
Oregon Coast Community Action

An Oregon Non-Profit Corporation

Financial Statements

**For the Fiscal Year Ended June 30, 2020
With Comparative Totals for 2019**

TABLE OF CONTENTS

Independent Auditor's Report	1
Financial Statements:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Statement of Functional Expenses	6
Notes to Financial Statements.....	7
Supplementary Schedules:	
Schedule of Expenditures of Federal Awards.....	19
Notes to the Schedule of Expenditures of Federal Awards.....	21
Single Audit Reports:	
Summary Schedule of Prior Audit Findings	22
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 <i>Government Auditing Standards</i>	23
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by Uniform Guidance	25
Schedule of Findings and Questioned Costs	27
Corrective Action:	
Management's Response to Findings and Corrective Action Plan	31

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, 2020, 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 2019 financial statements and, in our report dated December 4, 2019, 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, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

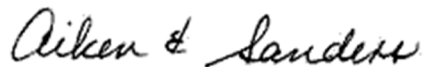
Other Matters

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 April 13, 2021, 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

April 13, 2021

Oregon Coast Community Action

Statement of Financial Position

(With Comparative Totals for June 30, 2019)

Year Ended June 30, 2020

	<u>2020</u>	<u>2019</u>
Assets		
Current Assets		
Cash & Cash Equivalents	\$ 1,330,298	\$ 314,375
Grants & Accounts Receivable	1,321,637	1,177,875
Prepaid Expense	41,830	37,296
Other	69,445	76,723
Total Current Assets	<u>2,763,210</u>	<u>1,606,269</u>
Non-Current Assets		
Loan Receivable	2,333,965	1,303,764
Property & Equipment	9,512,665	8,083,527
Total Non-Current Assets	<u>11,846,630</u>	<u>9,387,291</u>
Total Assets	<u>\$ 14,609,840</u>	<u>\$ 10,993,560</u>
Liabilities & Net Assets		
Current Liabilities		
Accounts Payables & Accrued Liabilities	\$ 271,060	\$ 238,745
Accrued Payroll & Related Liabilities	273,444	223,114
Accrued Compensated Absences	122,031	122,031
Security Deposits	21,771	15,293
Deferred Revenue	248,854	51,736
Current Portion of Long-Term Debt	697,341	127,751
Total Current Liabilities	<u>1,634,501</u>	<u>778,670</u>
Long-Term Liabilities		
Notes Payable	4,317,946	4,461,494
Total Long-Term Liabilities	<u>4,317,946</u>	<u>4,461,494</u>
Total Liabilities	<u>5,952,447</u>	<u>5,240,164</u>
Net Assets		
Without Donor Restrictions		
Available for Current Operations	3,275,923	2,047,436
Net Investment in Property & Equipment	4,986,715	3,494,282
Total Net Assets Without Donor Restrictions	<u>8,262,638</u>	<u>5,541,718</u>
With Donor Restrictions	394,755	211,678
Total Net Assets	<u>8,657,393</u>	<u>5,753,396</u>
Total Liabilities & Net Assets	<u>\$ 14,609,840</u>	<u>\$ 10,993,560</u>

Oregon Coast Community Action

Statement of Activities

(With Comparative Totals for June 30, 2019)

Year Ended June 30, 2020

	2020			2019 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
Revenues				
Grants & Contracts	\$ 12,582,514	\$ -	\$ 12,582,514	\$ 11,461,922
Commodities Received	879,559	2,491	882,050	446,696
Contributions-Foundation Awards	275,335	250,026	525,361	436,648
Donations	1,677,117	183,752	1,860,869	124,141
Rental Income	247,962	-	247,962	216,196
Program Income	363,960	-	363,960	452,820
Interest & Other Revenues	1,593	-	1,593	25,949
Net assets released from restriction	253,192	(253,192)	-	-
Total Revenues	16,281,232	183,077	16,464,309	13,164,372
Program Expenses				
Youth Services	7,106,598	-	7,106,598	6,867,910
Essential Services	5,276,585	-	5,276,585	3,730,780
Campus	-	-	-	392,659
Total Program Expenses	12,383,183	-	12,383,183	10,991,349
Management and general	231,471	-	231,471	302,457
Indirect Cost Pool	944,485	-	944,485	844,827
Fund-raising	1,173	-	1,173	28
Total Expenses	13,560,312	-	13,560,312	12,138,661
Change in net assets from operations	2,720,920	183,077	2,903,997	1,025,711
Total change in net assets	2,720,920	183,077	2,903,997	1,025,711
Net assets - Beginning of Year	5,541,718	211,678	5,753,396	4,891,811
Net assets - Campus adjustment (Note 5)	-	-	-	(164,126)
Net assets - End of the Year	\$ 8,262,638	\$ 394,755	\$ 8,657,393	\$ 5,753,396

Oregon Coast Community Action
Statement of Cash Flows
(With Comparative Totals for June 30, 2019)
Year Ended June 30, 2020

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ 2,903,997	\$ 1,025,711
Adjustments		
Depreciation	339,707	378,701
Inkind Donations of Capital Items	(1,648,006)	-
PPP Loan Forgiveness	(544,379)	-
Bad Debts	-	9,338
Changes in operating assets & liabilities:		
Changes in Cash Restricted to Project Development	-	23,663
Changes in Accounts Receivable	(143,762)	(19,159)
Changes in Prepaid Expenses	(4,534)	15,777
Changes in Other Assets	7,278	(37,125)
Addition to Loan Receivable	(1,030,201)	(1,303,764)
Changes in Accounts Payable	32,315	112,095
Changes in Accrued Payroll & Other Liabilities	50,330	(49,196)
Changes in Accrued Compensated Absences	-	17,092
Changes in Security Deposits	6,478	1,356
Changes in Deferred Revenue	197,118	(71,615)
Other Adjustments	(1,130)	15,408
Total Adjustments	<u>(2,738,786)</u>	<u>(907,429)</u>
Net Cash Provided (Used) By Operating Activities	<u>165,211</u>	<u>118,282</u>
Cash Flows from Investing Activities		
Purchase of Property and Equipment	(119,709)	(60,444)
Net Cash Provided (Used) By Investing Activities	<u>(119,709)</u>	<u>(60,444)</u>
Cash Flows from Financing Activities		
Payment of Notes Payable	(126,279)	(109,670)
Issuance of Notes Payable	1,096,700	-
Net Cash Provided (Used) By Financing Activities	<u>970,421</u>	<u>(109,670)</u>
Net Increase (Decrease) in Cash and Equivalents	<u>1,015,923</u>	<u>(51,832)</u>
Cash and Equivalents - Beginning	314,375	366,207
Cash and Equivalents - Ending	<u>\$ 1,330,298</u>	<u>\$ 314,375</u>
Supplemental Schedule of Other Cash Activity:		
Interest Paid	\$ 206,893	\$ 158,730
Interest Expensed	<u>\$ 206,893</u>	<u>\$ 158,730</u>

Oregon Coast Community Action
Statement of Functional Expenses
(With Comparative Totals for June 30, 2019)
Year Ended June 30, 2020

	Total							
	Youth	Essential	Program	Management	Indirect			
	Services	Services	Services	and General	Cost Pool	Fundraising	2020 Total	2019
Personnel	\$ 5,766,718	\$ 1,357,563	\$ 7,124,281	\$ 157,906	\$ 714,068	\$ -	\$ 7,996,255	\$ 7,107,220
Consultants & Contractual	-	22,590	22,590	-	34,463	-	57,053	137,487
Supplies	232,049	107,912	339,961	6,341	32,510	1,173	379,985	382,549
Space Costs	173,997	113,968	287,965	173	14,364	-	302,502	249,604
Insurance	58,009	50,977	108,986	4,755	36,882	-	150,623	79,062
Maintenance & Repairs	120,427	53,036	173,463	(5,710)	8,408	-	176,161	127,539
Utilities and Phone	89,831	133,226	223,057	540	8,261	-	231,858	204,884
Transportation	31,795	40,466	72,261	7,048	104	-	79,413	73,306
Training & Travel	120,897	64,406	185,303	(18,748)	13,241	-	179,796	238,545
Sub Recipient-Pass Through Funds	64,239	160,547	224,786	-	-	-	224,786	387,996
Direct Client Support	19,084	1,896,716	1,915,800	332	-	-	1,916,132	1,583,430
Program Services & Client Activities	68,447	9,963	78,410	1,013	16,400	-	95,823	104,943
USDA and Other Food Assistance	171,826	1,093,669	1,265,495	-	-	-	1,265,495	763,885
IT, Licensing, Staffing, Governance, Miscellaneous	127,754	108,737	236,491	(129,435)	57,667	-	164,723	319,510
Depreciation	61,525	62,809	124,334	207,256	8,117	-	339,707	378,701
Subtotal Expenses	7,106,598	5,276,585	12,383,183	231,471	944,485	1,173	13,560,312	12,138,661
Indirect Cost Pool Allocation	599,194	351,229	950,423	(5,938)	(944,485)	-	-	-
Capital Equipment Adjustment	106,432	23,517	129,949	(129,949)	-	-	-	-
Adjusted Total Expense	\$ 7,812,224	\$ 5,651,331	\$ 13,463,555	\$ 95,584	\$ -	\$ 1,173	\$ 13,560,312	\$ 12,138,661

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, 2020, 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, 2020, ORCCA recorded the value of food commodities received from the U.S. Department of Agriculture amounting to \$882,449. All food, with the exception of \$2,491 in commodities on hand added to inventory at June 30, 2020, were distributed in ORCCA's program activities. ORCCA also received donation of a facility for use in its Head Start program which was recorded as both fixed assets and a contribution of \$1,648,006, the fair market value of the facility on the date of donation.

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, 2020.

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 2017, 2018, and 2019 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 \$1,080,298 as of June 30, 2020.

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 2019

The accompanying financial information as of and for the year ended June 30, 2019 is presented for comparative purposes only and is not intended to represent a complete financial statement presentation. Certain 2019 accounts have been reclassified to conform with the 2020 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 17.50% in Coos County, 14.10% in Curry County, and 15.60% in Douglas County.

During the year ended June 30, 2020, 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.

Great Afternoons, located in Reedsport, offers family enrichment programs for children and youth under the names of Great Beginnings and Great Afternoons. The program mission is to provide young children with a protective, safe and fun alternative to being home alone or out on the street unsupervised. By offering activities, nutritious snacks, fun educational opportunities and companionship, the program serves as a “home away from home” for children of parents who are working or going to school. The program provides before & after school care, two pre-kindergarten readiness programs, daycare for children on non-school days, summer programs, and infant/toddler care. Reduced rates are available on a sliding scale to low-income families.

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 1,930 households. Additionally, weatherization provided services for 14 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

OREGON COAST COMMUNITY ACTION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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.

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 \$1,321,637 as of June 30, 2020, 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, 2020. Management considers all receivables outstanding over 90 days as past due. No material amounts are past due at June 30, 2020. No interest is charged on past due receivables.

NOTE 5 – CAMPUS FINANCING, WIND DOWN, & NET ASSET ADJUSTMENT

ORCCA entered into certain arrangements to facilitate the financing and construction of the facilities used for operations, known as the Child and Family Resource Center and the Food Distribution Center. In cooperation with Craft 3 and Community Funding Group, both unrelated non-profit corporations, a total of five separate limited liability companies, including ORCCA

OREGON COAST COMMUNITY ACTION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Campus I and ORCCA Campus II, were formed. Craft 3 and Community Funding Group were awarded allocations of New Markets Tax Credits. The formation of the various LLC's and the use of loans and equity transactions was structured to allow financing for the projects and to make use of available New Markets Tax Credit allocations.

The WF-ORCCA Investment Fund, LLC (Investment Fund) was formed to make "Qualified Equity Investments" (as defined by Section 45D of the Internal Revenue Code), in the CFG IV, LLC (CFG IV) and Enterprise Cascadia Coast VIII, LLC (Coast VIII). ORCCA provided a junior leverage loan in the amount of \$4,508,982 to the Investment Fund. The Investment Fund also received a senior leverage loan and an equity contribution from Wells Fargo Community Investment Holdings, LLC. These funds were then used to provide equity investments to CFG IV and Coast VIII. Wells Fargo Community Investment Holdings, LLC owned a 100% membership interest in the Investment Fund.

Both CFG IV and Coast VIII, using equity proceeds provided by the Investment fund, provided "Qualified Low-Income Community Investments"(as defined by Section 45D of the Internal Revenue Code) to ORCCA Campus II in the form of loans. Coast VIII provided two loans in the amount of \$3,259,683 and \$1,340,617, respectively. CFG IV provided one loan in the amount of \$4,308,982. CFG IV also provided a loan of \$1,705,018 to ORCCA Campus I. ORCCA Campus I used these proceeds to make an equity investment of \$1,705,018 in ORCCA Campus II.

These transactions provided a total of \$10,614,300 in loan and equity proceeds to ORCCA Campus II. Both CFG IV and Coast VIII held allocations of New Markets Tax Credits. All parties to these arrangements understood them to qualify as investments under the New Markets Tax Credit Program.

On December 28, 2018, this structured financing arrangement was wound down in accordance with agreements executed as part of the original formation of ORCCA Campus I and ORCCA Campus II. ORCCA Campus II paid a put option fee of \$10,000.

Loan A from Coast VIII, with a remaining balance of \$2,962,919, was sold to Craft3. Loan B from Coast VIII, with an existing balance of \$1,340,617 plus accrued interest, was extinguished. Loan C from CFG IV, with an existing balance of \$4,308,982, was extinguished. ORCCA's loan received of \$4,508,982 was extinguished. ORCCA Campus I's loan from CFG IV, with an existing balance of \$1,705,018, was extinguished.

ORCCA and ORCCA Campus II's basis in the Campus buildings, improvements, and equipment were adjusted downward to reflect the loan extinguishments with a corresponding decrease to net assets.

In years prior to June 30, 2020, ORCCA presented consolidated financial statements which included the activity of ORCCA Campus I and II. Following the wind down of the structured financing arrangement, ORCCA absorbed the remaining assets and liabilities of both ORCCA Campus I and II, which were dissolved.

OREGON COAST COMMUNITY ACTION
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

NOTE 6 – PROPERTY & EQUIPMENT & ACCUMULATED DEPRECIATION

A summary of property and equipment and accumulated depreciation as of June 30, 2020 is as follows:

	Life (Years)	Method	Cost	Accumulated Depreciation	Book Value
Buildings	10-40	Straight Line	\$ 8,723,085	\$ (1,813,180)	\$ 6,909,905
Site Improvements	40	Straight Line	145,501	(6,420)	139,081
Equipment	5-20	Straight Line	623,339	(339,306)	284,033
Vehicles	3-7	Straight Line	809,096	(712,260)	96,836
Land & Improvements	N/A	N/A	<u>2,082,810</u>		<u>2,082,810</u>
Totals:			<u>\$ 12,383,831</u>	<u>\$ (2,871,166)</u>	<u>\$ 9,512,665</u>

NOTE 7 - 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, 2020:

USDA Commodities	\$ 60,757
Ford Family Foundation	117,924
South Coast Food Share	114,715
Other Purpose Restricted	69,037
Meyer Memorial	<u>32,322</u>
Totals:	<u>\$ 394,755</u>

NOTE 8 - 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 \$115,502 for the year ended June 30, 2020.

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

Year Ending June 30:	ORCCA
2021	\$ 79,314
2022	28,812
2023	12,012
2024	12,012
2025	<u>12,012</u>
Totals:	<u>\$ 144,162</u>

OREGON COAST COMMUNITY ACTION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 9– LONG-TERM DEBT

Long-term debt as of June 30, 2020 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 \$580,893 as of June 30, 2020.	\$ 580,893
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 \$1,037,330 as of June 30, 2020.	1,037,330
Note payable to Umpqua Bank under the Paycheck Protection loan program. The loan was provided through the US Small Business Administration as authorized by the CARES act. The original loan amount of \$1,096,700 carries an annual interest rate of 1% with all principal and accrued interest on the loan due two years from the original loan date of April 22, 2020. The loan is eligible for forgiveness if used to pay certain payroll costs. No payments are due for the first six months of the loan period. ORCCA has determined that a total of \$544,379 of the loan was used for eligible expenses as of June 30, 2020. This amount has been recorded as both grant revenue and a reduction of the underlying loan amounts as of June 30, 2020. ORCCA expects the balance of the loan to be used for eligible expenses and forgiven in the year ending June 30, 2020.	552,321
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.	2,844,741
Less current portion of long-term debt	<u>(697,341)</u> <u>\$4,317,946</u>

**OREGON COAST COMMUNITY ACTION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

Maturities of long-term debt are as follows:

Year Ending June 30:	ORCCA
2021	\$ 697,341
2022	123,860
2023	129,521
2024	135,443
2025	141,636
Thereafter	<u>3,787,486</u>
Totals:	<u>\$ 5,015,287</u>

NOTE 10 – 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 \$253,213 for the year ended June 30, 2020.

NOTE 11 - CONCENTRATION OF REVENUES

For the year ended June 30, 2020, approximately 29.50% 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, 2020, approximately 37.47% of ORCCA’s total support and revenues was received for the Head Start Program, of which approximately 56% was received from the U.S. Department of Health and Human Services and approximately 44% 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.

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.

OREGON COAST COMMUNITY ACTION
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

ORCCA did not have any other events through April 13, 2021, 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, 2020.

NOTE 13- LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

ORCCA, although it expects to receive current support to fund operations for 2021 and later years, has \$2,257,180 and \$1,338,838 of financial assets available within one year of the statement of financial position dates on June 30, 2020 and 2019, to meet cash needs for general operating expenditures. Financial assets available within one year consist of the following:

	<u>2020</u>	<u>2019</u>
Financial assets at year end	\$ 2,651,935	\$ 1,492,250
Donor restricted to purpose	<u>(394,755)</u>	<u>(153,412)</u>
Financial assets available to meet cash needs within one year	<u>\$ 2,257,180</u>	<u>\$ 1,338,838</u>

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, 2020, 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, 2020. Both notes are due in full on September 30, 2048.

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2020

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	\$ -	\$ 3,038,281	\$ 3,038,281	\$ -
Head Start & Early Head Start	93.600	9/1/18-8/31/19	10CH021405	-	392,557	392,557	-
Total Head Start Cluster				-	3,430,838	3,430,838	-
Passed Through Oregon Housing & Community Services							
Low Income Home Energy Assistance-20 Cares Act	93.568	3/7/20-9/30/20	2001ORE5C3	22,123	-	22,123	-
Low Income Home Energy Assistance-20 WX Cares	93.568	3/7/20-9/30/20	2001ORE5C3	967	-	967	-
Low Income Home Energy Assistance	93.568	7/1/19-6/30/20	90281	921,971	-	921,971	-
				945,061	-	945,061	-
Community Services Block Grant	93.569	7/1/19-6/30/20	90281	137,009	-	137,009	-
Temporary Assistance for Needy Families	93.558	7/1/19-6/30/20	90281	57,840	-	57,840	-
Passed Through Oregon Department of Administrative Services							
Foster Care Title IV-E	93.658	7/1/20-6/30/20	N/A	67,150	-	67,150	-
Passed Through Oregon Department of Education							
Promoting Safe & Stable Families	93.556	7/1/19-6/30/20	N/A	9,166	-	9,166	8,432
Passed Through Oregon Department of Human Services							
Child Care & Development Block Grant	93.575	7/1/19-6/30/20	90281	211,290	-	211,290	-
Total Department of Health and Human Services				1,427,516	3,430,838	4,858,354	8,432
Department of Energy							
Passed Through Oregon Housing & Community Services							
Weatherization Assistance For Low-Income Persons (DOE Funds)	81.042	7/1/19-6/30/20	90281	76,596	-	76,596	-
Weatherization Assistance For Low-Income Persons (BPA Funds)	81.999	7/1/19-6/30/20	90281	111,269	-	111,269	-
Total Department of Energy				187,865	-	187,865	-
Department of Agriculture							
Passed Through Oregon Food Bank							
Emergency Food Assistance (Administrative Costs)	10.568	7/1/19-6/30/20	N/A	83,544	-	83,544	-
Emergency Food Assistance (Food Commodities)	10.569	7/1/19-6/30/20	N/A	879,559	-	879,559	879,559
Total Emergency Food Assistance Program				963,103	-	963,103	879,559
Passed Through Oregon Department of Education							
Child & Adult Care Food Program	10.558	7/1/19-6/30/20	N/A	173,159	-	173,159	-
Total Department of Agriculture				1,136,262	-	1,136,262	879,559

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2020

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 Housing & Urban Development							
Direct Programs							
Continuum of Care-Family Transitions	14.267	7/1/19-6/30/20	N/A	-	83,878	83,878	-
Passed Through Oregon Housing and Community Services							
Emergency Solutions Grant Program	14.231	7/1/19-6/30/20	90281	77,252	-	77,252	-
HOME Investment Partnerships Program	14.239	7/1/19-6/30/20	90281	87,427	-	87,427	-
Total Department of Housing & Urban Development				164,679	83,878	248,557	-
Department of the Treasury							
Passed Through Oregon Housing and Community Services							
Covid Rent Relief	21.019	3/1/20-6/30/21	N/A	29,089	-	29,089	-
Covid RR Cares	21.019	3/1/20-6/30/21	N/A	45,749	-	45,749	-
				74,838	-	74,838	-
Total Department of the Treasury				74,838	-	74,838	-
Department of Homeland Security							
Passed Through United Way of America							
Emergency Food and Shelter National Board Program	97.024	7/1/19-6/30/20	N/A	4,035	-	4,035	-
Total Department of Homeland Security				4,035	-	4,035	-
Department of Veterans Affairs							
Passed Through Access							
Supportive Services For Veteran Families-Cares Act Funding	64.033	7/1/19-6/30/20	N/A	155,512	-	155,512	-
Supportive Services For Veteran Families	64.033	7/1/19-6/30/20	N/A	368,050	-	368,050	-
				523,562	-	523,562	-
Total Department of Veterans Affairs				523,562	-	523,562	-
Total Federal Award Programs				\$ 3,518,757	\$ 3,514,716	\$ 7,033,473	\$ 887,991

Oregon Coast Community Action
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2020

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, 2020. 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.



Oregon Coast Community Action

Feed • House • Warm • Educate

Oregon Coast Community Action

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2020

Financial Statement Findings:

Material Weakness

2019-001 Commodities Valuation and Revenue Recognition

The Organization receives and distributes food commodities within its service area. The food commodities, part of the Federal *Emergency Food Assistance Program*, are federal funds to the Organization. The individual recording the quantity and value of food commodities received by the Organization made a number of input errors. The value of food commodities received was materially overstated in the Organization's accounting records. This overstatement resulted in overstatements of federal expenditures, grant revenue, and year-end commodities inventory.

This finding was corrected during the year ended June 30, 2020. New procedures were implemented which included training for staff and volunteers, a reconciliation between receiving and inventory reports, and assignment of personnel with appropriate knowledge, experience, and training to record commodities received.

Federal Award Findings and Questioned Costs:

2019-002 Inventory Valuation and Federal Expenditures Reporting

See finding 2019-001.

This finding was corrected during the year ended June 30, 2020. New procedures were implemented which included training for staff and volunteers, a reconciliation between receiving and inventory reports, and assignment of personnel with appropriate knowledge, experience, and training to record commodities received.

Questioned Costs for Finding 2019-002: 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, 2020, 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 April 13, 2021.

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 deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2020-001 and 2020-002, that we consider to be material weaknesses.

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 2020-003 and 2020-004.

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

April 13, 2021

**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, 2020. 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, 2020.

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 item 2020-003 and 2020-004. 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 deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2020-001 and 2020-002, that we consider to be material weaknesses.

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

April 13, 2021

Oregon Coast Community Action
Schedule of Findings and Questioned Costs
Year Ended June 30, 2020

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>CFDA Numbers</u>	<u>Name of Federal Program</u>
93.600	Head Start
64.033	Supportive Services for Veteran Families
10.568 & 10.569	The Emergency Food Assistance Program

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, 2020

MATERIAL WEAKNESSES

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, 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.

2020-002 REVENUE RECOGNITION

Criteria: Generally accepted accounting principles require recording revenue when earned and contributions when received or when an unconditional promise to give has been made.

Condition: While conducting the audit, we noted that 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.

Effect: Grant revenue, contributions, and assets were understated for the year ended June 30, 2020.

Cause: ORCCA management and accounting personnel did not recognize the need to capture and record these transactions. ORCCA has seen significant turnover in management and the finance department and training and oversight has been inadequate in this area.

Oregon Coast Community Action
Schedule of Findings and Questioned Costs
Year Ended June 30, 2020

Recommendation: We recommend that ORCCA provide training for personnel and implement a process for management and finance personnel to conduct regular reviews of all activities, relating activities, where relevant, to recognition and recording in the financial records.

Section III – Federal Award Findings and Questioned Costs:

MATERIAL WEAKNESSES

2020-003 GRANT ACCOUNTING

CFDA Number and Title: 10.568 & 10.569 The Emergency Food Assistance Program
Federal Grantor Name: United States Department of Agriculture
Pass Through Entity: Oregon Food Bank

CFDA 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

CFDA 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 2020-001. 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 2020-003: No questioned costs were noted for this finding.

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

CFDA Number and Title: 10.568 & 10.569 The Emergency Food Assistance Program
Federal Grantor Name: United States Department of Agriculture
Pass Through Entity: Oregon Food Bank

CFDA 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

CFDA 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.

Oregon Coast Community Action
Schedule of Findings and Questioned Costs
Year Ended June 30, 2020

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

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 2020-001, 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 year-end SEFA. As recommended in finding 2020-001, ORCCA should implement monthly reconciliation procedures for all grants and contracts.

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



Oregon Coast Community Action

Feed • House • Warm • Educate

April 13, 2021

Management's Response to 2019-2020 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 2019-2020 year there was a large amount of turnover in ORCCA management and finance staff. The need for additional internal controls and standardized processes were recognized. ORCCA leadership began and continues to work with consultants from WIPFLI and Northwest Business Group to improve and strengthen ORCCA's fiscal foundation.

Some of the results from this work are:

- The finance policy has been updated to reflect an improved level of internal controls and procedures in the finance department.
- Development and implementation of a monthly/quarterly procedures for reconciling and reviewing all accounting functions and reporting with specific timelines.
 - This procedure provides weekly oversight to Executive level leadership with a review between Executive Director, Operations Director and Finance Director monthly.
 - The monthly review is provided to Treasurer of the board at the end of each month and to the Board Finance Committee on a quarterly basis.
 - New procedures include a monthly self-monitoring process which will be reviewed with appropriate staff. 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 program management and board members.
 - A training plan for onboarding staff in each fiscal position is being developed.
 - Current staff will be evaluated for additional training according to the plan for each position. The training plans and progress will be monitored by the Executive Director and Operations Director.
 - Areas of fiscal training have been identified for program staff and board members.
 - These will be reviewed and updated annually.

2020-001 Grant Accounting

There are three major areas of change that ORCCA that are in process or have been implemented 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 revenue, receivables and deferred revenue for all grants and contracts.
- On-going training will be provided for all finance staff.
 - Feedback from the monthly procedure for reconciling and reviewing all accounting functions will be given monthly to staff to ensure processes are being followed.
- The monthly procedure for reconciling and reviewing all accounting functions will be updated starting 5/10/21 to require all changes in expense classification or movement between grants to be given to the Finance department by the 8th of the month so they can be taken into account prior to billing for each period.

2020-002 Revenue Recognition

ORCCA has updated their finance policy to address proper handling of inkind contributions. ORCCA is in process of developing and implementing an updated procedure to record inkind contributions by program. This will include:

- Monthly reporting from all programs of inkind contributions to the finance department.
 - These will be evaluated and recorded as required.
- During monthly meetings between fiscal and program staff to review financial reports, they will specifically review each program's activities and identify activities that need to be recognized and recorded.
- On-going training for program and fiscal staff relating to revenue recognition will be evaluated and implemented.

2020-003 Grant Accounting

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

2020-004 Preparation of the Schedule of Expenditures of Federal Awards

The ORCCA Finance Director understands the function and necessity of preparing a complete and accurate SEFA. Training specific to the preparation and reporting requirements have been added to the training plan for this position and the Grants and Contract Manager position.

A process has been developed 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 finance director monthly to ensure process is followed and by an Executive level leadership quarterly for accountability.

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

Responsible Persons:

Kim Brick, ORCCA Executive Director

Lisa Pierce, ORCCA Finance Director

David Navarro, ORCCA Director of Operations