equipment	5,348,233	4,986,715
Total Net Assets Without Donor Restrictions	<u>9,085,859</u>	<u>8,262,638</u>
With Donor Restrictions	530,967	394,755
Total Net Assets	<u>9,616,826</u>	<u>8,657,393</u>
Total Liabilities & Net Assets	<u>\$ 16,109,030</u>	<u>\$ 14,609,840</u>

Oregon Coast Community Action

Statement of Activities

(With Comparative Totals for June 30, 2020)

Year Ended June 30, 2021

	2021			
	Without Donor Restrictions	With Donor Restrictions	Total	2020 Total
Revenues				
Grants & Contracts	\$ 16,666,922	\$ -	\$ 16,666,922	\$ 12,582,514
Commodities Received	724,879	86,102	810,981	882,050
Contributions-Foundation Awards	184,012	271,275	455,287	525,361
Donations	14,369	116,934	131,303	1,860,869
Rental Income	272,230	-	272,230	247,962
Program Income	241,719	-	241,719	363,960
Interest & Other Revenues	7,250	-	7,250	1,593
Net Assets Released From Restriction	338,099	(338,099)	-	-
Total Revenues	18,449,480	136,212	18,585,692	16,464,309
Program Expenses				
Youth Services	8,584,191	-	8,584,191	7,106,598
Essential Services	7,485,360	-	7,485,360	5,276,585
Total Program Expenses	16,069,551	-	16,069,551	12,383,183
Management and General	378,745	-	378,745	231,471
Indirect Cost Pool	1,177,764	-	1,177,764	944,485
Fund-raising	199	-	199	1,173
Total Expenses	17,626,259	-	17,626,259	13,560,312
Change in Net Assets From Operations	823,221	136,212	959,433	2,903,997
Total Change in Net Assets	823,221	136,212	959,433	2,903,997
Net Assets - Beginning of Year	8,262,638	394,755	8,657,393	5,753,396
Net Assets - End of the Year	\$ 9,085,859	\$ 530,967	\$ 9,616,826	\$ 8,657,393

Oregon Coast Community Action
Statement of Cash Flows
(With Comparative Totals for June 30, 2020)
Year Ended June 30, 2021

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ 959,433	\$ 2,903,997
Adjustments		
Depreciation	396,401	339,707
Inkind Donations of Capital Items	-	(1,648,006)
PPP Loan Forgiveness	(552,321)	(544,379)
Bad Debts	-	-
Changes in operating assets & liabilities:		
Changes in Accounts Receivable	(1,884,667)	(143,762)
Changes in Prepaid Expenses	41,430	(4,534)
Changes in Other Assets	(102,401)	7,278
Addition to Loan Receivable	-	(1,030,201)
Changes in Accounts Payable	610,391	32,315
Changes in Accrued Payroll & Other Liabilities	(38,038)	50,330
Changes in Accrued Compensated Absences	82,431	-
Changes in Security Deposits	891	6,478
Changes in Deferred Revenue	296,552	197,118
Other Adjustments	(1,129)	(1,130)
Total Adjustments	<u>(1,150,460)</u>	<u>(2,738,786)</u>
Net Cash Provided (Used) By Operating Activities	<u>(191,027)</u>	<u>165,211</u>
Cash Flows from Investing Activities		
Purchase of Property and Equipment	(583,658)	(119,709)
Net Cash Provided (Used) By Investing Activities	<u>(583,658)</u>	<u>(119,709)</u>
Cash Flows from Financing Activities		
Advances on Line of Credit	500,000	-
Payments on Line of Credit	(250,000)	-
Payment of Notes Payable	(110,148)	(126,279)
Issuance of Notes Payable	-	1,096,700
Net Cash Provided (Used) By Financing Activities	<u>139,852</u>	<u>970,421</u>
Net Increase (Decrease) in Cash and Equivalents	<u>(634,833)</u>	<u>1,015,923</u>
Cash and Equivalents - Beginning	1,330,298	314,375
Cash and Equivalents - Ending	<u>\$ 695,465</u>	<u>\$ 1,330,298</u>
Supplemental Schedule of Other Cash Activity:		
Interest Paid	\$ 208,639	\$ 206,893
Interest Expensed	<u>\$ 208,639</u>	<u>\$ 206,893</u>

Oregon Coast Community Action
Statement of Functional Expenses
(With Comparative Totals for June 30, 2020)
Year Ended June 30, 2021

	Total						2021 Total	2020
	Youth Services	Essential Services	Program Services	Management and General	Indirect Cost Pool	Fundraising		
Personnel	\$ 6,585,839	\$ 1,220,987	\$ 7,806,826	\$ 360,999	\$ 912,023	\$ -	\$ 9,079,848	\$ 7,996,255
Consultants & Contractual	132,875	63,100	195,975	1,100	53,249	-	250,324	57,053
Supplies	525,529	70,683	596,212	5,564	28,669	199	630,644	379,985
Space Costs	179,362	117,830	297,192	-	13,936	-	311,128	302,502
Insurance	44,966	46,987	91,953	4,285	59,821	-	156,059	150,623
Maintenance & Repairs	209,976	79,546	289,522	(114,948)	8,133	-	182,707	176,161
Utilities and Phone	109,396	132,454	241,850	466	11,056	-	253,372	231,858
Transportation	23,395	25,947	49,342	5,093	-	-	54,435	79,413
Training & Travel	189,293	34,559	223,852	(8,463)	17,054	-	232,443	179,796
Sub Recipient-Pass Through Funds	107,381	59,241	166,622	-	-	-	166,622	224,786
Direct Client Support	8,094	4,529,896	4,537,990	-	-	-	4,537,990	1,916,132
Program Services & Client Activities	77,724	18,629	96,353	3,063	265	-	99,681	95,823
USDA and Other Food Assistance	140,444	893,424	1,033,868	-	-	-	1,033,868	1,265,495
IT, Licensing, Staffing, Governance, Miscellaneous	155,331	98,923	254,254	(79,166)	65,649	-	240,737	164,723
Depreciation	94,586	93,154	187,740	200,752	7,909	-	396,401	339,707
Subtotal Expenses	8,584,191	7,485,360	16,069,551	378,745	1,177,764	199	17,626,259	13,560,312
Indirect Cost Pool Allocation	721,455	422,827	1,144,282	33,482	(1,177,764)	-	-	-
Capital Equipment Adjustment	321,854	223,004	544,858	(544,858)	-	-	-	-
Adjusted Total Expense	\$ 9,627,500	\$ 8,131,191	\$ 17,758,691	\$ (132,631)	\$ -	\$ 199	\$ 17,626,259	\$ 13,560,312

NOTE 1 - ORGANIZATION

Oregon Coast Community Action (ORCCA) is a not-for-profit Oregon corporation established in 1965. The primary purpose of ORCCA is to provide programs and services aimed at alleviating the causes and effects of poverty in Coos, Curry and Western Douglas counties so that all south coast households thrive and live with dignity, security and hope. As a private non-profit umbrella agency, Oregon Coast Community Action provides cost effective joint administration, leadership, and support for children's programs and emergency services on the southern Oregon Coast. Our network of programs works to feed, house, warm and educate people.

The primary funding sources are Federal and State of Oregon grant programs passed directly through the U.S. Department of Health and Human Services and indirectly through various Oregon State/County agencies.

Under the terms of its Community Services Block Grant, ORCCA is required to maintain a tripartite board of directors, with one-third public sector representation, at least one-third low-income representatives, and the balance of board members representing the private sector.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed by ORCCA are described below to enhance the usefulness of the financial statements to the reader.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America and the principles of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors.

Basis of Presentation

ORCCA follows accounting prescribed by the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) 958 Not-for Profit Entities. Under ASC 958, ORCCA is required to report information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions.

With Donor Restrictions: Net assets that result from contributions whose use by ORCCA is restricted by donor imposed stipulations that may expire with the passage of time or can be fulfilled or otherwise removed by actions of ORCCA.

Without Donor Restrictions: Net assets that are not restricted by donor stipulation.

Gifts of goods and equipment are reported as without donor restrictions unless explicit donor stipulations specify how the donated assets must be used.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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. In the opinion of ORCCAs' management, such differences would not be significant.

Revenue Recognition/Grant Funds Received in Advance

Contributions are recognized when received or when a donor makes an unconditional promise to give to ORCCA. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the year in which the contributions are recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Unconditional promises to give (pledges receivable) are recognized as revenues in the period the pledge is received. Long term pledges (collection expected in greater than one year) are discounted to the net present value of future cash flows. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promise becomes unconditional.

Rental income represents income received from various sources for use of property or space owned by ORCCA. This income is recognized in the period in which it is earned.

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. Revenue is recognized in the accounting period when the related allowable expenses are incurred. Amounts received in excess of expenses are reflected as grant funds received in advance.

B. Grant Awards that are Exchange Transactions

Exchange transactions reimburse based on a predetermined rate for services performed. The revenue is recognized in the period the service is performed.

Contributions of Long-Lived Assets

Contributions of property and equipment without donor stipulations concerning the use of such long-lived assets are reported as revenues of the net assets without donor restrictions class. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire capital assets are reported as with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, ORCCA reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. ORCCA reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

In-Kind Contributions

ORCCA reports as revenue the fair value of contributed services received where the services require specialized skills, are provided by individuals possessing these skills, and represent services that would have been purchased had they not been donated. During year ended June 30, 2021, no such contributed services were recorded.

In-kind contributions of equipment and other materials are recorded when there is an objective basis upon which to value the contribution and where the contribution is an essential part of ORCCA's activities. During the year ended June 30, 2021, ORCCA recorded the value of food commodities received from the U.S. Department of Agriculture amounting to \$810,981. All food, with the exception of \$86,102 in commodities on hand added to inventory at June 30, 2021, were distributed in ORCCA's program activities.

Advertising and Marketing Expenses

Advertising and marketing costs are charged to expense as they are incurred.

Functional Allocation of Expenses

ORCCA records its expenses by function. Program expenses represent expenses incurred to fulfill ORCCA's exempt purposes. Management and general expenses support that exempt purpose while fundraising expenses are incurred to raise resources to carry out program activities. Expenses are recorded, when appropriate, to the function receiving direct benefit. When expenses benefit more than one function, an allocation is made based on relative benefits provided to each function. Allocations of salary and related costs are based on time spent in functional areas. Space costs are allocated based on square footage used by function, and other shared costs are allocated based on usage or benefits received. Indirect costs are allocated to programs by applying the Indirect Cost Rate approved by the U.S. Department of Health and Human Services.

Cash and Cash Equivalents

For purposes of the statement of cash flows, ORCCA considers all cash and other liquid investments with initial maturities of three months or less to be cash equivalents.

Capital Assets and Depreciation

Purchased property and equipment are capitalized at original cost at date of purchase, and in-kind contributions of property and equipment are recorded as support at their estimated fair value on the date of receipt. ORCCA follows the practice of capitalizing all expenditures for fixed assets in excess of \$5,000.

Depreciation is provided using the straight-line method. The estimated useful lives of the assets range from 5 to 20 years for furniture and equipment and from 10-40 years for buildings and improvements.

Federal funding sources have a reversionary interest in property and equipment purchased with Federal funds. Therefore, the disposition and any sale proceeds there from are subject to funding source regulations. Purchases of individual items of property and equipment that cost in excess of \$5,000 and purchases of vehicles of any amount are subject to prior funding source approval.

Long-Lived Assets

ORCCA evaluates the carrying value of long-lived assets when events and circumstances warrant such a review. If the carrying value of the long-lived asset is considered impaired, a loss is recognized based on the amount by which the carrying value exceeds the fair market value of the asset.

Income Taxes

ORCCA is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, ORCCA has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for the year ended June 30, 2021.

ORCCA is 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 financial statements. ORCCA has determined there are no amounts to record as assets or liabilities related to uncertain tax positions. Federal returns for the fiscal years ended 2018, 2019, and 2020 remain subject to examination by the Internal Revenue Service.

Concentrations of Credit Risk

ORCCA's financial instruments consist primarily of cash and cash equivalents. All deposits at financial institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000. Balances at Umpqua Bank exceed insurance coverage by \$445,465 as of June 30, 2021.

Certain receivables also subject ORCCA to concentrations of credit risk, as ORCCA incurs expenses in advance of reimbursement under various federal, state and local grants.

Fair Value of Financial Instruments

ORCCA reports that the carrying amounts of financial instruments included in current assets and current liabilities approximate fair value due to the short maturity of these instruments.

Summarized Financial Information for 2020

The accompanying financial information as of and for the year ended June 30, 2020 is presented for comparative purposes only and is not intended to represent a complete financial statement presentation. Certain 2020 accounts have been reclassified to conform with the 2021 financial statement presentation.

Other Significant Accounting Policies

Other significant accounting policies are set forth in the financial statements and the following notes.

NOTE 3 - PROGRAM SERVICES

ORCCA's programs serve approximately 15,000 individuals per year in addition to food recipients. ORCCA's service territory is approximately 3,800 square miles, covering Coos, Curry, and western Douglas Counties. The percentage of people living in poverty in this service area is high, with a rate of 15.00% in Coos County, 12.90% in Curry County, and 13.00% in Douglas County.

During the year ended June 30, 2021, ORCCA incurred program expenses in the following major areas:

Youth Services

The Head Start and Early Head Start programs are funded by both state and federal grants and are provided at no cost to families who qualify. The program offers a comprehensive social service and preschool program for over 473 infant, toddler, and pre-school age children and their families. Head Start provides activities for children that help them grow mentally, socially, emotionally, and physically. The program supports parents as the first and most important teacher of their children. South Coast Head Start provides services in Coos, Curry, and Coastal Douglas Counties in Oregon.

Court Appointed Special Advocates of Coos County (CASA) provides a volunteer to be the voice of a child who is in State custody due to abuse or neglect. CASA volunteers are considered a guardian ad litem in the case, working to secure safe, permanent homes for children in Coos County, Oregon. Children with a CASA volunteer are more likely to find a permanent home, spend less time in foster care, and receive more services.

South Coast Regional Early Learning Hub - Early Learning Hubs in 16 regions across Oregon are getting cross-sector partners to work together to create local systems that are aligned, coordinated, and family-centered. Families receive the support they need to become healthy, stable and attached and their children receive the early learning experiences they need to thrive.

The South Coast Regional Early Learning Hub provides leadership and investments supporting early learning projects/programs, working in their communities toward early learning outcomes (above), throughout the region from Reedsport to Brookings as is evidenced in our biennial Work Plan. We are governed by the South Coast Regional Early Learning Hub-Governance Council and Oregon Coast Community Action acts as the backbone (fiscal agent) for this Early Learning Division initiative.

Essential Services

ORCCA's Essential Services department includes Energy Assistance and Weatherization, Housing Assistance, South Coast Food Share, and other Emergency Services.

Energy Assistance provides support to help households deal with increasing energy costs with cash help and energy education for approximately 2,000 households. Additionally, weatherization provided services for additional households. Forms of energy assistance include:

- Heating assistance payments for low-income households during the winter.
- Assistance through direct services and training, focusing on energy conservation and awareness.
- Weatherization is a program for low-income households designed to lower heating costs and make dwellings more energy efficient. The program achieves energy conservation through weatherization of homes, including windows, doors, insulation in floors and walls.

Housing Assistance provides stabilization services and support for people who are homeless and those at risk of being homeless. Services include, housing counseling, one time rental/deposit assistance and short to long term rental assistance. Other types of assistance include Supportive Services for Veteran Families, limited circumstance transportation assistance, medical support, and more. The Housing Department also manages affordable apartment complexes located in Coos Bay and North Bend.

OREGON COAST COMMUNITY ACTION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

The Emergency Food Assistance Program (TEFAP) under the U.S. Department of Agriculture (USDA) buys food, including processing and packaging, and ships it to state agencies. The amount received by each state depends on its low-income and unemployed population. State agencies work out the details of administration and distribution commodities. Oregon Housing and Community Services (OHCS) is the designated State agency responsible for oversight of TEFAP commodities and funds. OHCS contracts with Oregon Food Bank to serve as the state's coordinating agency and distribute commodities and operating funds to its member agencies.

South Coast Food Share is the ORCCA program responsible for distributing TEFAP commodities to Coos and Curry County along with other locally donated food. As a regional food bank within the statewide Oregon Food Bank Network, ORCCA works with over 46 local member agencies providing food for children, families, and individuals in Coos and Curry Counties.

Fresh Alliance was begun in Oregon through the Oregon Food Bank in 2002, providing a previously untapped source of high-quality and nutritious food for people who are hungry. Grocers throughout ORCCA's service area donate high-quality, high-protein, short-dated foods that previously went to waste. A South Coast Food Share driver picks up truckloads of milk, meat, cheese and juices and delivers to network members for distribution in emergency food boxes and in meal site preparation for people in need.

Snack Pack. The Snack Pack program is designed to meet the needs of hungry children at times when other food resources are not available, such as weekends or school vacation. Oregon Coast Community Action (ORCCA) partnered with local schools to form the Snack Pack program. The program provides sacks or packs filled with child-friendly, non-perishable food that children can take home on the weekends.

NOTE 4 – GRANTS AND ACCOUNTS RECEIVABLE

Grants and accounts receivable amounting to \$3,206,204 as of June 30, 2021, consist primarily of government contracts receivable to be collected within one year. Based on its collection experience and its evaluation of economic conditions and credit risk quality, management estimates that all receivables are collectible at June 30, 2021. Management considers all receivables outstanding over 90 days as past due. No material amounts are past due at June 30, 2021. No interest is charged on past due receivables.

OREGON COAST COMMUNITY ACTION
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021

NOTE 5 – PROPERTY & EQUIPMENT & ACCUMULATED DEPRECIATION

A summary of property and equipment and accumulated depreciation as of June 30, 2021 is as follows:

	Life (Years)	Method	Cost	Accumulated Depreciation	Book Value
Buildings	10-40	Straight Line	\$ 8,929,646	\$ (2,101,558)	\$ 6,828,088
Site Improvements	40	Straight Line	\$ 145,501	\$ (10,700)	134,801
Equipment	5-20	Straight Line	932,085	(405,793)	526,292
Vehicles	3-7	Straight Line	688,665	(559,606)	129,059
Land & Improvements	N/A	N/A	<u>2,082,810</u>	<u>-</u>	<u>2,082,810</u>
Consolidated Totals:			<u>\$ 12,778,707</u>	<u>\$ (3,077,657)</u>	<u>\$ 9,701,050</u>

NOTE 6 - RESTRICTIONS AND LIMITATIONS ON NET ASSET BALANCES

Net assets with donor restrictions consist of purpose restricted contributions, grants, and other unexpended revenues and gains available for the following purposes as of June 30, 2021:

USDA Commodities	\$ 146,859
Ford Family Foundation	157,607
South Coast Food Share	161,049
Other Purpose Restricted	34,570
Meyer Memorial	<u>30,882</u>
Totals:	<u>\$ 530,967</u>

NOTE 7 - OPERATING LEASES

ORCCA occupies various leased premises for administration and program activities under agreements classified as operating leases. The lease agreements are a mix of term leases and month to month arrangements. Lease expense was \$127,112 for the year ended June 30, 2021.

The following is a schedule by years of future minimum payments required under these leases:

Year Ending June 30:	ORCCA
2022	\$ 28,812
2023	12,012
2024	12,012
2025	12,012
2026	<u>12,012</u>
Totals:	<u>\$ 76,860</u>

**OREGON COAST COMMUNITY ACTION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 – RETIREMENT PLANS

ORCCA provides a 403(b) retirement plan covering all eligible employees who are at least 18 years old with one year of service. Discretionary employer contributions to the plan amounted to approximately \$307,053 for the year ended June 30, 2021.

NOTE 9 - CONCENTRATION OF REVENUES

For the year ended June 30, 2021, approximately 30.30% of ORCCA's total support and revenue was received from the U.S. Department of Health and Human Services.

For the year ended June 30, 2021, approximately 45.92% of ORCCA's total support and revenues was received for the Head Start Program, of which approximately 50.10% was received from the U.S. Department of Health and Human Services and approximately 49.90% was received from the State of Oregon Department of Education.

Revenues from the U.S. Department of Health and Human Services and the State of Oregon Department of Education are expected to continue to represent significant percentages of ORCCA's resources. Therefore, if funding from these sources were lost, it would have a severe financial impact on ORCCA.

OREGON COAST COMMUNITY ACTION
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021

NOTE 10– LONG-TERM DEBT

Long-term debt as of June 30, 2021 is as follows:

Note payable for \$625,000 to Umpqua Bank, through April 2026, payable in monthly installments of \$3,386 including interest at 5.0% per annum, collateralized by real property (the Park West Apartment building) with a carrying value of \$569,451 as of June 30, 2021.	\$ 569,451
Note payable agreement with Southwest Oregon IPA (SWOIPA). ORCCA borrowed \$1,070,872 from SWOIPA and used the proceeds to purchase three parcels of land on which ORCCA’s operations are conducted and which had been leased by Campus II. The loan requires monthly interest only payments of \$4,462 at 5% annual interest for 17 months starting August of 2017, followed by 36 months of principal and interest payments of \$6,260, and then a final payment of the remaining interest and principal balance in January of 2022. Carrying value of \$1,013,535 as of June 30, 2021. On October 27, 2021, ORCCA and SWOIPA agreed to extend the maturity date to July 1, 2022, with no other change in terms.	1,013,535
Note payable to Craft3 with an original date of December 28, 2011, in the original amount of \$3,259,683. Monthly interest payments only at 4.25% for the first thirteen months of the loan. Thereafter, monthly interest and principal payments are due. Loan matures on December 1, 2041. The loan is secured by property and equipment.	2,769,831
Less current portion of long-term debt	<u>(123,497)</u>
	<u>\$4,229,320</u>

Maturities of long-term debt are as follows:

<u>Year Ending June 30:</u>	
2022	\$ 123,497
2023	1,091,370
2024	107,408
2025	112,171
2026	117,145
Thereafter	<u>2,801,226</u>
Totals:	<u>\$ 4,352,817</u>

OREGON COAST COMMUNITY ACTION
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021

NOTE 11- LINE OF CREDIT

ORCCA entered into a line of credit arrangement during the fiscal year ended June 30, 2021 with Umpqua Bank. The line of credit has a borrowing limit of \$400,000 and carries a 5% per annum interest rate. ORCCA owed \$250,000 on the line of credit at June 30, 2021. The line of credit matured on November 30, 2021, and was extended for an additional year.

NOTE 12- SUBSEQUENT EVENTS

On March 11, 2020, the World Health Organization officially declared COVID-19, the disease caused by the novel coronavirus, a pandemic. COVID-19 has required ORCCA to make adjustments to operating practice and delivery of services. ORCCA has continued to provide community services and implemented innovative solutions to support those served and ORCCA employees. Management is closely monitoring the evolution of this pandemic, including how it may affect the economy and the general population.

ORCCA did not have any other events through September 29, 2022, which is the date the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements for the year ended June 30, 2021.

NOTE 13- LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

ORCCA, although it expects to receive current support to fund operations for 2022 and later years, has \$3,370,802 and \$2,257,180 of financial assets available within one year of the statement of financial position dates on June 30, 2021 and 2020, to meet cash needs for general operating expenditures. Financial assets available within one year consist of the following:

	<u>2021</u>	<u>2020</u>
Financial assets at year end	\$ 3,901,769	\$ 2,651,935
Donor restricted to purpose	<u>(530,967)</u>	<u>(394,755)</u>
Financial assets available to meet cash needs within one year	<u>\$ 3,370,802</u>	<u>\$ 2,257,180</u>

OREGON COAST COMMUNITY ACTION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 14 – NOTE RECEIVABLE

ORCCA entered into two loan arrangements, on September 26, 2018, with Deer Springs Terrace, LLC (the LLC). The LLC was formed to develop an eleven unit low income housing complex for Veteran's. ORCCA received two grants, totaling \$2,400,000, from the Oregon Department of Housing and Community Services. ORCCA used these grants to fund the loan agreements with the LLC.

The two loans, of \$2,200,000 and \$200,000, were made to facilitate construction of the complex. As the complex was constructed, grant funds were drawn down by ORCCA and provided to the LLC to reimburse construction costs. A total of \$2,333,965 has been provided to the LLC as of June 30, 2021, and is reported as loan receivables in the accounts of ORCCA. Each loan carries a stated annual interest rate of 1% per year with interest payable to the extent of available cash flow of the projects. No interest amounts were paid during the year ending June 30, 2021. Both notes are due in full on September 30, 2048.

Oregon Coast Community Action

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

Federal Grantor Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Period Covered	Pass-Through Entity Identifying Number	Expenditures			Paid To Sub-Recipients
				From Pass Through Awards	From Direct Awards	Total Expenditures	
Department of Health & Human Services							
Direct Programs							
Head Start & Early Head Start	93.600	9/1/19-8/31/20	10CH01121501	\$ -	\$ 402,384	\$ 402,384	\$ -
Head Start & Early Head Start	93.600	9/1/20-8/31/21	10CH01121501C3	-	96,588	-	-
Head Start & Early Head Start	93.600	9/1/20-8/31/21	10CH01121502	-	3,290,606	3,290,606	-
Total Head Start Cluster				-	3,789,578	3,789,578	-
Passed Through Oregon Housing & Community Services							
Covid Low Income Home Energy Assistance-20 Cares Act	93.568	3/7/20-9/30/20	2001ORE5C3	52,976	-	52,976	-
Low Income Home Energy Assistance	93.568	7/1/20-6/30/21	90281	661,075	-	661,075	-
				714,051	-	714,051	-
477 Cluster							
Passed Through Oregon Housing & Community Services							
Covid Community Services Block Grant	93.569	7/1/20-6/30/21	90281	23,398	-	23,398	-
Community Services Block Grant	93.569	7/1/20-6/30/21	90281	77,041	-	77,041	-
				100,439	-	100,439	-
Temporary Assistance for Needy Families	93.558	7/1/20-6/30/21	90281	28,576	-	28,576	-
Passed Through Oregon Department of Human Services							
Child Care & Development Block Grant	93.575	7/1/20-6/30/21	90281	205,845	-	205,845	-
Total 477 Cluster				334,860	-	334,860	-
Passed Through Oregon Department of Administrative Services							
Foster Care Title IV-E	93.658	7/1/20-6/30/21	N/A	107,186	-	107,186	-
Passed Through Oregon Department of Education							
Promoting Safe & Stable Families	93.556	7/1/20-6/30/21	N/A	45,456	-	45,456	43,344
Total Department of Health and Human Services				1,201,553	3,789,578	4,991,131	43,344
Department of Energy							
Passed Through Oregon Housing & Community Services							
Weatherization Assistance For Low-Income Persons (DOE Funds)	81.042	7/1/20-6/30/21	90281	65,977	-	65,977	-
Weatherization Assistance For Low-Income Persons (BPA Funds)	81.999	7/1/20-6/30/21	90281	20,197	-	20,197	-
Total Department of Energy				86,174	-	86,174	-
Department of Agriculture							
Passed Through Oregon Food Bank							
Emergency Food Assistance (Administrative Costs)	10.568	7/1/20-6/30/21	N/A	24,460	-	24,460	-
Emergency Food Assistance (Food Commodities)	10.569	7/1/20-6/30/21	N/A	720,474	-	720,474	720,474
Total Emergency Food Assistance Program				744,934	-	744,934	720,474

Oregon Coast Community Action

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

Federal Grantor Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Period Covered	Pass-Through Entity Identifying Number	Expenditures			Paid To Sub-Recipients
				From Pass Through Awards	From Direct Awards	Total Expenditures	
Passed Through Oregon Department of Education							
Child & Adult Care Food Program	10.558	7/1/20-6/30/21	N/A	129,458	-	129,458	-
Total Department of Agriculture				874,392	-	874,392	720,474
Department of Housing & Urban Development							
Direct Programs							
Continuum of Care-Family Transitions	14.267	7/1/20-6/30/21	N/A	-	96,572	96,572	-
Passed Through Oregon Housing and Community Services							
Emergency Solutions Grant Program	14.231	7/1/20-6/30/21	90281	37,044	-	37,044	-
HOME Investment Partnerships Program	14.239	7/1/20-6/30/21	90281	48,773	-	48,773	-
Total Department of Housing & Urban Development				85,817	96,572	182,389	-
Department of the Treasury							
Passed Through Oregon Housing and Community Services							
Covid Rent Relief	21.019	3/1/20-6/30/21	N/A	186,168	-	186,168	-
Covid Coronavirus Relief Fund	21.019	3/1/20-6/30/21	N/A	307,886	-	307,886	-
Covid RR Cares	21.019	3/1/20-6/30/21	N/A	1,467,325	-	1,467,325	-
				1,961,379	-	1,961,379	-
Covid Treasury Rental Assistance Program	21.023	7/1/20-6/30/21	N/A	37,390	-	37,390	-
Total Department of the Treasury				1,998,769	-	1,998,769	-
Department of Homeland Security							
Passed Through United Way of America							
Covid Emergency Food and Shelter National Board Program	97.024	7/1/20-6/30/21		82,118	-	82,118	-
Emergency Food and Shelter National Board Program	97.024	7/1/20-6/30/21	N/A	7,344	-	7,344	-
				89,462	-	89,462	-
Total Department of Homeland Security				89,462	-	89,462	-
Department of Veterans Affairs							
Passed Through Access							
Supportive Services For Veteran Families	64.033	7/1/20-6/30/21	N/A	941,756	-	941,756	-
Total Department of Veterans Affairs				941,756	-	941,756	-
Total Federal Award Programs				\$ 5,277,923	\$ 3,886,150	\$ 9,164,073	\$ 763,818

Oregon Coast Community Action
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2021

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Oregon Coast Community Action (ORCCA) under programs of the federal government for the year ended June 30, 2021. 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, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of ORCCA, it is not intended to and does not present the financial position, changes in net assets or cash flows of ORCCA.

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 limited as to reimbursement.

Pass-through entity identifying numbers are presented where available.

NOTE 3 – DE-MINIMIS COST RATE

ORCCA did not use the 10% de-minimis cost rate.

NOTE 4 – REPORTING ENTITY

The reporting entity is described in Note 1 to the financial statements. The Schedule includes all federal programs administered by ORCCA for the year ended June 30, 2021.



Oregon Coast Community Action

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Summary Schedule of Prior Audit Findings: Year Ended June 30, 2021

Financial Statement Findings:

Material Weakness

2020-001 GRANT ACCOUNTING

Generally accepted accounting principles require recording revenue when earned and expenses when incurred. Corresponding receivables and payables, and deferred revenue when applicable, should be reflected in the financial records. Regular review and reconciliation of activities are necessary to ensure accurate financial accounting and reporting.

ORCCA was not reconciling grant arrangements on a regular basis. Monthly billing processes were being followed, with current expenses captured and billed. However, when adjustments or other changes were made to these expense numbers, especially if they impacted months previous to the month being billed or occurred after billing was complete, changes were not being recognized and incorporated in the billing and revenue recognition process.

This finding was not corrected during the year ended June 30, 2021. Finding is repeated as 2021-001 on the schedule of findings and questioned costs.

2020-002 REVENUE RECOGNITION

ORCCA omitted from the financial records \$1,030,201 in grant funds that were received to assist in the construction of low income housing for Veterans and omitted the in-kind contribution of a building that had a fair value of \$1,648,006.

This finding was corrected in the year ended June 30, 2021.

Federal Award Findings and Questioned Costs:

2020-003 GRANT ACCOUNTING

See finding 2020-001.

This finding was not corrected during the year ended June 30, 2021. Finding is repeated as 2021-002 on the schedule of findings and questioned costs.

Questioned Costs for Finding 2020-003: No questioned costs were noted for this finding.

2020-004 PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

ORCCA did not prepare a complete and accurate Schedule of Expenditures of Federal Awards (SEFA) for the year ending June 30, 2020.

This finding was not corrected during the year ended June 30, 2021. Finding is repeated as 2021-003 on the schedule of findings and questioned costs.

Questioned Costs for Finding 2020-004: No questioned costs were noted for this finding.

**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***

To the Board of Directors
Oregon Coast Community Action
Coos Bay, OR

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Oregon Coast Community Action (ORCCA), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 29, 2022.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001, that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether ORCCA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings

and questioned costs as items 2021-002 and 2021-003.

ORCCA's Response to Findings

ORCCA's response to the findings identified in our audit is described in the accompanying management's response and corrective action plan. ORCCA's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Aiken & Sanders, Inc., PS
Certified Public Accountants
& Consultants

September 29, 2022

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

To the Board of Directors
Oregon Coast Community Action
Coos Bay, OR

Report on Compliance for Each Major Federal Program

We have audited Oregon Coast Community Action's (ORCCA's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of ORCCA's major federal programs for the year ended June 30, 2021. ORCCA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, ORCCA 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, 2021.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2021-002 and 2021-003. Our opinion on each major federal program is not modified with respect to these matters.

ORCCA's response to the noncompliance findings identified in our audit is described in the accompanying management's response and corrective action plan. ORCCA's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

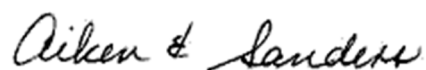
Management of ORCCA is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered ORCCA's internal control over compliance with the types of requirements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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2021-001, that we consider to be a material weakness.

ORCCA's response to the internal control over compliance findings identified in our audit is described in the accompanying management's response and corrective action plan. ORCCA's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Aiken & Sanders, Inc., PS
Certified Public Accountants
& Consultants

September 29, 2022

Oregon Coast Community Action
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Section I - Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified: Yes

Significant deficiencies identified not considered to be material weaknesses: None reported

Noncompliance material to financial statements noted: No

Federal Awards

Internal control over major programs:

Material weaknesses identified: Yes

Significant deficiencies identified not considered to be material weaknesses: 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 Uniform Guidance, Section 200.516(a): Yes

Identification of major programs:

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program</u>
93.600	Head Start
64.033	Supportive Services for Veteran Families
21.019	Corona Virus Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee: No

Section II – Financial Statement Findings:

Oregon Coast Community Action
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

MATERIAL WEAKNESS

2020-001 GRANT ACCOUNTING

Criteria: Generally accepted accounting principles require recording revenue when earned and expenses when incurred. Corresponding receivables and payables, and deferred revenue when applicable, should be reflected in the financial records. ORCCA performs activities and services under grant contracts with federal and state agencies that are reimbursement type arrangements. As expenses for qualifying activities are incurred, contracts are billed and revenue and receivable recorded. If ORCCA receives advances or grant funds in excess of current expense, deferred revenue is recorded pending use of the funds for qualifying expenses. Regular review and reconciliation of activities are necessary to ensure accurate financial accounting and reporting.

Condition: While conducting the audit, we determined that ORCCA was not reconciling grant arrangements on a regular basis. Monthly billing processes were being followed (We did note multiple instances during the year under audit where there were delays in preparing monthly billings), with current expenses captured and billed. However, when adjustments or other changes were made to these expense numbers, especially if they impacted months previous to the month being billed or occurred after billing was complete, changes were not being recognized and incorporated in the billing and revenue recognition process.

Effect: Lack of a regular review and reconciliation of grant arrangements and contracts resulted in material misstatements of grant revenue, grants and accounts receivable, and deferred revenue.

Cause: ORCCA accounting personnel did not follow required monthly reconciliation procedures for grant arrangements. ORCCA has seen significant turnover in the finance department and training and oversight has been inadequate in this area. An additional cause has been the frequent reclassification or adjustment of expense charges.

Recommendation: We recommend that ORCCA implement monthly reconciliation procedures for all grants and contracts. This reconciliation should include a review of all activity for a particular grant or contract from inception. We also recommend that ORCCA institute a policy that requires all expense classifications or movement between grants to be accomplished prior to billing for each period.

Section III – Federal Award Findings and Questioned Costs:

MATERIAL WEAKNESSES

2021-002 GRANT ACCOUNTING

AL Number and Title: 21.019 Corona Virus Relief Fund
Federal Grantor Name: United States Department of the Treasury
Pass Through Entity: Oregon Housing and Community Services

AL Number and Title: 93.600 Head Start and Early Head Start

Oregon Coast Community Action
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Federal Grantor Name: United States Department of Health and Human Services
Pass Through Entity: N/A

AL Number and Title: 64.033 Supportive Services for Veteran Families
Federal Grantor Name: United States Department of Veterans Affairs
Pass Through Entity: Access

See finding 2021-001. The Organization did not perform regular review and reconciliation of reimbursement contracts during the year. This resulted in material misstatement of revenue, receivables, deferred revenue, and expenditures of federal awards in the financial records.

Questioned Costs for Finding 2021-002: No questioned costs were noted for this finding.

2021-003 PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

AL Number and Title: 21.019 Corona Virus Relief Fund
Federal Grantor Name: United States Department of the Treasury
Pass Through Entity: Oregon Housing and Community Services

AL Number and Title: 93.600 Head Start and Early Head Start
Federal Grantor Name: United States Department of Health and Human Services
Pass Through Entity: N/A

AL Number and Title: 64.033 Supportive Services for Veteran Families
Federal Grantor Name: United States Department of Veterans Affairs
Pass Through Entity: Access

Criteria: The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 2 CFR 200 (Uniform Guidance), requires auditees to prepare a Schedule of Expenditures of Federal Awards (SEFA) for the period covered by the auditee's financial statements.

Condition: ORCCA did not prepare a complete and accurate Schedule of Expenditures of Federal Awards (SEFA) for the year ending June 30, 2021.

Effect: An incomplete and inaccurate SEFA caused a delay in the conduct and completion of the annual audit and introduced the risk of the inclusion of incorrect programs for compliance testing and material errors in the year-end audit report.

Cause: ORCCA accounting personnel did not have adequate training and experience to properly capture and report federal expenditures in accordance with Uniform Guidance. Additionally, as noted in finding 2021-001, lack of a regular review and reconciliation of grant arrangements and contracts resulted in material misstatements of grant revenue, grants and accounts receivable, and deferred revenue. These misstatements were then included in SEFA totals.

Recommendation: We recommend that ORCCA provide specific training to accounting personnel in the preparation and reporting requirements for the SEFA. ORCCA should also implement a process to identify all federal sources of funds, when awarded, and track, report, and include these awards in the

Oregon Coast Community Action
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

year-end SEFA. As recommended in finding 2021-001, ORCCA should implement monthly reconciliation procedures for all grants and contracts.

Questioned Costs for Finding 2021-003: No questioned costs were noted for this finding.



Oregon Coast Community Action

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September 29, 2022

Management's Response to 2020-2021 Audited Financial Statements Findings and Corrective Action Plan:

Oregon Coast Community Action agrees with the findings reported and has made corrective actions to rectify the findings.

During the 2020-2021 year there continued to be a large amount of turnover in ORCCA management and finance staff. The lack of staffing combined with the late timing on the audit completion for 2019-2020 did not allow ORCCA to fully implement the 2019-2020 corrective action plan. ORCCA continues to work on strengthening internal controls and standardized processes. ORCCA leadership recognize the need for and continues to focus on improving the strength of ORCCA's fiscal foundation.

Some of the improvements and their implementation are:

- The finance policy has been updated to reflect an improved level of internal controls and procedures in the finance department.
- Continued implementation of a monthly/quarterly procedures for reconciling and reviewing all accounting functions and reporting with specific timelines.
 - Executive level leadership has been given access to review reports within the accounting software. Notes and reports from monthly review between the Finance Director and each program director are provide to the Executive Director for review monthly.
 - An Accounting Manager position has been budgeted and was filled in June 2022 to ensure all processes are being followed & to identify training gaps.
 - Monthly self-monitoring is part of the Accounting Manager duties to oversee or delegate as needed. The purpose of the self-monitoring is to spot check various aspects of accounting tasks to ensure processes are being followed and training is provided immediately.
- Reporting on grant activities has been updated and standardized for all programs and for ORCCA in its entirety. This will allow ORCCA finance processes to be more transparent to program directors and the Board.
- Training plans are being improved and implemented for all fiscal position as well as identifying necessary training for program management and board members.
 - A training plan for each fiscal position has been developed and is being followed for the current year. It will be evaluated annually and updated to stay current with training needs. ORCCA will continue to prioritize budgeting for training of fiscal staff
 - The training plans and progress are monitored by the Finance Director and the Executive Director.
 - Ongoing areas of fiscal training have been identified for program staff and board members.

2020-001 & 2021-001 Grant Accounting

The implantation of the 2019-2020 corrective action was delayed because of the inability to hire and retain adequate staff. Wages were increased to be comparable with industry standards for fiscal positions within our community. In addition, ORCCA continues to implement the following changes to address this finding.

- A monthly procedure for reconciling and reviewing all accounting functions with assigned deadlines has been implemented.
 - This includes reconciling and reviewing all grant activity for the entire grant period as well as the current fiscal period prior to requests being made for funds.
 - All grants and contracts are looked at individually as well as at the programs in total.
- On-going training will be provided for all staff.
 - Feedback from the monthly procedure for reconciling and reviewing all accounting functions will be given monthly to the appropriate staff to ensure processes are being followed.
- ORCCA created a new position to assist the program staff in reviewing all revenue and expense classifications.
 - Duties for this position includes training for program staff on coding and allowability of expenditures to minimize frequent reclassification and adjustment of expense charges.
 - Ensure that monthly reviews are returned to the Finance department by the 8th of the month so any adjustments can be taken into account prior to billing for each period.

2020-003 & 2021-002 Grant Accounting

Please see response for **2020-001 & 2021-001 Grant Accounting**. The corrective actions outlined in that section will ensure that ORCCA finance department will perform monthly review and reconciliation of reimbursement grants and contracts.

2020-004 & 2021-003 Preparation of the Schedule of Expenditures of Federal Awards

ORCCA Executive Leadership understands the function and necessity of preparing a complete and accurate SEFA. Training specific to the preparation and reporting requirements has been added to the training plan for the following positions: Finance Director, Accounting Manager and Grants and Contract Manager.

A process has been developed and is now being implemented for the Grant & Contract Manager to identify information on all new grants, including the source of funding, and to review the information on existing grants when they come up for renewal. This report will be reviewed by the Executive Director quarterly to ensure process is followed and for accountability.

See above for explanation of the monthly review and reconciliation process that has been implemented in ORCCA's finance department.

Responsible Persons:

Drew Farmer, ORCCA Executive Director
ORCCA Finance Director- position vacant