

COMMUNITY ACTION
ORGANIZATION

Audited Financial Statements

For the Year Ended
June 30, 2016



McDONALD JACOBS



Shareholders

Mark A. Clift, CPA

Jill Oswald

Karin S. Wandtke, CPA

Sang Ahn, CPA

Gerard DeBlois Jr., CPA

Mary Strasdin, CPA

Anthony Almer, CPA

Principals

Jake Jacobs, CPA

Susan J. Marks, CPA

Tyee Carr, CPA

Victor Epstein, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Community Action Organization

Report on the Financial Statements

We have audited the accompanying financial statements of Community Action Organization (a nonprofit corporation), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization'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 organization's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Action Organization as of June 30, 2016, and changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Community Action Organization's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 12, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2016 on our consideration of Community Action Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Community Action Organization's internal control over financial reporting and compliance.

McDonald Jacobz, P.C.

Portland, Oregon
November 10, 2016

COMMUNITY ACTION ORGANIZATION
STATEMENT OF FINANCIAL POSITION
June 30, 2016
(With comparative totals for 2015)

	2016	2015
ASSETS		
Cash and cash equivalents	\$ 1,983,552	\$ 1,564,500
Accounts receivable	1,783,386	1,609,564
Grant receivable	50,000	130,000
Prepaid expenses	33,102	56,285
Deferred compensation plan assets	147,581	173,509
Property and equipment, net	1,835,762	1,791,891
TOTAL ASSETS	\$ 5,833,383	\$ 5,325,749
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 718,139	\$ 824,549
Accrued payroll and related expenses	271,279	180,472
Accrued vacation payable	158,854	235,809
Deferred revenue	115,348	131,132
Deferred compensation plan liability	147,581	173,509
Note payable	2,055,573	2,117,926
Total liabilities	3,466,774	3,663,397
Net assets:		
Unrestricted	2,104,608	1,322,270
Temporarily restricted	198,022	314,763
Permanently restricted	63,979	25,319
Total net assets	2,366,609	1,662,352
TOTAL LIABILITIES AND NET ASSETS	\$ 5,833,383	\$ 5,325,749

See notes to financial statements.

COMMUNITY ACTION ORGANIZATION
STATEMENT OF ACTIVITIES
For the year ended June 30, 2016
(With comparative totals for 2015)

	2016			Total	2015 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted		
Support and revenue:					
Government revenue:					
Federal awards:					
Direct federal	\$ 4,807,482	\$ -	\$ -	\$ 4,807,482	\$ 4,890,894
Passed through State of Oregon	4,098,205	-	-	4,098,205	4,114,788
Passed through Washington County	509,319	-	-	509,319	430,254
Passed through local agencies	305,832	-	-	305,832	258,660
Total federal awards	9,720,838	-	-	9,720,838	9,694,596
State of Oregon	11,072,311	-	-	11,072,311	9,641,362
Washington County	1,151,608	-	-	1,151,608	1,086,360
Local government	19,000	-	-	19,000	41,041
Total government revenue	21,963,757	-	-	21,963,757	20,463,359
Private contracts, grants and contributions:					
Contracts and grants	428,342	-	-	428,342	493,764
Contributions	485,925	13,681	38,660	538,266	877,329
United Way	125,619	-	-	125,619	111,244
Donated goods and services	217,173	-	-	217,173	426,844
Total private contracts, grants and contributions	1,257,059	13,681	38,660	1,309,400	1,909,181
Other revenue:					
Reimbursements	247,936	-	-	247,936	150,468
Fees and other revenue	223,733	-	-	223,733	133,601
Total other revenue	471,669	-	-	471,669	284,069
Net assets released from restrictions:					
Satisfaction of purpose restrictions	130,422	(130,422)	-	-	-
Total support and revenue	23,822,907	(116,741)	38,660	23,744,826	22,656,609
Expenses:					
Program services	20,944,695	-	-	20,944,695	19,076,689
Management and general	1,557,872	-	-	1,557,872	2,290,871
Fundraising	538,002	-	-	538,002	410,213
Total expenses	23,040,569	-	-	23,040,569	21,777,773
Change in net assets	782,338	(116,741)	38,660	704,257	878,836
Net assets:					
Beginning of year	1,322,270	314,763	25,319	1,662,352	783,516
End of year	\$ 2,104,608	\$ 198,022	\$ 63,979	\$ 2,366,609	\$ 1,662,352

See notes to financial statements.

COMMUNITY ACTION ORGANIZATION
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2016
(With comparative totals for 2015)

	2016						2015	
	Early Childhood Development	Family and Community Resources	Community Outreach	Total Program Services	Management and General	Fund-raising	Total	Total
Employee costs	\$ 6,988,815	\$ 3,611,563	\$ 14,984	\$ 10,615,362	\$ 1,106,908	\$ 216,416	\$ 11,938,686	\$ 11,834,836
Professional and contract fees	15,861	56,615	-	72,476	136,785	36,615	245,876	538,481
Client expense	716,234	7,130,141	-	7,846,375	20,619	-	7,866,994	6,874,867
Occupancy	685,909	479,474	-	1,165,383	127,450	180,851	1,473,684	899,374
Travel	75,363	41,696	199	117,258	6,750	3,783	127,791	171,409
Supplies	170,679	136,925	672	308,276	24,725	16,121	349,122	352,256
Communications and marketing	84,119	113,476	3,909	201,504	18,452	74,481	294,437	324,510
Insurance	40,175	41,700	-	81,875	45,707	-	127,582	113,760
Repairs and maintenance	124,800	29,728	-	154,528	366	-	154,894	196,541
Training	80,502	158,529	-	239,031	23,320	3,144	265,495	201,799
Miscellaneous	38,464	16,186	330	54,980	14,404	6,591	75,975	105,964
Depreciation and amortization	59,944	23,468	-	83,412	23,368	-	106,780	132,120
Equipment leasing	-	4,235	-	4,235	9,018	-	13,253	31,856
Total expenses	<u>\$ 9,080,865</u>	<u>\$ 11,843,736</u>	<u>\$ 20,094</u>	<u>\$ 20,944,695</u>	<u>\$ 1,557,872</u>	<u>\$ 538,002</u>	<u>\$ 23,040,569</u>	<u>\$ 21,777,773</u>

See notes to financial statements.

COMMUNITY ACTION ORGANIZATION
STATEMENT OF CASH FLOWS
For the year ended June 30, 2016
(With comparative totals for 2015)

	2016	2015
Cash flows from operating activities:		
Cash received grants, contract and contributions	\$ 22,907,718	\$ 21,668,916
Cash received for programs and services	471,669	284,069
Cash paid to suppliers	(10,917,375)	(9,179,178)
Cash paid for interest	(94,433)	(96,822)
Cash paid for payroll and related expenses	(11,924,834)	(11,728,976)
Net cash provided by operating activities	442,745	948,009
Cash flows from financing activities:		
Endowment payments received	38,660	25,319
Principal payments on note payable	(62,353)	(60,395)
Net cash used in financing activities	(23,693)	(35,076)
 Net increase in cash and cash equivalents	 419,052	 912,933
 Cash and cash equivalents - beginning of year	 1,564,500	 651,567
 Cash and cash equivalents - end of year	 \$ 1,983,552	 \$ 1,564,500
 <u>Reconciliation of cash flow activity</u>		
Change in net assets	\$ 704,257	\$ 878,836
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	106,780	132,120
Endowment payments received	(38,660)	(25,319)
(Increase) decrease in:		
Accounts receivable	(173,822)	(55,833)
Grant receivable	80,000	(130,000)
Prepaid expenses	23,183	(16,073)
Increase (decrease) in:		
Accounts payable	(257,061)	124,046
Accrued payroll and related expenses	90,807	46,838
Accrued vacation payable	(76,955)	59,022
Deferred revenue	(15,784)	(65,628)
Net cash provided by operating activities	\$ 442,745	\$ 948,009

See notes to financial statements.

COMMUNITY ACTION ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

I. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Organization

Community Action Organization (CAO or the Organization) is private, non-profit agency serving primarily Washington County, Oregon, to eliminate conditions of poverty and create opportunities for people and the community to thrive. The Organization operates a range of programs and services, funded by public and private grants, contracts and contributions, to assist primarily low-income residents of Washington County, Oregon in achieving economic security. CAO has a genuine concern and knowledge regarding issues of poverty and economic stability; is recognized, respected and works collaboratively with all sectors of the community; is a community leader in the area of early childhood development and family support; and is a catalyst in community efforts to address issues of homelessness and housing stability. Programs include Head Start and Early Head Start, Housing and Homeless Services, Energy and Emergency Rent, Weatherization, Child Care Resource and Referral, Opening Doors/Healthy Start and Information and Referral.

Basis of Presentation

Net assets and all balances and transactions are presented based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as unrestricted or restricted net assets. Unrestricted net assets are those that are not subject to donor-imposed stipulations. Temporarily restricted net assets are subject to donor-imposed stipulations that will be met, either by actions of the Organization and/or the passage of time.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with maturities of three months or less at the time of purchase to be cash equivalents.

Accounts Receivable

Accounts receivable are unsecured and reported at the amount management expects to collect on balances outstanding at year-end. Based on an assessment of the credit history with those having outstanding balances and current relationships with them, management has concluded that realization losses on balances outstanding at year-end will be immaterial.

COMMUNITY ACTION ORGANIZATION
NOTES TO FINANCIAL STATEMENTS, CONTINUED
June 30, 2016

I. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued*

Property and Equipment

Acquisitions of property and equipment in excess of \$5,000 are capitalized. Property and equipment purchased are recorded at cost. Donated assets are reflected as contributions at their estimated values on the date received.

Depreciation

Depreciation of property and equipment is calculated using the straight-line method over the estimated useful lives of the assets which range from 3 to 40 years.

Loan Fees

Loan fees are amortized on a straight-line basis over the term of the loan, which is 10 years.

Deferred Revenue

Deferred revenue is recorded for program (grant) advances received by CAO in excess of current grant expenditures. Such amounts can only be maintained and used in accordance with the respective contracts.

Restricted and Unrestricted Revenue and Support

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Donated Assets and Services

Donations of property, equipment, materials and other assets are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose.

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.

COMMUNITY ACTION ORGANIZATION
NOTES TO FINANCIAL STATEMENTS, CONTINUED
June 30, 2016

I. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued*

Donated Assets and Services, Continued

During the years ended June 30, 2016 and 2015, the Organization received donated rent, supplies, and services as follows:

	<u>2016</u>	<u>2015</u>
Occupancy	\$ 150,376	\$ 135,554
Supplies	38,819	47,470
Professional and contract services	<u>27,978</u>	<u>243,820</u>
Total donated occupancy, supplies and services	<u>\$ 217,173</u>	<u>\$ 426,844</u>

These amounts are reflected in the statements of activities and functional expenses as follows:

	<u>2016</u>	<u>2015</u>
Program expenses	\$ 167,813	\$ 161,752
Management and general	35,160	251,751
Fundraising	<u>14,200</u>	<u>13,341</u>
Total donated occupancy, supplies and services	<u>\$ 217,173</u>	<u>\$ 426,844</u>

The estimated contributed volunteer services hours received was 5,300 hours and 8,100 hours for the years ended June 30, 2016 and 2015, respectively. The value of such services does not meet the requirements for recognition and have therefore not been included in the accompanying financial statements.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Tax Status

Community Action Organization is a nonprofit corporation exempt from federal and state income tax under section 501(c)(3) of the Internal Revenue Code and applicable state law. No provision for income taxes is made in the accompanying financial statements, as the Organization has no activities subject to unrelated business income tax. The Organization is not a private foundation.

The Organization follows the provisions of FASB ASC *Topic Accounting for Uncertainty in Income Taxes*. Management has evaluated the Organization's tax positions and concluded that there are no uncertain tax positions that require adjustment to the financial statements to comply with provisions of this Topic.

COMMUNITY ACTION ORGANIZATION
NOTES TO FINANCIAL STATEMENTS, CONTINUED
June 30, 2016

I. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued*

Income Tax Status (Continued)

The Organization's information returns for years ended June 30, 2012 and prior are generally no longer subject to examination by taxing authorities in its major tax jurisdictions.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Summarized Financial Information for 2015

The financial information as of June 30, 2015 and for the year then ended is presented for comparative purposes and is not intended to be a complete financial statement presentation.

Subsequent Events

The Organization has evaluated all subsequent events through November 10, 2016, the date the financial statements were available to be issued.

Reclassifications

Certain amounts in the prior year financial statements were reclassified to conform to the current year presentation.

2. GRANT RECEIVABLE

Grant receivable is due to the Organization from one donor as follows at June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Due within one year	\$ 50,000	\$ 80,000
Due in two to five years	<u>-</u>	<u>50,000</u>
Total grant receivable	<u>\$ 50,000</u>	<u>\$ 130,000</u>

COMMUNITY ACTION ORGANIZATION
NOTES TO FINANCIAL STATEMENTS, CONTINUED
June 30, 2016

3. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2016 and 2015:

	2016	2015
Land and leasehold improvements	\$ 3,025,851	\$ 3,025,851
Vehicles	616,946	466,295
Furniture and fixtures	205,844	205,844
Computers and software	30,038	30,038
Loan fees	6,109	6,109
Total property and equipment	3,884,788	3,734,137
Less accumulated depreciation and amortization	2,049,026	1,942,246
Property and equipment, net	\$ 1,835,762	\$ 1,791,891

4. LINE OF CREDIT

The Organization has available a \$300,000 revolving line of credit with Premier Community Bank. The line is secured by real property. Interest is payable monthly at the prime rate (3.25% at June 30, 2016 and 2015). No balances were outstanding as of June 30, 2016 and 2015. The line of credit is in the process of being renewed.

5. NOTE PAYABLE

The note payable represents a loan from Premier Community Bank, payable in monthly installments of \$13,066 including interest of 4.42% through November 2017. Thereafter, monthly installments of \$13,152 are due with a variable interest rate based on the Federal Home Loan Bank of Seattle 5-year Intermediate Long-Term Advance Rate plus a margin of 3.25% through November 2022. The note is secured by land. The outstanding balance on the note is \$2,055,573 and \$2,117,926 at June 30, 2016 and 2015, respectively.

Future principal payments are as follows:

For the year ending June 30, 2017	\$64,530
2018	67,441
2019	70,483
2020	73,662
2021	76,985
Thereafter	1,702,472
	\$ 2,055,573

COMMUNITY ACTION ORGANIZATION
NOTES TO FINANCIAL STATEMENTS, CONTINUED
June 30, 2016

6. LEASE COMMITMENTS

The Organization leases administrative and program offices, equipment, and vehicles under various operating leases that expire through June 2020, with monthly aggregate rents approximating \$27,500. Rent expense for these leases approximated \$395,200 and \$330,400 for the years ended June 30, 2016 and 2015, respectively.

Approximate future minimum lease commitments under non-cancellable leases are as follows:

For the year ending June 30, 2017	\$ 345,700
2018	127,600
2019	96,200
2020	80,500
2021	<u>3,000</u>
	<u>\$ 653,000</u>

7. CONTINGENCIES

Amounts received or receivable from various contracting agencies are subject to audit and potential adjustment by the contracting agencies. Any disallowed claims, including amounts already collected, would become a liability of the Organization if so determined in the future. It is management's belief that no significant amounts received or receivable will be required to be returned in the future.

8. UNRESTRICTED NET ASSETS

Unrestricted net assets consist of the following at June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Undesignated	\$ 835,495	\$ 558,517
Board designated (Note 9)	1,488,924	1,089,788
Net deficit in property and equipment	<u>(219,811)</u>	<u>(326,035)</u>
Total unrestricted net assets	<u>\$ 2,104,608</u>	<u>\$ 1,322,270</u>

COMMUNITY ACTION ORGANIZATION
NOTES TO FINANCIAL STATEMENTS, CONTINUED
June 30, 2016

9. BOARD DESIGNATED NET ASSETS

Board designated net assets include funds relating to prior program surpluses that the board has designated for use in specific programs. Board designated net assets are as follows at June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Washington County - financial stability	\$ 60,000	\$ 60,000
Head Start	307,822	73,803
Energy assistance	114,701	90,707
Energy conservation	941,438	822,736
Housing and homeless services	37,751	42,542
Other designations	<u>27,212</u>	<u>-</u>
Total board designated net assets	<u>\$ 1,488,924</u>	<u>\$ 1,089,788</u>

10. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are purpose restricted as follows at June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Family Development	\$ 9,410	\$ 22,126
Housing and Homeless Services	5,153	8,730
Energy Assistance and Emergency Rents	15,286	4,806
Weatherization	977	9,930
Resource development	123,013	226,864
Shelter maintenance	<u>44,183</u>	<u>42,307</u>
Total temporarily restricted net assets	<u>\$ 198,022</u>	<u>\$ 314,763</u>

11. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consist of funds restricted by donors for a permanent endowment. As required by U.S. generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions or board designations.

COMMUNITY ACTION ORGANIZATION
 NOTES TO FINANCIAL STATEMENTS, CONTINUED
 June 30, 2016

II. PERMANENTLY RESTRICTED NET ASSETS, Continued

Interpretation of Relevant Law

The Board of Directors of Community Action Organization has interpreted Oregon's enacted Uniform Prudent Management of Institutional Funds Act (UPMIFA or the Act) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by the Act.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) The investment policies of the Organization

CAO received its first contribution restricted to the permanent endowment during the fiscal year ended June 30, 2015. At this time, endowment investing and spending policies are in development, but have not yet been adopted by the board.

Changes in endowment funds for the years ended June 30, 2016 and 2015 are as follows:

Balance – June 30, 2014		\$	-
Contributions			25,319
Balance – June 30, 2015			25,319
Contributions			38,660
Balance – June 30, 2016		\$	63,979

COMMUNITY ACTION ORGANIZATION
NOTES TO FINANCIAL STATEMENTS, CONTINUED
June 30, 2016

12. RETIREMENT PLANS AND DEFERRED COMPENSATION

The Organization sponsors a 403(b), tax-sheltered annuity benefit plan for qualifying employees. The plan allows for a discretionary matching contribution which is determined as a percentage of salary deferrals the employee makes each payroll period or as a uniform dollar amount. Currently, the discretionary match is up to 3% of the employee's per pay period salary deferral. The employer discretionary match is subject to a two-year vesting period. The Organization also sponsors a 457 non-qualified deferred compensation plan for the executive director and agency program directors. The current contribution rate by the Organization is 6% of per pay period salary. This contribution is fully vested. The investments and related accrued benefits under this plan are included in the statement of financial position since they are considered assets and liabilities of the Organization until separation of service.

Contributions to the plans for 2016 and 2015 approximated \$213,000 and \$201,000, respectively.

13. RELATED PARTY DISCLOSURE

The Organization's debt is held at a bank where a finance committee member is employed. Additionally, an employee of the Organization is the son of a finance committee member. Neither finance committee member serves on the Organization's board of directors. The Organization also received donated legal services valued at approximately \$23,800 and \$16,500 for the years ended June 30, 2016 and 2015, respectively. A portion of these services was provided by a family member of the CAO senior management team.

14. CONCENTRATIONS AND COMMITMENTS

The Organization maintains its cash balances in one financial institution. Balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The balances, at times, may exceed the federally insured limit. Cash balances in excess of the FDIC limits approximated \$2,016,000 and \$1,417,000 at June 30, 2016 and June 30, 2015, respectively.

The Organization's revenues are concentrated with 79% of total revenues coming from three governmental agencies for the year ended June 30, 2016 (80% for the year ended June 30, 2015). The Organization's credit risk for accounts receivable is concentrated with 75% of the balances coming from three agencies as of June 30, 2016 (54% due from two agencies as of June 30, 2015).

COMMUNITY ACTION ORGANIZATION
NOTES TO FINANCIAL STATEMENTS, CONTINUED
June 30, 2016

15. PROGRAM EXPENSES

The Organization's program expenses are as follows for the years ended June 30, 2016 and 2015. (These are presented in summary in the statement of functional expenses.)

	2016	2015
Family and Community Resources:		
Child Care Resource and Referral	\$ 1,060,121	919,753
Family Development	1,132,847	857,705
Housing and Homeless Services	1,536,864	1,612,079
Energy and Emergency Rent Assistance	5,059,862	4,626,022
Energy Conservation	3,004,100	2,158,014
Information and Referral	49,942	65,149
	11,843,736	10,238,722
Early Childhood Development	9,080,865	8,789,148
Community Outreach	20,094	48,819
Total program expenses	\$ 20,944,695	\$ 19,076,689