

ACCESS

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

WITH

INDEPENDENT AUDITOR'S REPORT



Certified Public Accountants, LLP
audit | tax | advisory | wealth management | cfo

ACCESS
CONSOLIDATED FINANCIAL STATEMENTS
Year Ended June 30, 2021
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
ACCESS
3630 Aviation Way
Medford, OR 97504

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of ACCESS and its subsidiaries (an Oregon nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements (hereunder referred to as the financial statements).

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 risks 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 consolidated financial position of ACCESS and its subsidiaries as of June 30, 2021, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in *Note 1* to the financial statements, the June 30, 2021 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Other Matters

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental functional expense descriptions are presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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 functional expense descriptions and the Schedule of Expenditures of Federal Awards have 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 functional expense descriptions and the Schedule of Expenditures of Federal Awards are 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 June 17, 2022, on our consideration of ACCESS' 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 ACCESS' internal control over financial reporting and compliance.

KDP Certified Public Accountants, LLP

KDP Certified Public Accountants, LLP
Medford, Oregon
June 17, 2022

CONSOLIDATED FINANCIAL STATEMENTS

ACCESS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
June 30, 2021

ASSETS:

Current Assets:

| | |
|---------------------------------|---------------|
| Cash and cash equivalents | \$ 5,301,678 |
| Investments | 144,086 |
| Accounts receivable, net | 78,213 |
| Grants and contracts receivable | 3,820,280 |
| Accrued interest receivable | 10,997 |
| Inventory | 88,136 |
| Prepays | <u>28,625</u> |

Total Current Assets 9,472,015

Property and Equipment:

| | |
|----------------------------|--------------------|
| Land | 2,163,322 |
| Buildings and improvements | 7,701,457 |
| Equipment and furnishings | 769,583 |
| Vehicles | 604,587 |
| Accumulated depreciation | <u>(3,961,606)</u> |

Property and Equipment, net 7,277,343

Other Assets:

| | |
|--|------------------|
| Beneficial interests | 436,374 |
| Notes receivable, net of present value | <u>1,308,025</u> |

Total Other Assets 1,744,399

TOTAL ASSETS \$ 18,493,757

ACCESS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
June 30, 2021

LIABILITIES AND NET ASSETS:

Current Liabilities:

| | |
|----------------------------------|----------------|
| Accounts payable | \$ 1,511,590 |
| Accrued payroll liabilities | 231,611 |
| Tenant deposits | 34,464 |
| Accrued interest payable | 7,542 |
| Current portion of notes payable | <u>696,142</u> |

Total Current Liabilities 2,481,349

Long-Term Liabilities:

| | |
|---------------------------------------|------------------|
| Notes payable, net of current portion | <u>1,110,607</u> |
|---------------------------------------|------------------|

Total Long-Term Liabilities 1,110,607

TOTAL LIABILITIES 3,591,956

Net Assets:

Without Donor Restrictions:

| | |
|--------------------------------|------------------|
| Operating | 10,308,984 |
| ACCESS Development Corporation | <u>2,728,864</u> |

Total Net Assets Without Donor Restrictions 13,037,848

With Donor Restrictions:

| | |
|---------------------|----------------|
| Time and/or purpose | 1,427,579 |
| In perpetuity | <u>436,374</u> |

Total Net Assets With Donor Restrictions 1,863,953

TOTAL NET ASSETS 14,901,801

TOTAL LIABILITIES AND NET ASSETS \$18,493,757

ACCESS
CONSOLIDATED STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

| | <u>WITHOUT DONOR RESTRICTIONS</u> | <u>WITH DONOR RESTRICTIONS</u> | <u>TOTAL NET ASSETS</u> |
|--|---------------------------------------|------------------------------------|-----------------------------|
| Public Support and Revenue: | | | |
| Public Support: | | | |
| Contributions | \$ 2,052,812 | \$ 702,003 | \$ 2,754,815 |
| Non-cash contributions | 5,126,577 | - | 5,126,577 |
| Fundraising | 191,567 | - | 191,567 |
| Grants: | | | |
| Federal and state | 20,630,487 | - | 20,630,487 |
| USDA-federal food commodities (non-cash) | 916,461 | - | 916,461 |
| City and county | 121,178 | 80,397 | 201,575 |
| Private | 390,906 | 517,219 | 908,125 |
| Total Public Support | <u>29,429,988</u> | <u>1,299,619</u> | <u>30,729,607</u> |
| Revenue: | | | |
| Program income | 87,745 | - | 87,745 |
| Rental income | 368,199 | - | 368,199 |
| Interest income | 25,231 | - | 25,231 |
| Change in beneficial interests | - | 78,714 | 78,714 |
| Miscellaneous | 115,269 | - | 115,269 |
| Total Revenue | <u>596,444</u> | <u>78,714</u> | <u>675,158</u> |
| Net Assets Released From Restrictions | <u>1,577,619</u> | <u>(1,577,619)</u> | <u>-</u> |
| Total Public Support and Revenue | <u>31,604,051</u> | <u>(199,286)</u> | <u>31,404,765</u> |
| Expenses: | | | |
| Program service | 28,145,169 | - | 28,145,169 |
| Management and general | 1,500,824 | - | 1,500,824 |
| Fundraising | 473,413 | - | 473,413 |
| Total Expenses | <u>30,119,406</u> | <u>-</u> | <u>30,119,406</u> |
| Other Revenue and Expenses: | | | |
| Change in present value discount on notes receivable | 35,950 | - | 35,950 |
| Total Other Revenue and Expenses | <u>35,950</u> | <u>-</u> | <u>35,950</u> |
| CHANGE IN NET ASSETS | 1,520,595 | (199,286) | 1,321,309 |
| GAIN ON SALE OF DISCONTINUED OPERATIONS | 2,716,549 | - | 2,716,549 |
| NET LOSS ON DISCONTINUED OPERATIONS | (71,757) | - | (71,757) |
| NET ASSETS, BEGINNING OF YEAR, as restated | <u>8,872,461</u> | <u>2,063,239</u> | <u>10,935,700</u> |
| NET ASSETS, END OF YEAR | <u>\$ 13,037,848</u> | <u>\$ 1,863,953</u> | <u>\$ 14,901,801</u> |

ACCESS
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2021

| | Support Services | | | | Program Services | | | | | | | | TOTAL |
|--|--|--------------------------------|-------------------|------------------------|-------------------------------|------------------------------|------------------------------------|---------------------|----------------------|--------------------------------|----------------------------|------------------------|----------------------|
| | Management, General and Administration | | Fundraising | Total Support Services | Community Service Block Grant | Housing Development Programs | Energy and Weatherization Programs | Nutrition Programs | Support Services | Olsrud Family Nutrition Center | Consolidation Eliminations | Total Program Services | |
| | ACCESS | ACCESS Development Corporation | | | | | | | | | | | |
| Functional Expenses: | | | | | | | | | | | | | |
| Personnel and benefits | \$ 950,657 | \$ - | \$ 300,906 | \$ 1,251,563 | \$ 54,026 | \$ 506,347 | \$ 594,406 | \$ 554,141 | \$ 1,682,121 | \$ 1,434 | \$ - | \$ 3,392,475 | \$ 4,644,038 |
| Contracted services | 85,478 | 2,000 | 8,750 | 96,228 | - | 18,352 | 543,645 | 31,985 | 6,126,013 | - | - | 6,719,995 | 6,816,223 |
| Energy assistance | - | - | - | - | - | - | 3,608,676 | - | 34,137 | - | - | 3,642,813 | 3,642,813 |
| Shelter assistance | - | - | - | - | - | - | - | - | 5,185,163 | - | - | 5,185,163 | 5,185,163 |
| Emergency assistance | - | - | - | - | - | - | - | 577 | 1,373,179 | - | - | 1,373,756 | 1,373,756 |
| Food assistance | - | - | - | - | - | - | - | 384,514 | - | - | - | 384,514 | 384,514 |
| Food contributions distributed | - | - | - | - | - | - | - | 6,093,183 | - | - | - | 6,093,183 | 6,093,183 |
| Non-cash equipment, goods and services | - | - | 33,721 | 33,721 | - | - | - | - | 69,216 | - | - | 69,216 | 102,937 |
| Weatherization and maintenance materials | 4,519 | - | - | 4,519 | - | 892 | 81 | - | 299 | - | - | 1,272 | 5,791 |
| Rent, utilities and security | 49,472 | - | 10,515 | 59,987 | 4,511 | 327,962 | 19,294 | 73,375 | 112,011 | 96,843 | (210,330) | 423,666 | 483,653 |
| Building and equipment maintenance | 47,428 | 8,460 | 2,214 | 58,102 | 1,053 | 110,133 | 7,172 | 38,535 | 10,649 | 39,311 | - | 206,853 | 264,955 |
| Insurance | 10,195 | - | 1,370 | 11,565 | - | 25,977 | 2,727 | 10,280 | 8,015 | 6,321 | - | 53,320 | 64,885 |
| Vehicle gas and oil | 985 | - | - | 985 | - | 4,657 | 843 | 13,107 | 1,214 | - | - | 19,821 | 20,806 |
| Vehicle insurance and maintenance | 14,533 | - | - | 14,533 | - | 1,976 | 8,646 | 37,591 | 39,778 | - | - | 87,991 | 102,524 |
| Travel and training | 5,016 | - | 295 | 5,311 | - | 284 | 7,025 | 295 | 7,132 | - | - | 14,736 | 20,047 |
| Office and computer | 50,158 | - | 86,336 | 136,494 | 3,944 | 13,474 | 30,235 | 19,246 | 121,794 | 715 | - | 189,408 | 325,902 |
| Telephone | 8,571 | - | 1,601 | 10,172 | 640 | 5,384 | 8,277 | 7,095 | 35,766 | 1,530 | - | 58,692 | 68,864 |
| Taxes, licenses and fees | 12,036 | 99 | 4,800 | 16,935 | - | 5,192 | 90 | 340 | 947 | 1,342 | - | 7,911 | 24,846 |
| Advertising and promotion | 7,747 | - | 22,538 | 30,285 | 68 | 2,818 | 4,338 | 16,005 | 18,078 | - | - | 41,307 | 71,592 |
| Professional fees | 82,580 | - | - | 82,580 | - | 1,117 | 5,456 | - | 1,099 | 112 | - | 7,784 | 90,364 |
| Miscellaneous | 9,598 | - | 367 | 9,965 | - | 125 | - | 239 | 1,191 | - | - | 1,555 | 11,520 |
| Depreciation | 13,037 | 82,493 | - | 95,530 | - | 100,328 | 4,779 | 28,261 | - | 16,742 | - | 150,110 | 245,640 |
| Interest expense | 7,500 | 48,262 | - | 55,762 | - | 19,628 | - | - | - | - | - | 19,628 | 75,390 |
| Total Functional Expenses | \$ 1,359,510 | \$ 141,314 | \$ 473,413 | \$ 1,974,237 | \$ 64,242 | \$ 1,144,646 | \$ 4,845,690 | \$ 7,308,769 | \$ 14,827,802 | \$ 164,350 | \$ (210,330) | \$ 28,145,169 | \$ 30,119,406 |

See accompanying notes to the consolidated financial statements

ACCESS
CONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended June 30, 2021

| | |
|--|---------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | |
| Change in net assets (including discontinued operations) | \$ 3,966,101 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | |
| Depreciation | 245,640 |
| Forgiveness on OHA loan | (2,333) |
| Amortization of deferred financing costs | 447 |
| Unrealized (gain) loss on investments | (360) |
| Unrealized (gain) loss on beneficial interests | (78,714) |
| Change in present value discount on notes receivable | (35,950) |
| (Increase) decrease in: | |
| Accounts receivable, net | 222 |
| Grants and contracts receivable | (2,762,356) |
| Accrued interest receivable | 3,481 |
| Inventory | 153,082 |
| Prepays | 398 |
| Assets held for sale | 2,240,497 |
| Restricted deposit and funded reserves | 18,640 |
| Increase (decrease) in: | |
| Accounts payable | 1,044,364 |
| Accrued payroll liabilities | 12,347 |
| Accrued interest payable | 7,500 |
| Tenant deposits | (471) |
| Custodial fund | (35,946) |
| Unearned revenue | (3,502) |
| Liabilities held for sale | <u>(2,454,795)</u> |
| Net Cash Provided (Used) by Operating Activities | <u>2,318,292</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | |
| Proceeds from principal payments on notes receivable | 8,821 |
| Purchase of property and equipment | <u>(101,758)</u> |
| Net Cash Provided (Used) by Investing Activities | <u>(92,937)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | |
| Proceeds from notes payable | 246,049 |
| Principal payments on notes payable | <u>(316,035)</u> |
| Net Cash Provided (Used) by Financing Activities | <u>(69,986)</u> |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | 2,155,369 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | <u>3,146,309</u> |
| CASH AND CASH EQUIVALENTS, END OF YEAR | <u><u>\$5,301,678</u></u> |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOWS: | |
| Cash paid during the year for interest | <u><u>\$ 67,433</u></u> |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

ACCESS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 1: NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations:

ACCESS (the Organization) was formed in 1976 as a non-profit corporation to develop and administer programs and services designed to assist low-income residents and senior citizens in Southern Oregon communities in Jackson and Josephine Counties. The Organization provides these services through the following programs: Nutrition, Energy Assistance and Weatherization, Community Services Block Grant (CSBG) Programs, Housing Development, and Support Services.

Federal and State grant funds managed by Oregon Housing and Community Services, Oregon Food Bank, U.S. Department of Veterans Affairs, and the U.S. Department of Housing and Urban Development are the primary sources of funding for the social service programs of the Organization. Contributions, program income, and other grants provide additional support. Grants require periodic reporting, restrict the use of grant funding to provision of specified services, and may require matching revenue from other sources.

Principles of Consolidation:

The consolidated financial statements (the financial statements) include the accounts of ACCESS Development Corporation (ADC), a 100 percent owned affiliate of the Organization. ADC was created March 2, 1994, and is organized as a Title Holding Corporation under Internal Revenue Code Section 501(c)(2). ADC owns and manages the buildings of the Organization which it uses for office space, program administration, commercial kitchens, and warehouse storage. ADC is governed by a board of directors consisting of the chair, vice-chair, and secretary/treasurer of the Organization's Board of Directors. Net income of ADC is distributed annually to the Organization and all material inter-company transactions have been eliminated in these financial statements.

The financial statements include the accounts of Barnett Townhomes Limited Partnership (The Partnership) organized under the laws of the State of Oregon. ACCESS is the Managing General Partner in the Partnership with a 1% ownership interest. ACCESS Barnett LLC is the Limited Partner in the Partnership with a 99% ownership interest (wholly owned by the Organization). The Partnership began operating under Section 207 pursuant to Section 223(f) of the National Housing Act, with mortgage insurance provided by the Federal Housing Administration (FHA) of the Department of Housing and Urban Development (HUD) on April 1, 2013. The Partnership has entered into a Management Agreement with the Housing Authority of Jackson County (HAJC), to manage the day-to-day operations of the property located at 1852 E. Barnett Rd., Medford, Oregon 97504, also known as Barnett Townhomes. In turn, the HAJC has entered into a Services Contract with ACCESS to administer and carry out the landscape, maintenance and cash handling responsibilities for the property.

On August 8, 2019, the Partnership entered into a sale agreement to sell substantially all of the assets and liabilities of the Partnership. The sale occurred on September 1, 2020 and all activities for Barnett are classified as discontinued operations for fiscal year 2021.

Basis of Accounting:

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

ACCESS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended June 30, 2021

NOTE 1: NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation:

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions. Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, such as those that the donor stipulates that resources be maintained in perpetuity.

- Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.
- Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

The Organization's beneficial interest in a perpetual charitable trust held by a bank as trustee and another beneficial interest held by the Oregon Community Foundation, both of which are to be maintained in perpetuity, are classified in net assets with donor restrictions.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Use of Estimates:

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

Cash and Cash Equivalents:

For the purposes of the Consolidated Statement of Cash Flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents, unless held by an investment advisor or the amounts are held for meeting regulatory restrictions or reserves.

Investments:

Investments at June 30, 2021 consist entirely of certificates of deposit.

Accounts Receivable:

The Organization extends unsecured credit to its tenants in the ordinary course of business but mitigates the associated risk by actively pursuing past due accounts. Accounts receivable are considered past due if not collected within 90 days. At June 30, 2021, the Organization has an \$11,848 allowance for doubtful accounts.

ACCESS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 1: NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants and Contracts Receivable:

Grants and contracts receivable represent amounts that have been billed under agency contracts but not collected as of the date of the financial statements. All grants and contracts receivable represent amounts owed by state and local government agencies. Grants and contracts receivable are stated at the amount management expects to be collected from the outstanding balance. As of June 30, 2021, management has determined, based on historical experience, that all amounts are fully collectible and no allowance for doubtful accounts is necessary.

Inventory:

Donated food and USDA commodities are recorded directly in the financial statements as non-cash contributions received and as non-cash expenditures within the nutrition program. Food inventory is counted monthly. Non-cash contributions of food commodities flow through the Organization directly to distribution centers and recipients.

Property and Equipment:

The Organization records acquisitions of property and equipment at cost. Maintenance, repairs and minor renewals are charged to expense as incurred. It is the policy of the Organization to capitalize all property, plant and equipment whose value exceeds \$5,000 and whose expected life exceeds one year. Depreciation has been provided using the straight-line method over the estimated useful lives of the rated assets ranging from 3 to 50 years.

Valuation of Long-Lived Assets:

The Organization reviews its property for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the property, including any estimated proceeds from the eventual disposition of the property. If the property is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the property exceeds the fair value of such property. There were no impairment losses recognized in fiscal year 2021.

Beneficial Interests:

The Organization is the beneficiary of perpetual irrevocable trusts held and administered by independent trustees. Under the terms of the trusts, the Organization has the irrevocable right to receive the income earned on trust assets in perpetuity. The fair value of the beneficial interest in a trust is recognized as an asset and as a contribution with donor restrictions at the date the trust was established. The Organization's estimate of fair value at each reporting date is based on fair value information about the trust's assets received from trustees. Trust assets consist of, but are not limited to, cash and cash equivalents, corporate and government bonds, mutual funds, and equity securities. These assets are not subject to control or direction by the Organization. Distributions of income from the trust are reported as investment income. Gains and losses, which are not distributed by the trusts, are reflected as the unrealized change in beneficial interests in the Consolidated Statement of Activities.

Deferred Financing Costs:

Costs incurred in connection with financing activities are deferred and amortized using the effective interest method over the terms of the related debt agreements. Amortization of these costs is included as a component of interest expense in the accompanying financial statements.

ACCESS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 1: NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unearned Revenue:

The Organization is the recipient of grants that require expenditure for specified activities before the Organization is reimbursed by the grantor for the costs incurred. Documentation showing actual costs expended is included when submitting a monthly or quarterly report for reimbursement. Certain grantors pay in advance of incurring the specified costs; in those cases, the amount received in excess of amounts spent on reimbursable costs is reported as unearned revenue.

Revenue Recognition:

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions are recognized when cash or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction.

Revenue with and without Donor Restrictions:

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. Contributions of property and equipment are reported as net assets with donor restrictions if the donor restricted the use of the property or equipment to a particular program, as are contributions of cash restricted to the purchase of property and equipment. Otherwise, donor restrictions on contributions of property and equipment or assets restricted for purchase of property and equipment are considered to expire when the assets are placed in service. 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 with donor restrictions and reported in the Consolidated Statement of Activities as net assets released from restrictions.

Donated Materials and Services:

Donations of food and grocery products by the food industry, other businesses, community organizations and individuals are recorded as support at their estimated wholesale fair value stated at \$1.25 per pound at June 30, 2021. To arrive at the estimated wholesale fair value per pound, ACCESS uses the approximate average value based on an independent accountant's report to Feeding America (national domestic hunger-relief charity).

Additionally, the Organization also receives USDA commodities for the Commodity Supplemental Food Program (CSFP) and the Emergency Food Assistance Program (TEFAP). Estimated price per pound for fiscal year 2021 was \$0.84 and \$0.88 for the CSFP and TEFAP programs, respectively.

Approximately 5.2 million pounds of donated food were received from the above referenced sources during the year ended June 30, 2021.

The Organization recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. A substantial number of volunteers have donated their time in various ACCESS programs and special events, but are not recorded because they do not meet the recognition criteria.

ACCESS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 1: NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Expenses:

The costs of providing various programs and other activities have been summarized on a functional basis in the Consolidated Statement of Activities. The Consolidated Statement of Functional Expenses presents the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include occupancy and depreciation, which are allocated on a square footage basis, as well as personnel costs, professional services, office expenses, information technology, insurance, and other expense, which are allocated on the basis of estimates of time and effort.

Tax Status:

The Organization is a non-profit entity exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state incomes taxes on related activities. No tax provision has been made in the accompanying Consolidated Statement of Activities. The Organization recognizes the tax benefit from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefit is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The Organization recognizes interest and penalties related to income tax matters in operating expenses.

ADC is exempt from income tax under Section 501(c)(2) of the U.S. Internal Revenue Code. Therefore, no provision for income taxes is necessary.

The Partnership files a partnership return for federal and state income tax purposes. Consequently, income taxes are not payable by the Partnership. The partners include their share of profits and losses in their respective income tax returns.

At June 30, 2021, there were no uncertain tax positions.

Deposits in Excess of Insured Limits:

The Federal Deposit Insurance Corporation (FDIC) insures account balances at each insured institution. The Organization frequently maintains cash balances greater than the FDIC insurance. At June 30, 2021, the amount that exceeded FDIC coverage was approximately \$5,707,000.

Restatement of Prior Year Amounts:

During the fiscal year ended June 30, 2021, the Organization determined that certain long-term debt was omitted from its' financial statements. The effects of the restatement on the Organization's beginning net assets resulted in a reduction of net assets without donor restrictions of \$33,333.

NOTE 2: CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following at June 30, 2021:

| | |
|---------------------------------------|---------------------|
| Petty cash | \$ 160 |
| Cash in checking accounts: | |
| General | 2,464,405 |
| Client trust-security deposits | 15,717 |
| Barnett Townhomes Limited Partnership | 2,413,391 |
| Access Development Corporation | <u>408,005</u> |
| Total cash and cash equivalents | <u>\$ 5,301,678</u> |

ACCESS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 3: AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets that are available to meet cash needs for general expenditures at June 30, 2021:

| | |
|---|----------------------------|
| Financial assets: | |
| Cash and cash equivalents | \$ 5,301,678 |
| Investments | 144,086 |
| Accounts receivable | 78,213 |
| Grants and contracts receivable | 3,820,280 |
| Beneficial interests | <u>436,374</u> |
| Total financial assets | <u>9,780,631</u> |
| Less amounts not available to be used within one year | |
| Beneficial interests | <u>(436,374)</u> |
| Financial assets not available to be used within one year | <u>(436,374)</u> |
| Unused line of credit | <u>250,000</u> |
| Financial assets available to meet general expenditures within one year | <u><u>\$ 9,594,257</u></u> |

NOTE 4: INVESTMENTS

Investments consist of the following at June 30, 2021:

| | |
|--|--------------------------|
| 17-month CD matures November 7, 2021, interest 0.25% | <u>\$ 144,086</u> |
| Total investments - certificates of deposit | <u><u>\$ 144,086</u></u> |

NOTE 5: BENEFICIAL INTERESTS

OCF:

On February 25, 2004, the Organization elected to participate in the Oregon Community Foundation (OCF). The Organization transferred assets to OCF which is holding them as an endowed component fund (Fund) for the benefit of the Organization. The Organization has granted OCF variance power which gives OCF's Board of Trustees the power to use the Fund for other purposes in certain circumstances. The Fund is subject to OCF's investment and spending policies which currently result in a distribution to the Organization of a certain percent of the average quarterly value over time. The fair value of the funds held by OCF at June 30, 2021 was \$325,227.

Perpetual Trust:

The Organization is the partial beneficiary of a perpetual trust whereby the Organization receives the income or a designated portion of the income into perpetuity. Income earned on trust assets is distributed to the Organization as provided in the agreements and was \$4,499 during the year ended June 30 2021. The perpetual trust is valued annually at December 31. There were no significant changes in value of the perpetual trust at the Organization's fiscal year end. At June 30, 2021 the estimated fair value of the perpetual trust was \$111,147.

ACCESS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 6: NOTES RECEIVABLE

During the fiscal year ended June 30, 2008, the Organization became a general partner with a 0.005% ownership in a 52-unit low-income housing project called Conifer Gardens Limited Partnership. During that fiscal year, the Organization made three loans to Conifer Gardens Limited Partnership for a total of \$1,359,443. Two of the notes receivable (\$723,043 note and \$386,400 note) have a rate of 1.00% interest per annum and the third note receivable (\$250,000) has a 0.00% interest rate. The \$250,000 and \$386,400 notes receivable have a maturity date of December 31, 2047 and the \$723,043 note receivable has a maturity date of December 31, 2057. Principal and interest on all three notes are due upon maturity. The notes receivable are secured by a second deed of trust on the real property. The notes receivable are adjusted to present value using the borrowing rate of the Organization which is 3.75% less the interest rate of the notes receivable. During the year ended June 30, 2021, \$8,821 of principal was paid on the \$723,043 note leaving \$714,222 outstanding at June 30, 2021. ACCESS has a \$10,997 accrued interest receivable at June 30, 2021

In fiscal year 2023, ACCESS has a purchase option agreement and right of first refusal on the Conifer Gardens property. At this event the notes will either be refinanced or ACCESS will obtain ownership of the Conifer Gardens property and the notes receivable will become an intercompany receivable.

Notes receivable at June 30, 2021:

| | |
|--|---------------------|
| Notes receivable | \$ 1,350,622 |
| Present value adjustment | <u>(42,597)</u> |
| Notes receivable, net of present value | <u>\$ 1,308,025</u> |

NOTE 7: LINE OF CREDIT

ACCESS has a line of credit with Banner Bank in the amount of \$250,000. The line of credit agreement originated from prior years and expired July 15, 2020. The interest rate is subject to change from time to time and is based on the U.S. Prime Rate plus 0.50%, resulting in an initial rate of 5.50%. At June 30, 2021, there were no amounts outstanding on the line of credit.

On July 6, 2020, ACCESS extended its line of credit agreement to July 15, 2023. The line of credit carries a variable interest rate and is based on the U.S. Prime Rate (2.00 percentage points over the U.S. Prime Rate reduced by 1.00% preferred rate). The initial rate on the line of credit is 4.25%.

ACCESS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 8: LONG-TERM DEBT

The Organization's long-term debt consists of the following at June 30, 2021:

| | |
|---|---------------------|
| ADC: | |
| Banner Bank 2008 loan, net | \$ 699,653 |
| The Organization: | |
| Banner Bank 2019 Paycheck Protection Program loan | 620,013 |
| Oregon Health Authority Cottonwood B 2003 loan | 11,000 |
| Oregon Health Authority Cottonwood A 2006 loan | 20,000 |
| Banner Bank 2004 loan | 48,920 |
| Banner Bank 2005 loan | 66,109 |
| Banner Bank 2002 loan | 63,508 |
| US Bank 2018 loan | 35,769 |
| People's Bank 2016 loan | 179,605 |
| People's Bank 2016 loan #2 | <u>62,172</u> |
| Total consolidated long-term debt | <u>\$ 1,806,749</u> |

ADC:

On October 17, 2008, ADC entered into a note payable to Banner Bank in the original amount of \$1,057,000. The note is secured by land and buildings and matures on October 17, 2033. The interest rate is subject to change from time to time based on changes in the Weekly Average Five Year Constant Maturity Treasury rate (0.74% at the time of the loan) plus 3.50 percentage points. The interest rate change will not occur more often than each five years. The interest rate was 6.53% per annum at June 30, 2021. Current monthly payments of principal and interest are \$6,958.

ADC incurred \$10,115 in debt issuance costs, which are amortized using the effective interest method. ADC amortized \$447 of debt issuance costs during 2021 and unamortized costs of \$2,931 are outstanding at June 30, 2021. Total debt outstanding at June 30, 2021 was \$699,653 (\$702,584 gross debt net of issuance costs of \$2,931).

The loan agreement contains a subjective acceleration clause, which gives the Bank the right to accelerate repayment upon the Bank's determination of a material adverse change in the ADC's financial position. Management has evaluated the likelihood of the Bank exercising the clause to be remote. As a result, the amounts owed are classified based upon the stated payment schedule.

Interest charged to expense for the year ended June 30, 2021 totaled \$48,262.

ACCESS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 8: LONG-TERM DEBT (Continued)

The Partnership:

On April 1, 2013, The Partnership entered into a note payable to Walker & Dunlop, LLC in the original amount of \$2,813,900. The note is secured by land, buildings and improvements and matures on April 1, 2048. The terms of the note require 420 monthly payments of \$11,386, including interest computed at 3.35% per annum.

On August 8, 2019, the Partnership entered into a Sale Agreement (the Agreement) with the Housing Authority of Jackson County (the Authority) to sell the Barnett Townhomes property, plant and equipment (the Property). The sale closed and funded on September 1, 2020. At that time the debt on the Property was paid in full.

At the time of sale, the Partnership had \$119,413 in debt issuance costs. The Partnership amortized \$838 of debt issuance costs prior to the sale and had unamortized costs of \$80,380 outstanding. Total debt outstanding before the sale was \$2,331,524 (\$2,411,904 gross debt net of issuance costs of \$80,308).

Interest charged to expense prior to sale was \$21,497.

The Organization:

In May 2003, the Organization entered into a promissory note to the State of Oregon through its Department of Human Services in the amount of \$30,000. The note carries a 0.00% interest rate to the State and is secured by a trust deed for property. The note is forgivable as long as the property is used as a location to house low-income seniors. Principal payments are forgivable annually in equal amounts over 30 years beginning on the date of the note agreement.

In August 2006, the Organization entered into a promissory note to the State of Oregon through its Department of Human Services in the amount of \$40,000. The note carries a 0.00% interest rate to the State and is secured by a trust deed for property. The note is forgivable as long as the property is used as a location to house low-income seniors. Principal payments are forgivable annually in equal amounts over 30 years beginning on the date of the note agreement.

On December 3, 2004, the Organization entered into a note payable to Banner Bank in the original amount of \$64,384. On April 14, 2015, a change in terms occurred where the commitment amount was increased to \$72,683 and the interest rate and floor rate was revised from 4.06% per annum to 4.94%. The note is secured by land and improvements. The interest rate is subject to change from time to time based on changes in the Weekly Average Five Year Constant Maturity Treasury rate (1.36% at the time of the change in terms) plus 3.50 percentage points. The interest rate change will not occur more often than each five years. The interest rate was 3.95% per annum at June 30, 2021. Current monthly payments of principal and interest are \$553. The note requires a final payment of \$30,998 on April 15, 2025.

On October 17, 2005, the Organization entered into a note payable to Banner Bank in the original amount of \$150,000. The terms of the note, as modified in the Change of Terms Agreement dated June 22, 2006, require 52 monthly payments of \$907, including interest computed at 5.99% per annum. The note is secured by land and improvements. The interest rate is subject to change from time to time based on changes in the Weekly Average Five Year Constant Maturity Treasury rate (4.24% at the time of the modification) plus 2.06 percentage points. The interest rate change will not occur more often than each five years. The interest rate was 2.39% per annum at June 30, 2021. Current monthly payments of principal and interest are \$438. The note requires a final payment of \$57,823 on October 17, 2025.

ACCESS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 8: LONG-TERM DEBT (Continued)

On June 14, 2002, the Organization entered into a note payable to Banner Bank in the original amount of \$110,000. On January 2, 2013, a change in terms occurred where the initial interest rate and floor rate was revised from 7.00% to 4.00% for 53 monthly principal and interest payments of \$585. The note is secured by land and improvements. The interest rate is subject to change from time to time based on changes in the Weekly Average Five Year Constant Maturity Treasury rate (0.74% at the time of the change in terms) plus 3.50 percentage points. The interest rate change will not occur more often than each five years. The interest rate was 5.25% per annum at June 30, 2021. Current monthly payments of principal and interest are \$637. The matures on June 10, 2032.

On October 2, 2013, the Organization entered into a note payable to US Bank in the original amount of \$50,000. The terms of the note, as modified in the Amendment to Note dated October 29, 2018, require 60 monthly payments of \$334, including interest computed at 5.46% per annum. The note is secured by land and improvements. The note requires a final payment of \$31,063 on October 1, 2023.

On January 22, 2016, the Organization entered into a note payable to People's Bank of Commerce in the amount of \$255,238. The note was re-negotiated with the bank and assumed by the Organization after previously being held by the Ashland Community Land Trust of Oregon (ACLT). The ACLT, as part of its dissolution, donated property located on Bridge St, Ashland to the Organization. The note is secured by land and improvements. The terms of the note require 61 monthly payments of \$1,893 including interest computed at 4.00% per annum. A final payment of \$183,877 was due March 22, 2021. The Organization refinanced the outstanding balance on that date which extended the maturity date to March 22, 2031. The interest rate on the new loan is 4.00% until paid in full, with 60 principal and interest payments of \$1,867 due monthly.

On January 28, 2016, the Organization entered into a note payable to People's Bank of Commerce in the amount of \$86,644. The note was re-negotiated with the bank and assumed by the Organization after previously being held by the ACLT. The ACLT, as part of its dissolution, donated property located on Garfield St, Ashland to the Organization. The note is secured by land and improvements. The terms of the note require 64 monthly payments of \$634 including interest computed at 4.00% per annum. A final payment of \$62,172 was due June 9, 2021. The Organization refinanced the outstanding balance on that date which extended the maturity date to June 8, 2031. The interest rate on the new loan is 4.00% until paid in full, with 60 principal and interest payments of \$631 due monthly.

On April 15, 2020, the Organization entered into a promissory note to Banner Bank under the Paycheck Protection Program. The original amount of the note was \$620,013 and carries a fixed interest rate of 1.00% per annum. Monthly payments of \$34,893 begin 18 months from the date of the note and continue monthly thereafter through the earlier of 18 months of until the note is paid in full. The entire amount of the note has been classified as due in one year as the note is expected to be forgiven, paid in full, or a combination of the two during fiscal year 2022 (see *Note 15: Subsequent Events*). The repayment on the note and any forgiveness is subject to the Coronavirus Aid, Relief and Economic Security Act (CARES Act).

ACCESS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 8: LONG-TERM DEBT (Continued)

Each of the loan agreements with Banner Bank, US Bank, and People's Bank of Commerce contain a subjective acceleration clause, which gives the Bank the right to accelerate repayment upon the Bank's determination of a material adverse change in the Organization's financial position. Management has evaluated the likelihood of the Bank exercising the clause to be remote. As a result, the amounts owed are classified based upon the stated payment schedule.

The Organization charged \$27,128 for the above notes payable in interest to expense for the year ended June 30, 2021.

Maturities of long-term debt were as follows at June 30:

| | Principal | Deferred Financing Costs | Total |
|------------|--------------|-----------------------------|--------------|
| 2022 | \$ 696,562 | \$ (420) | \$ 696,142 |
| 2023 | 80,669 | (393) | 80,276 |
| 2024 | 114,191 | (364) | 113,827 |
| 2025 | 116,272 | (334) | 115,938 |
| 2026 | 134,282 | (302) | 133,980 |
| Thereafter | 667,704 | (1,118) | 666,586 |
| | \$ 1,809,680 | \$ (2,931) | \$ 1,806,749 |

NOTE 9: LEASE COMMITMENTS

ACCESS has entered into several non-cancellable operating leases related to office space and equipment. Operating lease and associated expenses for the year ended June 30, 2021 amounted to \$39,931.

Future minimum rental payments required under the remaining non-cancellable lease terms are as follows:

| | | | |
|---------------------|------|----|---------|
| Year ended June 30, | 2022 | \$ | 86,310 |
| | 2023 | | 36,189 |
| | 2024 | | 11,988 |
| | 2025 | | 11,988 |
| | 2026 | | 4,995 |
| | | \$ | 151,470 |

Additionally, ACCESS leases office and warehouse facilities from ADC, an affiliated corporation which has been consolidated in these financial statements. One lease is from July 1, 2017 and ends June 30, 2022. An additional lease is from July 1, 2020 through June 30, 2022. Leased space includes the main office facility and warehouse of the Organization, the Olsrud Family Nutrition Center, a warehouse building on Lear Way in Medford, Oregon, and a housing shelter. Rent expense totaled \$210,330 for fiscal year ending June 30, 2021. The transactions are eliminated in the consolidated financial statements and have not been included in the future minimum rental payments schedule.

ACCESS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 10: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at June 30, 2021:

| | |
|--|---------------------|
| Net assets with time/purpose restrictions: | |
| Housing | \$ 54,643 |
| Nutrition | 470,887 |
| Support services | <u>902,049</u> |
| Total time/purpose restricted net assets | <u>1,427,579</u> |
| Net assets to be held in perpetuity: | |
| Beneficial interests | <u>436,374</u> |
| Total net assets to be held in perpetuity | <u>436,374</u> |
| Total net assets with donor restrictions | <u>\$ 1,863,953</u> |

Net assets were released from donor restrictions by incurring expenses satisfying the restriction purpose or by the passage of time or other events specified by the donors for the year ended June 30, 2021:

| | |
|---|---------------------|
| Housing | \$ 212,951 |
| Nutrition | 832,503 |
| Support services | <u>532,165</u> |
| Total net assets released from restrictions | <u>\$ 1,577,619</u> |

NOTE 11: CONCENTRATIONS OF SUPPORT AND REVENUE

At June 30, 2021, the Organization received approximately 68 percent of its total public support and revenue from Federal and State agencies. Additionally, 48 percent of total public support and revenue passed through Oregon Housing and Community Services during the year ended June 30, 2021.

NOTE 12: RETIREMENT PLAN

The Organization maintains a retirement plan qualified under Section 403(b) of the Internal Revenue Code. The Plan covers employees who have completed one year of service with the Organization. For employees that were participants of the plan as of June 30, 2009, the Organization contributes amounts ranging from two percent to twelve percent of qualified compensation for the benefit of qualified employees based on years of service and employee elective contributions to the plan. Employees that became participants in the plan after June 30, 2009 receive contributions from the Organization that match up to five percent of their qualified compensation. For the year ended June 30, 2021, employer contributions to the plan were \$57,487.

ACCESS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 13: NON-CASH CONTRIBUTIONS

Non-cash contributions consisted of the following for year ended June 30, 2021:

| | Property and Equipment, Goods and Services | Food Contributed | Total |
|--|---|---------------------|---------------------|
| Non-cash contributions by program | | | |
| Support services | \$ 27,811 | \$ - | \$ 27,811 |
| Nutrition | 1,150 | 5,022,490 | 5,023,640 |
| Medical supplies and materials | 41,405 | - | 41,405 |
| Resource development | 33,721 | - | 33,721 |
| | <u>104,087</u> | <u>5,022,490</u> | <u>5,126,577</u> |
| Total non-cash contributions | 104,087 | 5,022,490 | 5,126,577 |
| Non-cash grants consisting of USDA commodities | - | 916,461 | 916,461 |
| | <u>-</u> | <u>916,461</u> | <u>916,461</u> |
| Total non-cash revenues | <u>\$ 104,087</u> | <u>\$ 5,938,951</u> | <u>\$ 6,043,038</u> |

NOTE 14: FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. There are three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following table presents the fair value hierarchy for those assets measured at fair value on a recurring basis at June 30, 2021:

| | Level 1 | Level 2 | Level 3 | Total |
|---|-------------|-------------------|-------------------|-------------------|
| Investments (certificates of deposit) | \$ - | \$ 144,086 | \$ - | \$ 144,086 |
| Beneficial interest in perpetual trust | - | - | 111,147 | 111,147 |
| Beneficial interest in assets held by OCF | - | - | 325,227 | 325,227 |
| | <u>-</u> | <u>-</u> | <u>325,227</u> | <u>325,227</u> |
| Total assets at fair value | <u>\$ -</u> | <u>\$ 144,086</u> | <u>\$ 436,374</u> | <u>\$ 580,460</u> |

The beneficial interest in assets held by the Oregon Community Foundation (OCF) has been valued, as a practical expedient, at the fair value of the Organization's share of the Foundation's investment pool as of the measurement date. The Foundation values securities and other financial instruments on a fair value basis of accounting. The estimated fair value of certain investments of the Foundation, which includes private placements and other securities for which prices are not readily available, are determined by the management of the Foundation and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized. Due to the perpetual existence of the assets held by OCF, the interest is categorized as a Level 3 financial instrument.

ACCESS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended June 30, 2021

NOTE 14: FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The beneficial interest in perpetual trust is estimated at fair value based on the Organization's percent of the underlying assets held in the trust. Due to the perpetual existence of the trust, the interest is categorized as a Level 3 financial instrument.

The carrying values of cash and cash equivalents, grants and contracts receivable, notes receivable, accounts payable and accrued expenses approximate fair value due to the short maturity of such instruments.

The carrying value of the long-term debt approximates its fair value due to the variable interest pay rate of such instrument.

NOTE 15: DISCONTINUED OPERATIONS

On August 8, 2019, Barnett Townhomes (the Partnership) entered into a Sale Agreement (the Agreement) with the Housing Authority of Jackson County (the Authority) to sell the Barnett Townhomes property, plant and equipment (the Property) for \$5,500,000. The Agreement was subsequently amended to a price of \$5,000,000 for the Property. The sale closed and funded on September 1, 2020. A gain on sale of the Property of \$2,716,549 was recognized.

Subsequent to the sale of the property, ACCESS had no continuing involvement with the Partnership.

**Reconciliation of the Major Classes of Line Items Constituting Loss
of Discontinued Operations that is Presented in the Consolidated Statement of Activities**

**Major classes of line items constituting loss
of discontinued operations:**

| | |
|-------------------|------------------|
| Rental income | \$ 109,705 |
| Investment income | 39 |
| Miscellaneous | 5,397 |
| Program services | <u>(186,898)</u> |

**Total loss on discontinued operations that is presented
in the statement of activities**

\$ (71,757)

NOTE 16: SUBSEQUENT EVENTS

Management of the Organization has evaluated events and transactions occurring after June 30, 2021 through June 17, 2022, the date the financial statements were available for issuance, for recognition and/or disclosure in the financial statements.

On August 1, 2021, \$1,333 of principal on the 2006 loan with the Oregon Health Authority was forgiven; on August 6, 2021, the Organization paid off both the 2003 and 2006 loans to the Oregon Health Authority in the amount of \$11,000 and \$18,667, respectively.

On December 23, 2021, the Organization had \$482,412 of the \$620,213 principal outstanding on the Paycheck Program Loan forgiven.

SUPPLEMENTARY INFORMATION

ACCESS
FUNCTIONAL EXPENSE DESCRIPTIONS
Year Ended June 30, 2021

Functional expenses are grouped together on these financial statements into three expense categories including, but not limited to, the following expenses:

MANAGEMENT, GENERAL AND ADMINISTRATION:

ACCESS AGENCY:

Accounts for the general activity of ACCESS that are not presented in the other programs including land, building, and equipment owned by ACCESS.

ACCESS DEVELOPMENT CORPORATION:

Accounts for the activity of ACCESS Development Corporation, the entity of which owns the land and building that houses ACCESS.

FUNDRAISING:

RESOURCE DEVELOPMENT:

Fundraising activities and donations for ACCESS to fund general operating and restricted programs.

PROGRAM SERVICES:

COMMUNITY SERVICES BLOCK GRANT (CSBG):

Information and Referral – Provides information via the telephone to persons seeking assistance. Current information regarding programs offered by ACCESS is provided. Information regarding programs offered by other human services agencies in Jackson County is also available.

Community Planning – Provides for assessment of community wide needs in order to provide more effective services and programs.

Program Support – Provides additional funding to support administrative and program costs of other programs.

HOUSING DEPARTMENT PROGRAMS:

Development – Acquisition and new construction of affordable housing for low-income individuals, families, seniors, and people with disabilities.

Property/Asset Management – ACCESS has an ownership interest in 108 units of affordable rental housing, located in Jackson County. Of this, 52 units are managed by a third-party management company while the remaining 56 units are self-managed.

Housing Counseling – Provides pre-purchase counseling to participants enrolled in the following programs: Realizing the American Dream (RAD), E-Home America, and a variety of down-payment assistance programs.

Realizing the American Dream (RAD) – Provides a pre-purchase educational program delivered via in-person classroom setting or virtually.

ACCESS
FUNCTIONAL EXPENSE DESCRIPTIONS
Year Ended June 30, 2021

HOUSING DEPARTMENT PROGRAMS (Continued):

E-Home America – Provides an approved online pre-purchase educational course that allows the participant an opportunity to complete the education at their own pace and convenience.

DreamSavers – Individual development account (IDA) program that encourages participants to build assets and financial independence through a matched savings program. Participants can save for home purchase or home repair.

Down Payment Assistance Programs (DPAP) – Financial support to assist low-income, first-time home purchasers in covering a portion of the needed down payment and closing cost expenses.

ENERGY AND WEATHERIZATION PROGRAMS:

Federal Department of Energy (DOE), Low Income Home Energy Assistance Program (LIHEAP), Bonneville Power Administration (BPA), Avista Weatherization and Energy Conservation Helping Oregonians (ECHO) are all weatherization programs. These programs assist low-income seniors, people with disabilities and households with energy efficient improvements needed on their home, which can help to conserve energy and reduce energy bills.

LIHEAP – Provides energy assistance to low-income Jackson County residents with preference given to seniors and disabled individuals.

Oregon Energy Assistance – Provides assistance to eligible low-income households to offset the costs of home energy for Pacific Power and Light customers only. Priority is given to households whose services have been disconnected but this is not required.

Low-Income Ratepayer Assistance Program – Provides assistance to eligible low-income households to offset the costs of home energy for Avista customers only. Priority is given to households who have been disconnected.

Oregon Energy Fund – Provides energy assistance to low-income Jackson County residents. Priority is given to households whose services have been disconnected.

LIHEAP American Rescue Plan Act (ARPA) – Provides Energy assistance and Weatherization assistance to households who have been impacted by COVID-19.

NUTRITION PROGRAMS:

Food Share – Provides emergency and supplemental food to the hungry in Jackson County. Food Share supplies twenty-one food pantries, over 25 supplemental food programs and residential feeding sites (i.e. Salvation Army and Dunn House) with food donated through local community donations, Oregon Food Bank, and USDA.

Fresh Alliance – Fresh Alliance recovers milk, produce, dairy and frozen meat from area grocery stores on or before the product pull date. This product is transported in a refrigerated truck, sorted, re-boxed and distributed to people in need across Jackson County.

ACCESS
FUNCTIONAL EXPENSE DESCRIPTIONS
Year Ended June 30, 2021

NUTRITION PROGRAMS (Continued):

Commodity Supplemental Food Program (CSFP) – A federal commodity program targeting income qualifying seniors over the age of 60. Commodity food boxes are provided monthly to qualifying clients.

ACCESS Food Share Gardens – Six large community gardens, run by volunteers growing healthy produce for ACCESS food pantries and agencies.

Plant-a-Row – Local gardeners grow extra rows of healthy produce and donate to ACCESS food pantries and agencies.

Healthy Mobile Food Pantry – Collaborative project with local health centers using the ACCESS mobile food pantry truck to provide food and nutritional services to low-income individuals and families suffering from diet-related chronic disease.

Community Food Systems – Coordination and support for programs that encourage low-income community members to access fresh, local, healthy food such as Double Up Food Bucks (matches SNAP benefits at farmer's markets) and Screen and Intervene (screens patients for hunger and connects them to food resources).

SUPPORT SERVICES PROGRAMS:

HOME Tenant Based Assistance Program (HTBA) – Provides up to two years rental subsidy depending upon housing need identified in partnership with Oregon Department of Human Services (ODHS) Housing Authority of Jackson County, and other community partners. The maximum amount of HOME funds that may be paid for a security deposit is no greater than the equivalent of two months' rent for the unit.

State Homeless Assistance Program (SHAP) – Offers state funds to help meet the emergency needs of unhoused Oregonians by providing operational support for emergency shelters and supportive services to shelter residents.

Elderly Rental Assistance Program (ERA) – Assists very low-income seniors, at least 58 years old, who are unhoused or are unstably housed and at risk of becoming unhoused. We can help with transitional housing, supportive in-home services, rental assistance, and case management.

Emergency Housing Assistance Program (EHA) – Provides assistance to low or very low-income persons who are unhoused, are unstably housed, or at risk of becoming unhoused. EHA can pay for case management, street outreach, emergency and transitional shelter/housing, shelter, transitional housing facility acquisition, rental assistance, utility assistance, and emergency financial assistance.

Housing Stabilization Program (HSP) – Provides temporary financial assistance and support services to stabilize housing for low-income eligible families who are homeless or unstably housed and at risk of losing their housing. The program provides short term benefits for families who are in a specific nonrecurring crisis situation. A household can use HSP assistance for a maximum of four months.

Emergency Solutions Grant Program (ESG) and ESG CV – Provides federal funds to assist individuals and families to quickly regain stability in permanent housing after experiencing a housing crisis or homelessness. ESG funds are available for five program components: street outreach, emergency shelter, homelessness prevention, rapid re-housing assistance, and data collection through the Homeless Management Information System; as well as administrative activities.

ACCESS
FUNCTIONAL EXPENSE DESCRIPTIONS
Year Ended June 30, 2021

SUPPORT SERVICES PROGRAMS (Continued):

Support Services for Veteran Families (SSVF) – The SSVF program assists very low-income and extremely low-income Veterans who are unhoused or at imminent risk of becoming unhoused. SSVF provides case management to Veterans to support them to gain stability in their housing. SSVF offers homelessness prevention and rapid rehousing interventions.

Rent Relief Program – Assists low-income households who have a demonstrated COVID-19 impact with emergency, short-term rental assistance to gain stability in their homes.

Fire Relief Program – Assists low-income households with case management, emergency shelter, rental assistance, and emergency assistance who have been impacted by the 2020 Jackson County fires.

Medford Severe Weather Shelter – ACCESS operates a severe weather shelter that is in partnership with the City of Medford. When the city declares a severe weather event, ACCESS and its volunteers open a shelter that can support our unhoused populations with protection from the elements. We provide sleeping arrangements, dry storage, and food. We also provide resource navigation.

Restorative Housing Program – ACCESS works with Jackson County Community Justice to support individuals who are justice-involved and need housing. We accept referrals from supervision officers, provide housing navigation, case management, and short-term rental assistance to help stabilize our vulnerable, justice-involved population.

Outreach Program – ACCESS partners with many community partners including Medford Livability team, Options, Jackson County Mental Health, Rogue Community Health, and many more to share resources with our unhoused and unstably housed households in Jackson County. We visit encampments and have resource fairs in the rural parts of the county. We work to connect individuals to the resources they need to gain stability.

Resource Desk – A partnership with Providence, ACCESS houses a full-time employee that works to connect individuals who are in the hospital to resources. This program also provides funds to support low-income families who need support paying for medical costs.

Medical Equipment Loan Program – Provides medical equipment on loan to senior citizens, disabled persons, and those with short-term needs. There is no charge for the use of this equipment, and it may be used for as long as there is a need. Hospital beds, walkers, crutches, and wheelchairs are examples of equipment available.

Continuum of Care (CoC) – ACCESS is the lead agency for the Jackson County Continuum of Care (CoC). The CoC is a HUD-mandated, community-wide effort to end homelessness by providing stable housing for those experiencing homelessness and offering preventative services to those at risk of becoming homeless. The Jackson County CoC seeks to end homelessness in Jackson County through the collaborative efforts and resources of all sectors of our community.

OLSRUD FAMILY NUTRITION CENTER:

Operation of a community nutrition center used to provide a meeting facility with catering options to other agencies in the community.

ADDITIONAL REPORTS AND SCHEDULES REQUIRED BY
UNIFORM GUIDANCE

**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
ACCESS
3630 Aviation Way
Medford, OR 97504

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 consolidated financial statements of ACCESS (the Organization), which comprise the consolidated statement of financial position as of June 30, 2021 and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements (hereunder referred to as the financial statements), and have issued our report thereon dated June 17, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of audit findings and questioned costs as item 2021-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Organization's Response to Findings

The Organization's response to the findings identified in our audit is described in the accompanying schedule of audit findings and questioned costs. The Organization'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.

KDP Certified Public Accountants, LLP

KDP Certified Public Accountants, LLP
Medford, Oregon
June 17, 2022

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

To the Board of Directors
ACCESS
3630 Aviation Way
Medford, OR 97504

Report on Compliance for Each Major Federal Program

We have audited ACCESS' (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Organization's major federal programs for the year ended June 30, 2021. The Organization'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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization'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, Cost 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 the Organization'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 the major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, ACCESS complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Organization 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 the Organization'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 the 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 the Organization'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 did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

KDP Certified Public Accountants, LLP

KDP Certified Public Accountants, LLP
Medford, Oregon
June 17, 2022

ACCESS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2021

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Federal AL Number | Grant/Contract Number | Passed Through to Sub-recipients | Federal Expenditures |
|---|----------------------|---|--|-------------------------|
| U. S. Department of Agriculture: | | | | |
| Direct Program: | | | | |
| Community Food Projects | 10.225 | GRANT12044140 | \$ - | \$ 7,777 |
| Total AL 10.225 | | | - | 7,777 |
| Passed through Oregon Housing and Community Services: | | | | |
| Commodity Supplemental Food Program (Administrative Costs) CSFP | 10.565 | T16R20 | - | 12,725 |
| Commodity Supplemental Food Program (Food Commodities) CSFP | 10.565 | T16R20 | - | 63,469 |
| Passed Through Oregon Food Bank: | | | | |
| Emergency Food Assistance Program (Administrative Costs) TEFAP | 10.568 | 150327-0 | - | 138,522 |
| Emergency Food Assistance Program (Food Commodities)TEFAP | 10.569 | 150327-0 | - | 852,991 |
| Total Food Distribution Cluster | | | - | 1,067,707 |
| Total U. S. Department of Agriculture | | | \$ - | \$ 1,075,484 |
| U. S. Department of Housing and Urban Development: | | | | |
| Direct Program: | | | | |
| Supportive Housing Program | 14.235 | OR0050L0E021609 | \$ - | \$ 12,947 |
| Total AL 14.235 | | | - | 12,947 |
| Continuum of Care Program | 14.267 | OR0206L0E021500, OR0227L0E021600 | - | 9,000 |
| Total AL 14.267 | | | - | 9,000 |
| Passed through Rural Community Assistance Corporation: | | | | |
| Housing Counseling Assistance Program | 14.169 | HOC17-A258 | - | 64,574 |
| Total AL 14.169 | | | - | 64,574 |
| Passed through Oregon Housing and Community Services: | | | | |
| Emergency Solutions Grant Program | 14.231 | E-19-DC-41-0001, E-20-DC-41-0001 | - | 102,861 |
| COVID-19 Emergency Solutions Grant Program | 14.231 | E-20-DW-41-0001 | - | 307,761 |
| Total AL 14.231 | | | - | 410,622 |
| Home Investment Partnerships Program | 14.239 | M-17-SG-41-0100, M-18-SG-41-0100, M-19-SG-41-0100, M-15-SG-41-0100 | - | 143,730 |
| Total AL 14.239 | | | - | 143,730 |
| Total U. S. Department of Housing and Urban Development | | | \$ - | \$ 640,873 |
| U. S. Department of Justice | | | | |
| Passed through Jackson County Community Justice: | | | | |
| COVID-19 Coronavirus Emergency Supplemental Funding | 16.034 | | \$ - | \$ 16,214 |
| Total AL 16.034 | | | - | 16,214 |
| Total U. S. Department of Justice | | | \$ - | \$ 16,214 |
| U. S. Department of the Treasury | | | | |
| Passed through Oregon Housing and Community Services: | | | | |
| COVID-19 Coronavirus Relief Fund | 21.019 | | \$ 1,404,018 | \$ 4,942,441 |
| Passed through Oregon Health Authority: | | | | |
| COVID-19 Coronavirus Relief Fund | 21.019 | | - | 96,550 |
| Passed through City of Eagle Point: | | | | |
| COVID-19 Coronavirus Relief Fund | 21.019 | | - | 12,801 |
| Total AL 21.019 | | | 1,404,018 | 5,051,792 |
| Passed through Oregon Housing and Community Services: | | | | |
| COVID-19 Emergency Rental Assistance Program | 21.023 | | \$ - | \$ 63,579 |
| Total AL 21.023 | | | - | 63,579 |
| Total U. S. Department of the Treasury | | | \$ 1,404,018 | \$ 5,115,371 |
| U. S. Department of Veterans Affairs: | | | | |
| Direct Programs: | | | | |
| VA Supportive Services for Veteran Families Program | 64.033 | 13-OR-128 | \$ 779,064 | \$ 1,631,856 |
| COVID-19 VA Supportive Services for Veteran Families Program | 64.033 | 13-OR-128 | 1,248,665 | 2,569,089 |
| Total AL 64.033 | | | 2,027,729 | 4,200,945 |
| Total U. S. Department of Veterans Affairs | | | \$ 2,027,729 | \$ 4,200,945 |
| U. S. Department of Energy: | | | | |
| Passed Through Oregon Housing and Community Services: | | | | |
| Weatherization Assistance For Low-Income Persons (DOE) | 81.042 | DE-EE0007945 | \$ - | \$ 20,186 |
| Total AL 81.042 | | | - | 20,186 |
| Passed Through Oregon Housing and Community Services: | | | | |
| Weatherization Assistance For Low-Income Persons (BPA Funds) | 81.XXX | 83358 | - | 13,124 |
| Total AL 81.XXX | | | - | 13,124 |
| Total U. S. Department of Energy | | | \$ - | \$ 33,310 |

ACCESS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Year Ended June 30, 2021

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Federal AL Number | Grant/Contract Number | Passed Through to Sub-recipients | Federal Expenditures |
|---|----------------------|----------------------------|--|-------------------------|
| U. S. Department of Health and Human Services: | | | | |
| Passed Through Oregon Housing and Community Services: | | | | |
| Temporary Assistance for Needy Families (TANF) | 93.558 | 2001ORTANF | \$ - | \$ 160,877 |
| Community Services Block Grant | 93.569 | G-2001ORCOSR, G-2102ORCOSR | - | 354,185 |
| COVID-19 Community Services Block Grant | 93.569 | G-2001ORCSC3 | - | 237,576 |
| Total 477 Cluster | | | - | 752,638 |
| Low-Income Home Energy Assistance | 93.568 | 2001ORLIEA, 2102ORLIEA | - | 1,735,201 |
| COVID-19 Low-Income Home Energy Assistance | 93.568 | 2001ORE5C3 | - | 444,808 |
| Total AL 93.568 | | | - | 2,180,009 |
| Total U. S. Department of Health and Human Services | | | \$ - | \$ 2,932,647 |
| Department of Homeland Security: | | | | |
| Direct Programs: | | | | |
| Emergency Food and Shelter National Board Program | 97.024 | 711800 | \$ - | \$ 11,367 |
| COVID-19 Emergency Food and Shelter National Board Program | 97.024 | 711800 | - | 16,364 |
| Total AL 97.024 | | | - | 27,731 |
| Disaster Grants-Public Assistance (Presidentially Declared Disasters) | 97.036 | | - | 66,468 |
| Total AL 97.036 | | | - | 66,468 |
| Total U. S. Department of Homeland Security | | | \$ - | \$ 94,199 |
| Total Expenditures of Federal Awards | | | \$ 3,431,747 | \$ 14,109,043 |

ACCESS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2021

NOTE A – BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of ACCESS (the Organization) 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, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Organization.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C – INDIRECT COST RATE:

The Organization has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE D – FOOD DISTRIBUTION:

Non-monetary assistance is reported on the Schedule at the fair market value of the commodities received and disbursed. For the year ended June 30, 2021, the Organization received food commodities totaling \$916,460.

ACCESS
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2021

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None Reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of major federal programs:

| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-----------------------|---|
| #21.019 | Coronavirus Relief Fund |
| #93.558, #93.569 | 477 Cluster |

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

Auditee qualified as a low-risk auditee? Yes No

ACCESS
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS (Continued)
Year Ended June 30, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS

Significant Deficiency

Finding: 2021-001

Criteria: Management is responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements.

Condition and Context:

- The Organization was unable to contract for or hire adequate Finance Department staff during tight COVID-19 pandemic-related labor market conditions, which delayed the financial statement close process, including the preparation, supervision, and review by qualified personnel in a timely manner.
- The influx of disaster-related funding to support recovery from the Alameda and South Obenchain Fires was significant and attached to new, complex reporting strategies, which required additional training and data entry hours for accounting staff.

Cause: The Organization did not have adequate Finance Department staff to complete the financial statement close process which would include the preparation, supervision and review by qualified personnel in a timely manner.

Effect: The draft financial statements subject to audit contained misstatements associated with multiple operating accounts. Such misstatements were detected during the audit process and corrected.

Recommendations: Management should ensure adequate personnel for the finance department to complete the financial statement close process which includes the preparation, supervision and review by qualified personnel in a timely manner.

Views of Responsible Officials and Planned Corrective Action:

- Management has successfully engaged a third party fractional Chief Financial Officer to assist with the financial statement close process, training and education, and budgeting, among other things.
- The existing Controller, who has extensive senior financial management experience, was promoted to replace the unexpected retirement of the prior Finance Director.
- To maintain and improve labor market competitiveness for qualified finance staff, a review of finance compensation was undertaken, adjustments made, and recruitment tempo increased to ensure all finance positions are staffed.
- Additional Finance Department headcount has been approved to catch up with the higher dollar values and complexity of ACCESS' major grantors. ACCESS revenue increased 53%, from \$20.6M in 2020 to \$31.5M in 2021.
- ACCESS' efforts to recruit and hire a Controller have been successful. This highly qualified candidate has the primary responsibility of managing the financial statements processes and will provide valuable leadership and mentoring to the entire finance team.
- Internal systems evaluation strategies have been implemented to ensure accuracy and efficiency, and new professional development and training and accountability standards are in place to support staff in achieving requisite tasks and timelines.
- More robust closing procedures have been adopted to accommodate the growing complexity of the Organization and the Finance Department.

SECTION III – FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None