

**COMMUNITY ACTION TEAM, INC. AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS**

**Year Ended June 30, 2024**



**KERN ▲ THOMPSON**  
CERTIFIED PUBLIC ACCOUNTANTS

**COMMUNITY ACTION TEAM, INC. AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS**

**Year Ended June 30, 2024**

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
<b>INDEPENDENT AUDITOR'S REPORT</b>	1-2
<b>CONSOLIDATED FINANCIAL STATEMENTS</b>	
Consolidated Statement of Financial Position	3
Consolidated Statement of Activities	4
Consolidated Statement of Functional Expenses	5
Consolidated Statement of Cash Flows	6
Notes to Consolidated Financial Statements	7-17

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Community Action Team, Inc. and Subsidiaries  
St. Helens, Oregon

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the accompanying consolidated financial statements of Community Action Team, Inc. and Subsidiaries (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related consolidated notes to the financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Community Action Team, Inc. and Subsidiaries as of June 30, 2024, 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.

**Basis for Opinion**

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Community Action Team, Inc. and Subsidiaries and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

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

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

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

To the Board of Directors  
Community Action Team, Inc. and Subsidiaries

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Community Action Team, Inc. and Subsidiaries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Community Action Team, Inc. and Subsidiaries' ability to continue as a going concern for a reasonable period of time.

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

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2025, on our consideration of the Community Action Team, Inc. and Subsidiaries' 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 the Community Action Team, Inc. and Subsidiaries' 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 the Community Action Team, Inc. and Subsidiaries' internal control over financial reporting and compliance.

#### **Report on Summarized Comparative Information**

We have previously audited the Community Action Team, Inc. and Subsidiaries' 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 20, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Portland, Oregon  
August 29, 2025

**COMMUNITY ACTION TEAM, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**June 30, 2024**  
(With Comparative Totals as of June 30, 2023)

**ASSETS**

	<b>2024</b>	<b>2023</b>
Cash and cash equivalents	\$ 939,962	\$ 2,409,062
Investments	134,832	117,446
Accounts receivable	428,560	198,338
Grants and contracts receivable	3,025,814	3,571,983
Prepaid expenses	4,819	53,679
Restricted cash	612,037	669,563
Rehabilitation loans receivable (Note H)	2,059,752	2,349,471
Land held for development (Note I)	279,338	279,338
Property and equipment, net of accumulated depreciation of \$10,159,241 and \$9,791,074, respectively (Note C)	6,929,686	7,301,673
<b>Total assets</b>	<b>\$ 14,414,800</b>	<b>\$ 16,950,553</b>

**LIABILITIES AND NET ASSETS**

Accounts payable	\$ 1,533,676	\$ 2,289,775
Accrued payroll	565,570	860,285
Accrued vacation pay	341,233	351,735
Notes payable (Note D)	1,875,444	2,071,088
Refundable advances and deferred revenue	-	216,324
<b>Total liabilities</b>	<b>4,315,923</b>	<b>5,789,207</b>
<b>Net assets</b>		
Without donor restrictions		
Land and property	409,432	546,043
Rehabilitation loans (Note H)	1,845,709	2,125,800
Available for operations	2,984,883	3,581,290
Total without donor restrictions	5,240,024	6,253,133
With donor restrictions (Note J)	4,858,853	4,908,213
<b>Total net assets</b>	<b>10,098,877</b>	<b>11,161,346</b>
<b>Total liabilities and net assets</b>	<b>\$ 14,414,800</b>	<b>\$ 16,950,553</b>

See notes to consolidated financial statements.

**COMMUNITY ACTION TEAM, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF ACTIVITIES**

**Year Ended June 30, 2024**

(With Comparative Totals for the Year Ended June 30, 2023)

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>2024</b>	<b>2023</b>
<b>Revenues and other support</b>				
Grants and contracts	\$ 15,618,957	\$ -	\$ 15,618,957	\$ 16,943,743
Program service fees	324,391	-	324,391	228,673
Contributions	32,677	-	32,677	68,590
In-kind	155,082	-	155,082	888,370
Rental income	1,472,169	-	1,472,169	1,450,726
Other	261,067	-	261,067	314,605
<b>Total revenues and other support</b>	<b>17,864,343</b>	<b>-</b>	<b>17,864,343</b>	<b>19,894,707</b>
<b>Expenses</b>				
Program services				
Children's programs	8,213,310	-	8,213,310	7,885,619
Housing and community development	3,609,233	-	3,609,233	3,332,518
Emergency services	4,046,546	-	4,046,546	4,825,726
Energy assistance and weatherization	2,774,481	-	2,774,481	2,707,574
	18,643,570	-	18,643,570	18,751,437
Supporting services, administrative	283,242	-	283,242	381,150
<b>Total expenses</b>	<b>18,926,812</b>	<b>-</b>	<b>18,926,812</b>	<b>19,132,587</b>
<b>Total change in net assets, before non-operating activities</b>	<b>(1,062,469)</b>	<b>-</b>	<b>(1,062,469)</b>	<b>762,120</b>
<b>Non-operating activities</b>				
Net assets released from restriction	49,360	(49,360)	-	-
<b>Total non-operating activities</b>	<b>49,360</b>	<b>(49,360)</b>	<b>-</b>	<b>-</b>
<b>Total change in net assets</b>	<b>(1,013,109)</b>	<b>(49,360)</b>	<b>(1,062,469)</b>	<b>762,120</b>
<b>Net assets</b>				
Beginning of year	6,253,133	4,908,213	11,161,346	10,399,226
<b>End of year</b>	<b>\$ 5,240,024</b>	<b>\$ 4,858,853</b>	<b>\$ 10,098,877</b>	<b>\$ 11,161,346</b>

See notes to consolidated financial statements.

**COMMUNITY ACTION TEAM, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**

**Year Ended June 30, 2024**

(With Comparative Totals for the Year Ended June 30, 2023)

	<b>PROGRAM SERVICES</b>					<b>SUPPORTING SERVICES</b>		<b>Total</b>	
	<b>Children's Programs</b>	<b>Housing &amp; Community Development</b>	<b>Emergency Services</b>	<b>Energy Assistance &amp; Weatherization</b>	<b>Total</b>	<b>Administrative</b>	<b>2024</b>	<b>2023</b>	
Client assistance	\$ -	\$ 303,703	\$ 1,327,169	\$ 1,417,231	\$ 3,048,103	\$ -	\$ 3,048,103	\$ 3,460,483	
Personnel expenses	6,255,303	1,419,058	643,812	578,586	8,896,759	1,022,591	9,919,350	9,200,894	
Contract services	251,634	163,042	1,758,371	117,044	2,290,091	119,701	2,409,792	3,164,745	
Travel	94,402	36,122	6,590	14,261	151,375	5,031	156,406	120,481	
Supplies	515,784	111,908	45,810	43,136	716,638	60,637	777,275	825,752	
Training	143,838	5,386	269	18,640	168,133	592	168,725	157,596	
Insurance	81,362	52,974	6,802	3,845	144,983	15,135	160,118	98,883	
Interest and depreciation	90,333	421,965	-	-	512,298	-	512,298	509,994	
Occupancy and utilities	451,560	752,838	80,110	22,301	1,306,809	55,155	1,361,964	1,581,349	
Parent funds and misc.	11,966	-	-	-	11,966	-	11,966	12,410	
Loan loss provision	-	-	-	400,815	400,815	-	400,815	-	
Administrative charges	317,128	342,237	177,613	158,622	995,600	(995,600)	-	-	
<b>Total operating expenses</b>	<b>\$ 8,213,310</b>	<b>\$ 3,609,233</b>	<b>\$ 4,046,546</b>	<b>\$ 2,774,481</b>	<b>\$ 18,643,570</b>	<b>\$ 283,242</b>	<b>\$ 18,926,812</b>	<b>\$ 19,132,587</b>	

See notes to consolidated financial statements.

**COMMUNITY ACTION TEAM, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

**Year Ended June 30, 2024**

(With Comparative Totals for the Year Ended June 30, 2023)

	<u>2024</u>	<u>2023</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (1,062,469)	\$ 762,120
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Loan loss provision	400,815	-
In-kind donation of property	-	(719,879)
Depreciation	406,723	383,279
Unrealized (gain) loss on investment	(17,386)	(9,677)
Changes in assets and liabilities:		
Accounts receivable	(230,222)	312,013
Grants receivable	546,169	(274,170)
Prepaid expenses	48,860	(10,919)
Rehabilitation loans receivable	(111,096)	(89,982)
Accounts payable	(756,099)	(147,558)
Accrued payroll and other liabilities	(305,217)	448,900
Refundable advances and deferred revenue	(216,324)	212,824
<b>Net cash provided by (used in) operating activities</b>	<u><b>(1,296,246)</b></u>	<u><b>866,951</b></u>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(34,736)	(217,149)
<b>Net cash provided by (used in) investing activities</b>	<u><b>(34,736)</b></u>	<u><b>(217,149)</b></u>
<b>Cash flows from financing activities</b>		
Payments on notes payable	(195,644)	(144,245)
<b>Net cash provided by (used in) financing activities</b>	<u><b>(195,644)</b></u>	<u><b>(144,245)</b></u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(1,526,626)</b>	<b>505,557</b>
Cash and cash equivalents, beginning of year	<u>3,078,625</u>	<u>2,573,068</u>
<b>Cash and cash equivalents, end of year</b>	<u><b>\$ 1,551,999</b></u>	<u><b>\$ 3,078,625</b></u>
<b>Supplemental disclosure of cash flow information</b>		
Cash paid for interest	<u><b>\$ 105,575</b></u>	<u><b>\$ 134,308</b></u>
Cash and cash equivalents	\$ 939,962	\$ 2,409,062
Cash restricted for funded reserves	612,037	669,563
	<u><b>\$ 1,551,999</b></u>	<u><b>\$ 3,078,625</b></u>

See notes to consolidated financial statements.

**COMMUNITY ACTION TEAM, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**June 30, 2024**

**NOTE A – DESCRIPTION OF ORGANIZATION**

Community Action Team, Inc. (CAT) and Subsidiaries (the Organization) is comprised of CAT, a public, nonprofit entity providing a variety of services to low-income residents of Columbia, Clatsop, and Tillamook Counties combined with Blue Heron Hollow, LP (Blue Heron), Tanglewood, LP (Tanglewood), and Elk Creek Terrace, LP (Elk Creek), limited partnerships under the laws of the State of Oregon formed to own and operate low income housing apartments in Oregon. The majority of CAT's revenue is from grants from the federal government and the State of Oregon.

**Children's Program**

- Head Start and Oregon Prenatal to 5 is a comprehensive preschool program that promotes school readiness of children from birth to age five, for low-income families, by enhancing their cognitive, social, and emotional development.
- Healthy Families is a free program that provides family support and parent education through a home visitation program for prenatal or new birth families.

**Housing & Community Development**

- Housing Rehabilitation: CAT's Housing Rehabilitation programs offers crucial assistance to eligible low to moderate income households in the form of loans or grants. Both homeowners and renters can benefit from a range of services designed to address essential repairs.
- Housing Solutions' mission is to empower individuals and families to become self-sufficient by living within their means in affordable, permanent housing.
- Senior Services: We provide essential services to older Americans, helping them live independently and with dignity. Services we provide include: aging and disability resources, options counseling, case management, meal programs, caregiver support, respite services, evidence-based health programs, money management and advocacy.
- Veteran Services: The Veteran Services Office can help navigate the Federal VA claims process including Disability and Pension claims, VA Healthcare, burial benefits and spousal and dependent benefits. The VSO also assists veterans who have emergency circumstances apply for a one-time grant through ODVA.
  - Supportive Services for Veteran Families (SSVF): assists eligible low-income veterans and families who are homeless or at risk of becoming homeless.
- Affordable Housing: CAT is the developer and owner of affordable housing. CAT collaborates with other organizations in the development of affordable housing and seeks out new opportunities to construct and preserve affordable housing.

**COMMUNITY ACTION TEAM, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2024**

**NOTE A – DESCRIPTION OF ORGANIZATION (CONTINUED)**

**Emergency Services**

- Rapid Re-Housing: Provides rental assistance, case management, and supportive services to homeless individuals and families.
- One-time deposit and rental assistance: Provides limited assistance to low-income individuals and families who are homeless or at risk of becoming homeless.

**Energy Assistance & Weatherization**

- Utility Assistance: Our Energy Assistance programs aim to provide support to households in need of assistance with their energy and utility bills. We are committed to alleviating the financial burden or energy costs and promoting energy efficiency within our community.
- Weatherization: CAT's Weatherization program focuses on improving the energy efficiency of homes in our community. By doing so, we aim to reduce energy costs for low-income families.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles 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 grantors.

**Basis of Consolidation**

**Consolidated Entities:** The consolidated financial statements include all accounts and activities of the Organization, including Blue Heron Hollow and Tanglewood, in which the Organization has a controlling financial and economic interest. Each of these two Partnerships consists of two general partners, CAT and Columbia County Housing Authority, an Oregon public body, and one limited partner, (also CAT). On November 1, 2019, the Organization acquired the Limited Partners' interest in Elk Creek, and this property is now wholly owned. The apartment complexes qualify for low income housing credits under Section 42 of the Internal Revenue Code and, as such, are subject to the provisions of that section including, but not limited to, compliance with tenant eligibility and rent restrictions. All significant interorganizational investments, accounts and transactions have been eliminated.

Accounting Standards Codification (ASC) 810 is based on the fundamental principle that a general partner in a limited partnership is presumed to control the limited partnership, regardless of the extent of its ownership interest. Consequently, unless this presumption is overcome, a sole general partner is required to consolidate its limited partnership interests. Management has concluded that consolidation of the affiliated limited partnership entity is not required at this time as the presumption of control has been overcome in such cases.

**COMMUNITY ACTION TEAM, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2024**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Financial Statement Presentation**

The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restrictions** – Net assets that are not subject to donor-imposed stipulations. The Board of Directors may designate net assets without donor restrictions for specific purposes.
- **Net Assets With Donor Restrictions** – Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time, or net assets with donor restrictions that are not subject to appropriation or expenditure.

Expenses are reported as a decrease in net assets without donor restrictions. Gains and losses are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expiration of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

**Contributions**

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions with donor restrictions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. Otherwise, when a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. Contributions received with both donor-imposed conditions and restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions.

**Conditional Promises to Give**

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Funds received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions or has met the performance requirements. Funds received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. The Organization has been awarded cost-reimbursable conditional grants of \$2,795,040 that have not been recognized at June 30, 2024, because performance requirements and/or qualifying expenditures have not yet been incurred.

**COMMUNITY ACTION TEAM, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2024**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition**

Revenue streams applicable to the Organization that qualify as exchange transactions with “customers” (primarily rental income and other service fees) are recognized at a single point upon receipt when all risks and rewards transfer. Amounts received from customers in advance, such as deposits for reserved future services and events, are recorded as deferred revenue until the Organization’s performance obligations are satisfied.

**Accounts Receivable**

Accounts receivable are stated at the amount management expects to collect from services performed. Management periodically assesses the need for an allowance for credit loss based on historical experience, current existing conditions, and future forecasts affecting probable collection. At June 30, 2024, management recorded an estimated allowance of \$86,842 which was unchanged from the previous year. The Organization does not charge interest on past due accounts. Accounts receivable that are 90 days or older totaled \$86,500, as of June 30, 2024.

**Grants and Contracts Receivable**

Grants and contracts receivable are recorded monthly as the related services are provided and billed. Substantially, all of the grants and contracts receivable are uncollateralized and are supported by grants and contracts with governmental entities. Accordingly, an allowance for doubtful accounts has not been established, as management believes all balances are collectible. Grants and contracts receivable, which are unconditional promises to give totaled \$3,025,814 as of June 30, 2024, and are expected to be collected within one year.

**Functional Allocation of Expenses**

The costs of providing the programs and supporting services have been summarized in the statement of activities. Directly identifiable expenses are charged to programs and supporting services when incurred. Certain costs, including office expense, occupancy, leases and utilities have been allocated among the programs and supporting services benefited based primarily on estimates of time and effort.

**Estimates**

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

The Organization operates a self-insured medical plan and estimates its potential liabilities based on its knowledge of actual ongoing claims and historical averages for the cost of such claims. Included in accounts payable is the Organization’s estimate of the potential liability of approximately \$425,242 as of June 30, 2024. The Organization has funded most of this estimate with a separate cash account, which is included in cash in the financial statements. It is reasonably possible this estimate could change in the near future.

**COMMUNITY ACTION TEAM, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2024**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash and Cash Equivalents**

The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents include bank deposits in excess of Federal Deposit Insurance Corporation (FDIC) insurable limits. The Organization makes such deposits with high credit quality entities and has not incurred any credit related losses. Cash and cash equivalents held for long-term investment purposes are excluded from cash and cash equivalent and are included in investments.

**Rehabilitation Loans**

Rehabilitation loans are programmatic loans made from a revolving portfolio for the purposes of rehabilitation on homes for low-income clients and are carried at loan cost net of allowance for credit losses. Management evaluates the loan portfolio each year to determine an allowance based on historical collection and current property records.

**Restricted Cash**

In accordance with the requirements of various agreements with funders, at June 30, 2024, the Organization maintains \$612,037 in total restricted deposits, including security deposits, reserves for taxes and insurance, and funded reserves for the renewal and replacement of specific property and related capital improvements.

**Property and Equipment**

Property and equipment are recorded at cost if purchased and at fair market value at the time of the donation if contributed to the Organization. Depreciation is computed on the straight-line methods over the useful lives of the related assets: 5 to 7 years for furnishings and equipment, 15 years for land improvements, 25-50 years for buildings. For the year ended June 30, 2024, depreciation expense amounted to \$406,723. The Organization capitalizes items that individually exceed \$5,000. Maintenance and repairs are expensed when incurred. Betterments and renewals are capitalized.

**Land Held for Development**

Land held for development is stated at accumulated cost. Costs include land and land development costs, as well as interest and real estate taxes related to property under development. All indirect overhead costs are charged to operating expenses as incurred. Land and development costs are typically allocated to individual residential lots on a pro-rata basis.

**Income Taxes**

CAT has been approved as a tax-exempt organization under the Internal Revenue Code 501(c)(3) and applicable state laws. Accordingly, no provision for income taxes is included in the accompanying financial statements. CAT does not believe it has unrelated trade or business income in excess of \$1,000.

Taxable income or loss of the Partnerships is allocated to the partners in accordance with their respective interests, as outlined in the Partnership Agreements. No income tax provision has been included in the financial statements since taxable income or loss of the partnership is required to be reported by the respective partners on their income tax returns.

**COMMUNITY ACTION TEAM, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2024**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Prior Year Summarized Financial Information**

The financial statements include certain prior-year summarized comparative information in total but not by natural expense classification by function. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

**NOTE C – PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at June 30, 2024:

Land and land improvements	\$ 1,493,959
Buildings	15,166,050
Equipment, furniture, and vehicles	<u>428,918</u>
	17,088,927
Accumulated depreciation	<u>(10,159,241)</u>
Total property and equipment	<u>\$ 6,929,686</u>

**NOTE D – NOTES PAYABLE**

**CAT**

Notes payable to the Rural Housing Service, United States Department of Agriculture; secured by deeds of trust; monthly payments of \$994, deeds of trust interest at 3.25%, reduced by subsidy interest rate in effect at 1%; amortized over 50 years with repayment period of 30 years; balloon due in full in March 2046. \$ 436,702

Notes payable to Community Frameworks; 0% interest; principal due April 2019. CAT intends to repay the loan after selling land held for development in Seaside, OR. (See Note I). 135,000

Note payable to United States Department of Agriculture; secured by a deed of trust; payable monthly at \$516, including interest at the rate of 3.625%; remaining principal and interest due August, 2029. 72,165

**Elk Creek**

Note payable to Wauna Federal Credit Union; due in monthly installments of \$1,555, including interest at 5% per annum until September, 2030. The note is secured by a first deed of trust on the project. 166,414

**COMMUNITY ACTION TEAM, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2024**

**NOTE D – NOTES PAYABLE (CONTINUED)**

**Blue Heron**

Note payable to Bank of America; due in monthly installments of \$4,386, including interest at 9.21% per annum until January 2028; secured by a first trust deed. At April 22, 2005, Blue Heron Hollow LP entered into an agreement with Bank of America to modify the loan terms, including lowering the interest rate to 5.21% effective May 1, 2005, pursuant to certain conditions outlined in the modification agreement. The lower interest rate resulted in a reduction of the monthly installments of principal and interest on the loan to \$3,135, so long as the interest rate remains in effect.

162,417

**Tanglewood**

Note payable to Oregon Housing & Community Service Department; due in monthly installments of \$14,458, including interest at 5.9% per annum until November 2029. The note is secured by a first deed of trust on the project.

802,746

Note payable to the City of St. Helens; with interest accruing at 1% per annum until the debt coverage ratio, as defined in the promissory note, equals or exceeds 1.21%. At this time the remaining unpaid balance and accrued interest will be amortized over 20 years based on an interest rate of 6% per annum. Payments on the loan are to be made from excess cash flow on the project. The note is secured by a third trust deed on the project.

100,000

\$ 1,875,444

Future maturities of notes payable consist of the following:

<u>Year Ending June 30,</u>		
2025	\$	320,321
2026		195,725
2027		206,737
2028		210,911
2029 and thereafter		<u>941,750</u>
	\$	<u><u>1,875,444</u></u>

Total interest incurred for the year ended June 30, 2024 was \$105,575.

**COMMUNITY ACTION TEAM, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2024**

**NOTE E – IN-KIND CONTRIBUTIONS**

Donated services, materials and facilities are received and used in the Head Start program. There were no monetized in-kind gifts during fiscal year June 30, 2024. Donated professional services are recorded at an equivalent hourly rate, donated materials are recorded at fair market value and donated space is shown at appraised value. These donated services and fees are a necessary part of the Organization’s activities and have been reported as unrestricted revenue to the extent that the donated materials and services create or enhance non-financial assets or require specialized skills typically purchased if not originally provided through donation.

Donated materials and services for the year ended June 30, 2024, were as follows:

Rent	\$ 146,700
Goods and services, other	<u>8,382</u>
Total donated goods and professional services	<u>\$ 155,082</u>

**NOTE F – PENSION PLAN**

The Organization maintains a 401(k) plan covering essentially all employees. Under the plan, employees are immediately eligible to contribute. Employer contributions start at 3% of salary after one year of service and 1,000 hours. After 3 years of service, the employer contribution is 6%. Total pension expense incurred was \$279,452 for the year ended June 30, 2024.

**NOTE G – LEASES**

The Organization leases space at various locations in its service area. The present value of the remaining obligations under these leases, subject to right of use capitalization, was not material to the financial statements. For the year ended June 30, 2024, rent expenses including short-term leases and excluding in-kind rent amounted to \$223,266.

**NOTE H – REHABILITATION LOANS**

The Organization maintains housing rehabilitation loan programs funded by grants in which liens are taken on properties and loans repaid upon transfer or refinance of property by the loan recipient. These loans carry no interest. When the loans are made, they are shown as an expenditure of the grant and as an increase in the loan receivable. Repaid loans are shown as program income and as a reduction in rehabilitation loans receivable. The change in the receivable is offset to the grant accounts in order to properly net the interfund activity.

The balance receivable at June 30, 2024 is \$2,059,752, which is net of management estimated allowance of \$400,815. Loans receivable are maintained as a separate group of asset accounts in order to track outstanding balances. All of the loan balances are designated for rehabilitation or other housing projects.

**COMMUNITY ACTION TEAM, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2024**

**NOTE I – LAND HELD FOR DEVELOPMENT**

The Organization holds one Oregon property for development, in Seaside. The Organization intends to sell the property in the near future.

Location	Type	Amount	Lender
Seaside	Land	\$ 279,338	Community Frameworks

**NOTE J – RESTRICTIONS ON NET ASSETS**

Net assets with donor restrictions consist of various restrictions as follows:

- Three Head Start facilities (St. Helens, Clatskanie, and Warrenton) with perpetual use restrictions as a result of terms included in the agreement from the grantor agency.
- Donated loans from two cities for the Northwest Oregon Regional Loan Fund. The loans receivable donations are required to be maintained in the revolving loan fund until expended on eligible activities.
- Grants for the acquisition, redevelopment, and use of the Victorian Court property for 60 years as affordable housing.

Net assets with donor restrictions for timing and/or purpose are as follows at June 30, 2024:

Subject to purpose restrictions:	
Buildings subject to use restrictions	\$ 2,552,029
Donated loans	214,043
	2,766,072
Subject to time restrictions:	
Grants	2,092,781
Total net assets with donor restrictions	\$ 4,858,853

**NOTE K – CONCENTRATIONS, CONTINGENCIES, AND UNCERTAINTIES**

The Organization receives approximately 15% of annual revenue from the U.S. Department of Health and Human Services for the Head Start program, 27% from the Oregon Housing Community Services Department, and 20% from the Oregon Department of Education. At June 30, 2024, approximately 68% of the grants and contracts receivable were due from these federal and state grants, respectively. A significant reduction in either of these funding sources would negatively impact the organization and its programs.

**COMMUNITY ACTION TEAM, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2024**

**NOTE K – CONCENTRATIONS, CONTINGENCIES, AND UNCERTAINTIES (CONTINUED)**

The Organization receives the majority of its revenue from government grants, all of which are subject to audit by government agencies. The ultimate determination of amounts received under many programs generally is based upon allowable costs reported to and potentially audited by government agencies. Until such audits have been completed and final settlement reached, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such settlements.

The Organization owns multiple properties that were donated by various cities and are included in restricted net assets. These donations were made for the sole purpose of operating Head Start facilities. If the properties cease to be used for such purposes, the properties shall revert back to the associated cities.

The current governmental funding environment is uncertain, primarily with federal funding sources. While the Organization continues to work to diversify its funding to lessen the risk currently associated with federal funding, a high degree of uncertainty exists even with congressionally authorized and appropriated funds that have been legally obligated to the Organization. The Organization may lose significant funding with little notice. A decrease in governmental funding could adversely impact the organization's ability to maintain operations at the current level, or at all. Management is carefully monitoring the situation. No adjustments have been made to these financial statements as a result of this uncertainty.

**NOTE L – LIQUIDITY**

The following represents the Organization's financial assets available to meet cash needs for general expenditures within one year of June 30, 2024:

Financial assets at year-end:	
Cash and cash equivalents	\$ 939,962
Investments	134,832
Accounts receivable	428,560
Grants and contracts receivable	3,025,814
Restricted cash	612,037
Rehabilitation loans receivable	<u>2,059,752</u>
Total financial assets	<u>7,200,957</u>

Less amounts unavailable for general expenditures  
use for one year:

Contractual or donor-imposed restrictions:	
Restricted cash	(612,037)
Rehabilitation loans receivable due beyond one year	<u>(2,059,752)</u>
Total unavailable financial assets	<u>(2,671,789)</u>

Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 4,529,168</u></u>
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**COMMUNITY ACTION TEAM, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2024**

**NOTE L – LIQUIDITY (CONTINUED)**

As part of its liquidity management, the Organization’s policy is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. In addition, the Organization invests cash in excess of current requirements in short-term investments.

**NOTE M – SUBSEQUENT EVENTS**

Subsequent events have been evaluated through August 29, 2025, which is the date the financial statements were available to be issued.

**COMMUNITY ACTION TEAM, INC.**

**Reports Required by *GAO Government  
Auditing Standards* and the Uniform Guidance**

**and**

**Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2024**

**KERN ▲ THOMPSON**  
CERTIFIED PUBLIC ACCOUNTANTS

**COMMUNITY ACTION TEAM, INC.**

**Year Ended June 30, 2024**

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
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>	1-2
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	3-5
Schedule of Expenditures of Federal Awards	6-7
Notes to Schedule of Expenditures of Federal Awards	8
Schedule of Findings and Questioned Costs	9-12

**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  
Community Action Team, Inc. and Subsidiaries  
St. Helens, Oregon

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 Community Action Team, Inc. and Subsidiaries (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2024, 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 August 29, 2025.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Community Action Team, Inc. and Subsidiaries' 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 Community Action Team, Inc. and Subsidiaries' internal control. Accordingly, we do not express an opinion on the effectiveness of the Community Action Team, Inc. and Subsidiaries' 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. Given these limitations, during our audit we identified deficiencies in internal control in the accompanying schedule of findings and questioned costs as item 2024-001, that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Community Action Team, Inc. and Subsidiaries' 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*.

To the Board of Directors  
Community Action Team, Inc. and Subsidiaries

**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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Portland, Oregon  
August 29, 2025

**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  
Community Action Team, Inc.  
St. Helens, Oregon

**Report on Compliance for Each Major Federal Program**

**Opinion on Each Major Federal Program**

We have audited Community Action Team, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of Community Action Team, Inc.'s major federal programs for the year ended June 30, 2024. Community Action Team, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion section of our report, Community Action Team, Inc. 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, 2024.

**Basis for Qualified Opinion**

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

**Matters Giving Rise to Qualified Opinion on AL 64.033 Supportive Services for Veteran Families**

As described in the accompanying schedule of findings and questioned costs, Community Action Team Inc. did not comply with requirements regarding the Supportive Services for Veteran Families as described in finding number 2024-002 for special reporting. Compliance with such requirements is necessary, in our opinion, for Community Action Team Inc. to comply with the requirements applicable to that program.

**Responsibilities of Management for Compliance**

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

To the Board of Directors  
Community Action Team, Inc.

### **Auditor's Responsibilities for the Audit of Compliance**

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Community Action Team, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Community Action Team, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Community Action Team, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

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

### **Other Matters**

*Government Auditing Standards* requires the auditor to perform limited procedures on Community Action Team Inc.'s response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Community Action Team Inc.'s response was not subjected to the other auditing procedures applied in the audit of compliance and accordingly, we express no opinion on the response.

### **Report on Internal Control over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

To the Board of Directors  
Community Action Team, Inc.

**Report on Internal Control over Compliance (Continued)**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-002 to be a material weakness.

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

*Government Auditing Standards* requires the auditor to perform limited procedures on Community Action Team Inc.'s response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of finds and questioned costs. Community Action Team Inc.'s response was not subjected to the other 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of Community Action Team, Inc. as of and for the year ended June 30, 2024, and have issued our report thereon dated August 29, 2025, which contained an unmodified opinion on those financial statements. 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 is presented for purposes of additional analysis as required by the 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 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

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.



Portland, Oregon  
August 29, 2025

**COMMUNITY ACTION TEAM, INC.**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Year Ended June 30, 2024**

<b>Federal Grantor/Passed through Grantor/Program Title</b>	<b>Federal AL Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>AL Subtotal</b>	<b>Expenditures of Federal Awards</b>	<b>Pass-Through to Sub-recipients</b>
<b>U.S. DEPARTMENT OF AGRICULTURE:</b>					
Direct award: Rural Rental Housing Loans	10.415			\$ 441,284	
<i>Passed through:</i>					
RCAC Housing Center:					
Rural Self-Help Housing Technical Assistance	10.420	1944-1		173,287	
<i>Passed through:</i>					
Oregon Department of Education:					
Child and Adult Care Food Program	10.558	503004		144,803	
<i>Passed through:</i>					
Oregon Department of Education:					
Summer Food Service Program for Children - Child Nutrition Cluster	10.559	503004		<u>11,818</u>	
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>				<b><u>771,192</u></b>	
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</b>					
Direct award: Continuum of Care	14.267			944,042	176,821
<i>Passed through:</i>					
RCAC Housing Center:					
Housing Counseling Assistance	14.169	N/A		37,264	
Oregon Housing and Community Services Department:					
Emergency Solutions Grant	14.231	7003	\$ 246,308		
COVID 19 - Emergency Solutions Grant	14.231	7003	<u>14,359</u>	<u>260,667</u>	212,906
<b>Subtotal 14.231</b>					
Community Frameworks:					
Self-Help Opportunity Program	14.247	CAT 05-01		<u>135,000</u>	
<b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				<b><u>1,376,973</u></b>	
<b>U.S. DEPARTMENT OF TREASURY:</b>					
<i>Passed through:</i>					
Oregon Housing and Community Services Department:					
Coronavirus State and Local Fiscal Recovery Funds	21.027			<u>19,654</u>	
<b>TOTAL U.S. DEPARTMENT OF TREASURY</b>				<b><u>19,654</u></b>	
<b>U.S. DEPARTMENT OF ENERGY:</b>					
<i>Passed through:</i>					
Oregon Housing and Community Services Department:					
Weatherization Assistance for Low-Income Persons	81.042	7003		242,526	
Bonneville Power Administration Weatherization	81.XXX	7003		<u>105,289</u>	
<b>TOTAL U.S. DEPARTMENT OF ENERGY</b>				<b><u>347,815</u></b>	
<b>U.S. DEPARTMENT OF VETERANS AFFAIRS</b>					
Direct Award: Supportive Services for Veteran Families	64.033			<u>769,959</u>	585,178
<b>TOTAL U.S. DEPARTMENT OF VETERANS AFFAIRS</b>				<b><u>769,959</u></b>	

See Notes to the Schedule of Expenditures of Federal Awards.

**COMMUNITY ACTION TEAM, INC.**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**

**Year Ended June 30, 2024**

<b>Federal Grantor/Passed through Grantor/Program Title</b>	<b>Federal AL Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>AL Subtotal</b>	<b>Expenditures of Federal Awards</b>	<b>Pass-Through to Sub-recipients</b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</b>					
Direct Award: Head Start Cluster	93.600			<u>2,731,057</u>	
<b>Total Head Start Cluster</b>				<u><b>2,731,057</b></u>	
<i>Passed through:</i>					
Oregon Department of Human Services:					
Supportive Services Title III B	93.044	171493		152,717	
Nutrition Services Title III C-1	93.045	171493	97,049		
Nutrition Services Title III C-2	93.045	171493	<u>75,118</u>		
<b>Subtotal 93.045</b>				<u><b>172,167</b></u>	
Nutrition Services Incentive Program	93.053	171493		<u>49,432</u>	
<b>Total Aging Cluster</b>				<u><b>374,316</b></u>	
Elder Abuse Title VII	93.041	171493		1,331	
National Family Caregiver Support	93.052	171493	49,934		
COVID 19 National Family Caregiver Support	93.052	171493	<u>33,321</u>		
<b>Subtotal 93.045</b>				<u><b>83,255</b></u>	
Oregon Health Authority:					
Maternal, Infant, Early Childhood Home Visiting	93.870	166158		187,378	
Oregon Housing and Community Services Department:					
Community Services Block Grant	93.569	7003		275,172	39,957
Temporary Assistance for Needy Families	93.558	7003		57,986	30,070
Low-Income Home Energy Assistance	93.568	7003	<u>1,460,525</u>		65,635
<b>Subtotal 93.568</b>				<u><b>1,460,525</b></u>	
Low-Income Household Water Assistance	93.499	7003	76,560		
COVID 19 - Low-Income Household Water Assistance	93.499	7003	<u>54,658</u>		
<b>Subtotal 93.499</b>				<u><b>131,218</b></u>	
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				<u><b>5,302,238</b></u>	
<b>Total Expenditures of Federal Awards</b>				<u><b>\$ 8,587,831</b></u>	

See Notes to the Schedule of Expenditures of Federal Awards.

**COMMUNITY ACTION TEAM, INC.**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Year Ended June 30, 2024**

**1. Basis of Accounting**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Community Action Team, Inc. and is presented on the accrual basis of accounting.

The information in this schedule is presented in accordance with the requirements of Title 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) or other requirements of Federal agencies such as the Department of Treasury. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Uniform Grant Guidance considers capital advances to be "expenditures" for the purposes of this statement. Additionally, outstanding federal loans with continuing compliance requirements are considered expenditures for the purposes of this statement.

**2. Indirect Cost Rate**

The Organization is not using the 10% de minimis indirect cost rate under the Uniform Guidance.

**3. Assistance Listing Programs**

The program titles and Assistance Listing ("AL") numbers were obtained from the federal or pass-through grantor or sam.gov.

**4. Loan Programs**

Forgivable loans or capital advances and other federal loans (collectively "Loans") outstanding at the beginning of the year and Loans made during the year are included in the federal expenditures presented in the Schedule.

The balance of Loans outstanding at June 30, 2024 consists of:

<u>AL Number</u>	<u>Program Name</u>	<u>Outstanding Balance at June 30, 2024</u>
10.415	Rural Rental Housing Loans	\$ 436,702
14.247	Self-Help Opportunity	\$ 135,000

**COMMUNITY ACTION TEAM, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**Year Ended June 30, 2024**

**Section 1 – Summary of Auditor’s Results**

***Financial Statements***

Type of auditor’s report issued – **Unmodified**

Internal control over financial reporting:

- Material weakness(es) identified:  Yes  No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?  Yes  None reported

Noncompliance material to financial statements noted?  Yes  No

***Federal Awards***

Internal control over major programs:

- Material weakness(es) identified:  Yes  No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?  Yes  None reported

Type of auditor’s report issued on compliance for major programs – **Modified.**

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

***Identification of Major Programs***

- **93.600 – Head Start Cluster**
- **64.033 – Supportive Services for Veteran Families**

1. Dollar threshold used to distinguish between Type A and Type B programs – **\$750,000.**
2. Is the auditee qualified as a low-risk auditee under the Uniform Guidance – **No**

**Section 2 – Financial Statement Findings**

**COMMUNITY ACTION TEAM, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

**Year Ended June 30, 2024**

**2024-001 Finding – Financial Statement**

**Type:**

Audited Financial Statements Late Filing - Material Noncompliance and Material Weakness in Controls Over Financial Reporting and Compliance (Repeat of findings 2023-001)

**Criteria / Requirement:**

The Organization must implement effective internal controls to ensure that financial information is filed by the reporting due dates pursuant to the requirements of its funders and the Federal Audit Clearinghouse. Additionally, the Organization must have enough staff with sufficient capacity, and utilize internal reconciliation processes to ensure the accuracy of the data reported.

**Condition / Context:**

The Organization made significant improvements compared to prior year in closing out their records however they did not have appropriate procedures in place to ensure that audited financial statement filings required were completed and filed before their specified due dates. Management did not meet the year-end reporting due dates required by funders and regulations. While there was progress as compared to prior year in consideration of the parent company records, however the audit started late as the previous audit had not been completed, putting additional time constraints on the audit.

We encountered significant difficulties with the consolidated entities. The information for each entity was provided late in the audit, and once received it was determined that the information was not usable and needed significant corrections before it could be auditable. Once the corrected consolidated entity information was received, supporting documentation was not readily available. This caused significant delays in the audit process as the consolidated entities are legally required to be included, and accurate and timely information is necessary to complete the consolidated financial statements.

**Cause:**

The Organization did not have procedures and internal controls in place sufficient to meet the filing due dates. The filings were not performed, in part, due to insufficient internal capacity in the fiscal department and lack of procedures and controls in place to ensure timely filing. Additionally, consolidated entity records are not being kept up to date and the associated fiduciary duty is not being upheld.

The Organization was aware that the financial statements were running late but needed to complete the prior year audit in order to start the fiscal year 2024 audit. Additionally, the Organization was unable to obtain additional personnel resources sufficient to meet the reporting due dates.

**Effect:**

The year-end audited financial statements were not timely completed and filed by the regulatory due dates.

**Questioned Costs:**

None

**COMMUNITY ACTION TEAM, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

**Year Ended June 30, 2024**

**2024-001 Finding – Financial Statement (Continued)**

**Recommendation:**

*The Organization should review the program requirements and implement contingency plans to ensure that year-end reporting requirements are met. The Organization personnel should perform the monthly closing processing timelier, which includes the consolidated entity records, and the Organization's management should review the monthly and annual reconciliations for accuracy and completeness. This will allow the Organization to provide accurate information for the annual audit.*

**Management's Response:**

Management concurs with the finding and has defined corrective action to address it. We will implement effective internal controls to ensure that financial information is filed by the reporting due dates pursuant to the requirements of our funders and the Federal Audit Clearinghouse. Additionally, the Organization will have enough staff with sufficient capacity, and utilize internal reconciliation processes to ensure the accuracy of the data reported. We anticipate the FY 24/25 audit to start by 11/30/2025 and anticipate completion by 3/31/2026. To address the difficulties with the consolidated entities, CAT has recently hired an additional staff and plan to utilize this position to provide oversight of these entities. Checklists will also be provided to the property management company by September 2025 of all required documents to ensure supporting documents are provided timely. Stacey Wilson, Fiscal Director, will be responsible for this process.

**Section 3 – Federal Award Findings and Question Costs**

**2024-002 Finding – Federal Award**

**Type:**

Special Reporting - Federal Funding Accountability and Transparency Act (FFATA) – Material Non-Compliance and Material Weakness in Internal Controls over Compliance. (Repeat of finding 2023-003)

**Identification of Federal Program:**

AL Number: 64.033 Supportive Services for Veteran Families

**Criteria / Requirement:**

2 CFR section 200.303 requires that non-federal entities receiving federal awards establish and maintain internal control over the federal awards that provides reasonable assurance that the non-federal entity is managing the federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards.

Under the requirements of the Federal Funding Accountability and Transparency Act (Pub. L. No. 109-282), as amended by Section 6202 of Pub. L. No. 110-252, that are codified in 2 CFR Part 170, recipients (i.e., direct recipients) of grants or cooperative agreements are required to report first-tier subawards of \$30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS). The subawards meeting the above definition are to be reported no later than the last day of the month following the month in which the subaward/subaward amendment obligation was made or the subcontract award/subcontract modification was made.

**Condition / Context:**

During the year June 30, 2024, CAT entered into three first-tier subawards greater than \$30,000 under AL number 64.033. The auditor tested one of these subawards, noting that the award was reported late under the Federal Funding Accountability and Transparency Act to the Federal Subaward Reporting System. Per further inquiry, all of the first-tier subawards were reported late to FSRS.

**COMMUNITY ACTION TEAM, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

**Year Ended June 30, 2024**

**2024-002 Finding – Federal Award (Continued)**

**Cause:**

CAT was aware of the FFATA reporting requirements, but the timing of the previous year finding did not allow for corrections during the fiscal year 2024. Procedures were not in place to track and report first-tier subawards within the time frame required by federal requirements.

**Effect:**

Failure to maintain sufficient internal controls and proper procedures, including identifying compliance requirements of grant agreements and tracking over reporting first-tier subawards may result in wrongful use of federal funds and non-compliance with federal awards.

**Questioned Costs:**

None.

**Recommendation:**

*The Organization should establish written policies and procedures regarding review of grant agreements for compliance requirements along with written policies and procedures for first-tier subawards including tracking and proper internal control procedures.*

**Management's Response:**

Management concurs with the finding and has defined corrective action to address it. We have identified gaps in our reporting processes and worked to implement changes to ensure compliance with special reporting requirements. Policies and procedures will be updated regarding special reporting requirements. The Fiscal department will also be responsible for reviewing all contracts to identify all compliance requirements. Tracking procedures will be implemented to ensure reports are filed timely. The above identified corrective action was implemented in July 2024. Stacey Wilson, Fiscal Director, has implemented a tracking system for the FFATA.