

COMMUNITY ACTION ORGANIZATION
WASHINGTON COUNTY, OREGON

FINANCIAL REPORT

For the Year Ended June 30, 1996

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COMMUNITY ACTION ORGANIZATION
WASHINGTON COUNTY, OREGON

BOARD MEMBER LIST
1995-96

PRIVATE SECTOR REPRESENTATIVE

TERM ENDS

Dick Porn, President
Western Realty Advisors, Inc.
15455 NW Greenbrier Pkwy. Ste. 210
Beaverton, OR 97006

6/97 (1)

Bob Shoemaker, Attorney
4837 W. Burnside
Portland, OR 97210

6/96 (2)

Cindy Hirst
P.O. Box 220
North Plains, Or 97133-0220

6/97 (2)

Sherry Robinson
14985 S.W. Vulcan Court
Beaverton, OR 97007

6/96 (3)

Russell Wilkinson
434 S. First, Suite 100
Hillsboro, OR 97123

6/98 (3)

Dick Stenson
President and CEO
Tuality Health Care
335 S.E. 8th Ave.
Hillsboro, OR 97123

6/97 (1)

Margaret Eickmann
15720 N.W. Barkton Ct.
Beaverton, OR 97006

6/97 (1)

PUBLIC SECTOR REPRESENTATIVES

TERM ENDS

Darlene Greene
West One Bank
P.O. Box 628.
Hillsboro, OR 97123

6/96 (1)

Gregory Zuffrea for Mayor Lou Ogden
11795 S.W. Tualatin Road #101
Tualatin, OR 97062

6/98 (1)

Shirley Huffman for Mayor Gordon Faber
809 N.E. Jackson School Road
Hillsboro, OR 97124

6/98 (4)

COMMUNITY ACTION ORGANIZATION
WASHINGTON COUNTY, OREGON

BOARD MEMBER LIST (CONTINUED)
1995-96

PUBLIC SECTOR REPRESENTATIVES (CONT.)

TERM ENDS

Commissioner Andy Duyck
County Administration
155 N. First Ave.
Hillsboro, OR 97124

6/96 (2)

John Kelly for Mayor Walt Hitchcock
Principal of Sherwood Intermediate School
400 N. Sherwood Blvd.
Sherwood, OR 97140

6/97 (2)

Sandy Miller for Mayor Rob Drake
City of Beaverton
P.O. Box 4755
Beaverton, OR 97076

6/96 (1)

Representative Chuck Carpenter
1815 N.W. 143rd Ave. B-35
Portland, OR 97229

6/98 (2)

LOW INCOME SECTOR REPRESENTATIVES

TERM ENDS

Jeff Fish, Director
Oregon Legal Services
230 N.E. 2nd Avenue
Hillsboro, OR 97214

6/97 (1)

Maria Loreda
Virginia Garcia Clinic
P.O. Box 567
Cornelius, OR 97113

6/96 (3)

Charlotte Karvia
Head Start Parent
240 S.E. Norton
Sherwood, OR 97140

6/96 (1)

Priscilla Orozco
559 N.E. 25th Court
Hillsboro, OR 97124

6/96 (1)

Katrina Pirkle
Head Start Parent
1165 S. Sherwood Blvd. #5
Sherwood, OR 97140

6/98 (1)

COMMUNITY ACTION ORGANIZATION
WASHINGTON COUNTY, OREGON

BOARD MEMBER LIST (CONTINUED)
1995-96

LOW INCOME SECTOR REPRESENTATIVES (CONT.)

TERM ENDS

Holly Grant
Rep. Head Start Policy Council
786 NW Gleneagle #6
Sherwood, OR 97140

6/97 (1)

Ms. Guadalupe Flores
Employment and Training Counsel
OHDC
8625 S.E. Oak Street
Hillsboro, OR 97123

6/98 (1)

Executive Director, Jerralynn Ness
Finance Director, Nicholas R. Green
1001 SW Baseline Street
Hillsboro, OR 97123

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COMMUNITY ACTION ORGANIZATION
WASHINGTON COUNTY, OREGON

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COMMUNITY ACTION ORGANIZATION
WASHINGTON COUNTY, OREGON

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PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

April 10, 1997

- 12700 SW 72ND AVENUE • TIGARD, OREGON 97223
- (503) 620-2632 • FAX (503) 684-7523

To the Board of Directors
Community Action Organization
1001 SW Baseline Street
Hillsboro, Oregon 97123

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying statement of financial position of Community Action Organization as of June 30, 1996 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organizations management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and the provisions of Office of Management and Budget Circular A-133, "*Audits of Institutions of Higher Education and Other Nonprofit Institutions.*" Those standards and OMB A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

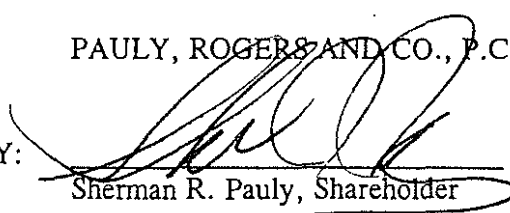
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Action Organization as of June 30, 1996, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated April 10, 1997, on our consideration of Community Action Organization's internal control structure and a report dated April 10, 1997, on its compliance with laws and regulations.

Our audit was made for the purpose of forming an opinion on the financial statements included in the first paragraph. The supplemental information included in pages 12 through 24 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the examination of the basic financial statements and, in our opinion, is fairly stated in all material respects to the basic financial statements taken as a whole.

PAULY, ROGERS AND CO., P.C.

BY:


Sherman R. Pauly, Shareholder

1

COMMUNITY ACTION ORGANIZATION, INC.
WASHINGTON COUNTY, OREGON

COMPARATIVE STATEMENTS OF FINANCIAL POSITION
For The Year Ended June 30, 1996
(With Comparative Totals for 1995)

		1996 Total	1995 Total
ASSETS:			
Investments	610	\$ 610	\$ 610
Accounts Receivable	≈ 140,000	132,202	65,399
Pledges Receivable	?	26,300	31,834
Prepaid Expenses	8,363	8,363	14,233
Fixed Assets	3,661,821 + 1996 Adds	3,661,821	3,240,713
Less: Accum. Deprec.	(495,413)	(495,413)	(397,453)
Total Assets		\$ 3,333,883	\$ 2,955,336

LIABILITIES and FUND BALANCE:

Liabilities:

Cash in Bank Less		\$ 175,552	\$ 92,037
Outstanding Checks	300,000	212,283	
Accounts Payable	52,900	132,516	58,237
Mortgage Loan Payable	Call	1,237,466	1,031,160
Other Loans Payable	VALU	75,000	0
Capital Leases Payable	70,000	148,462	42,652
Accrued Vacation Payable	42,000	80,765	42,009
Deferred Revenue	150,000	37,130	36,416
		113,047	115,638
Total Liabilities		1,887,556	1,376,140

Net Assets:

Unrestricted		435,477	626,340
Temporarily Restricted		1,010,850	952,856
Total Net Assets		1,446,327	1,579,196
Total Liabilities and Net Assets		\$ 3,333,883	\$ 2,955,336

DIFFERENCE
=
INCOME OR
LOSS
FOR 96/97

(2) Total Rev 6,850,000 ←
NSBEN - 11 Exp BACH INT 200,000
DMS
(200,000)

The accompanying notes are an integral part of this statement

COMMUNITY ACTION ORGANIZATION, INC.
WASHINGTON COUNTY, OREGON

COMPARATIVE STATEMENTS OF ACTIVITIES
For The Year Ended June 30, 1996
(With comparative totals for 1995)

	Unrestricted Funds	Temporarily Restricted Funds	1996 Total	1995 Total
REVENUES:				
Contributions	\$ 41,226	\$ 150,439	\$ 191,665	\$ 169,306
Special Events	43,330	19,403	62,733	52,126
Service Fees	3,023	121,254	124,277	154,097
United Way	7,967	54,400	62,367	73,014
Non Govt. Grants	0	77,575	77,575	65,117
Government Grants:				
Federal Grants	0	2,899,814	2,899,814	3,788,071
County Grants	0	62,648	62,648	64,428
City Grants	0	70,534	70,534	51,933
State Grants	0	701,573	701,573	727,656
Program Income	0	46,246	46,246	74,038
Sales	1,093	1,340	2,433	17,668
Miscellaneous	26	3,563	3,589	9,037
Total Revenues	96,665	4,208,789	4,305,454	5,246,491
Net Assets Released From Restrictions:				
Satisfaction of Program Restrictions	4,268,906	-4,268,906	0	0
EXPENDITURES:				
Salaries	2,042,948	0	2,042,948	1,885,185
Benefits	316,802	0	316,802	297,946
Taxes	223,337	0	223,337	216,018
Fees For Services	612,950	0	612,950	2,317,994
Supplies/Services	417,488	0	417,488	642,808
Telephone	38,419	0	38,419	35,860
Postage	12,613	0	12,613	14,019
Occupancy	373,941	0	373,941	281,302
Equipment	31,737	0	31,737	19,152
Printing/Publication	25,242	0	25,242	13,464
Travel	97,306	0	97,306	93,632
Conferences/Training	30,349	0	30,349	48,591
Individual Assistance	349,317	0	349,317	486,212
Memberships	6,924	0	6,924	3,972
Asset Acquisition	144,282	0	144,282	106,931
Loss on Disposal of Assets	0	0	0	858
Depreciation	180,445	0	180,445	94,598
Total Expenditures	4,904,100	0	4,904,100	6,558,542
Excess of Revenues Over, -Under Expenditures	-538,529	-60,117	-598,646	-1,312,051
Capital Additions:				
Contributions from Other Funds:				
Federal Grants	0	75,000	75,000	1,031,214
Other Contributions	21,337	0	21,337	159,733
Total Capital Additions	21,337	75,000	96,337	1,190,947
Excess of Revenue Over, -Under Expenditures After Capital Additions	-517,192	14,883	-502,309	-121,104

Continued on page 4

The accompanying notes are an integral part of this statement.

COMMUNITY ACTION ORGANIZATION, INC.
WASHINGTON COUNTY, OREGON

COMPARATIVE STATEMENTS OF ACTIVITIES
 For The Year Ended June 30, 1996
 (With comparative totals for 1995)

	Unrestricted Funds	Temporarily Restricted Funds	1996 Total	1995 Total
Other Financing Sources, -Uses:				
Issuance of Mortgage and Other Loans Payable	\$ 0	\$ 369,440	\$ 369,440	\$ 1,031,160
Transfers In	334,945	2,768	337,713	344,582
Transfers Out	-8,616	-329,097	-337,713	-344,582
Total Other Sources, -Uses	<u>326,329</u>	<u>43,111</u>	<u>369,440</u>	<u>1,031,160</u>
Excess of Revenue and Other Sources Over				
-Under Expenditures and Other Uses After Capital Additions	-190,863	57,994	-132,869	910,056
Beginning Net Assets	<u>626,340</u>	<u>952,856</u>	<u>1,579,196</u>	<u>669,140</u>
Ending Net Assets	<u>\$ 435,477</u>	<u>\$ 1,010,850</u>	<u>\$ 1,446,327</u>	<u>\$ 1,579,196</u>

Continued from page 3

The accompanying notes are an integral part of this statement.

COMMUNITY ACTION ORGANIZATION, INC.
WASHINGTON COUNTY, OREGON

COMPARATIVE STATEMENTS OF CASH FLOWS
For The Year Ended June 30, 1996
(With comparative totals for 1995)

	1996	1995
CASH PROVIDED FROM, -USED FOR, OPERATIONS:		
Changes in Net Assets	\$ -132,869	\$ 910,056
Noncash Items Included in Income and Expenses:		
Depreciation	180,445	94,598
Loss on Disposal of Fixed Assets	0	858
Changes in Assets and Liabilities:		
Accounts Receivable	-66,803	88,688
Pledges Receivable	5,534	42,782
Prepaid Expenses	5,870	-1,715
Accounts Payable	20,175	15,424
Accrued Vacation Payable	5,593	-4,317
Deferred Revenue	-2,591	-23,424
	<u>15,354</u>	<u>1,122,950</u>
CASH USED FOR CAPITAL INVESTMENT ACTIVITIES:		
Purchase of Fixed Assets	-503,593	-2,276,610
	<u>-503,593</u>	<u>-2,276,610</u>
CASH USED FOR FINANCING ACTIVITIES:		
Proceeds from Long-term Debt/Construction/Mortgage Loan	218,840	1,031,160
Proceeds from Long-term Debt/Capital Leases	53,782	42,652
Proceeds from Long-term Debt/Other Loans Payable	150,600	0
Principal Payments on Long Term Debt	-18,498	0
	<u>404,724</u>	<u>1,073,812</u>
Net Increase, -Decrease, in Cash and Cash Equivalents	-83,515	-79,848
Cash and Cash Equivalents, Beginning of Year	<u>-92,037</u>	<u>-12,186</u>
Cash and Cash Equivalents, End of Year	<u>\$ -175,552</u>	<u>\$ -92,034</u>
Cash Paid During the Year for Interest	<u>\$ 111,431</u>	<u>\$ 7,815</u>

The accompanying notes are an integral part of this statement.

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COMMUNITY ACTION ORGANIZATION
WASHINGTON COUNTY, OREGON

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Community Action Organization (CAO) is a not for profit corporation organized under Section 501 (c) (3) of the Internal Revenue Code. The organization engages in numerous social and public welfare activities. Its principal programs include the Headstart program, housing and individual assistance programs. Revenues are received primarily from governmental grants from the Federal, State and local governments and from private contributions. The financial statements have been prepared on the accrual basis of accounting and in conformity with the standards promulgated by the American Institute of Certified Public Accountants.

Accounting Method

Community Action Organization utilizes the accrual method of accounting. Under the accrual method, revenues are recognized when the Organization has a right to receive money, and expenses are recognized as liabilities are incurred. Contributions are recognized in accordance with the Financial Accounting Standards Board, Statement of Financial Accounting Standards, No. 116 (SFAS 116), *Accounting for Contributions Received and Contributions Made*.

The accompanying financial statements were prepared in accordance with the Financial Accounting Standards Board, Statement of Financial Accounting Standards, No. 117 (SFAS 117), *Financial Statements for Not-For-Profit Organizations*. Contributions or other inflows of assets whose use by the Organization is limited by donor-imposed stipulations are classified as temporarily restricted net assets until those stipulations are met. The Organization has no permanently restricted net assets as defined under SFAS 117. All other net assets are classified as temporarily restricted or unrestricted.

Unrestricted Gifts and Grants

Unrestricted gifts and grants are recognized as revenue when received or when a legally enforceable pledge has been received. Related expenses are recognized when incurred.

Restricted Gifts and Grants

The Organization reports gifts, grants and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the contributed asset. When a donor restriction expires, that is, when the stipulated restriction ends or the purpose for the restriction is accomplished, the temporarily restricted net asset is reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

COMMUNITY ACTION ORGANIZATION
WASHINGTON COUNTY, OREGON

NOTES TO FINANCIAL STATEMENTS (CONT.)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Grants and Contracts

Support received under grants and contracts with the United States Government and local governments are recorded as grants when the related direct costs are incurred. Reimbursement of indirect costs relating to such grants and contracts is recorded as transfers in to the unrestricted funds. Grants and contracts receivable represent amounts due for expenditures incurred prior to year end. Deferred revenue amounts represent cash received in advance of the related expenditures.

Investments

Investments are recorded at the lower of cost or market. Donated investments are recorded at their market value at the date of donation.

Pledges Receivable

Pledges are recorded at the time the organization is reasonably certain that they will be collected.

Land, Buildings and Equipment

Land, buildings and equipment are stated at cost. Donated fixed assets are recorded at estimated fair market value on the date donated. Community Action Organization has adopted the policy of capitalizing all fixed assets and depreciating them on the straight-line basis over the following estimated useful lives:

Furniture & Equipment	5 years
Vehicles	7 years
Buildings & Improvements	40 years

Depreciation expense for 1995-96 is \$180,445.

At their inception capitalized leases are recorded as assets, with a corresponding capitalized lease obligation, at the net present value of future minimum lease payments to be made. The portion of subsequent lease payments applicable to principal, determined by using interest rates implicit in the lease, is reported as a reduction of the capitalized lease obligation, with the remaining interest portion charged to expenditure.

Income Tax Liability

The management of CAO believes that all of its activities qualify for tax exempt status. Therefore, no provision is made on the financial statements for an income tax liability.

Comparative Data

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the entity's financial position and operations. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation. The reclassification had no effect on previously reported net assets or change in net assets.

COMMUNITY ACTION ORGANIZATION
WASHINGTON COUNTY, OREGON

NOTES TO FINANCIAL STATEMENTS (CONT.)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Functional Allocation of Expenses

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

Estimates

The preparation of financial statements in conformity with 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.

2. CASH AND CASH EQUIVALENTS

Community Action Organization maintains its deposits with U.S. National Bank. Bank accounts with overdrawn balances at June 30, 1996 of \$175,552 have been presented as cash in bank less outstanding checks. The total financial institution statement balance as of June 30, 1996 was \$60,342, all of which was insured by the FDIC.

For the purpose of financial statement presentation, CAO considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Cash is summarized as follows:

	<u>June 30, 1996</u>
Cash:	
Checking Accounts	\$ -187,993
Savings Accounts	<u>12,441</u>
 Total	 <u>\$ -175,552</u>

3. INVESTMENTS

Investments are comprised of the following:

	<u>COST</u>	<u>MARKET</u>
Common Stocks	\$ 260	\$ 260
Bonds	<u>350</u>	<u>350</u>
	<u>\$ 610</u>	<u>\$ 610</u>

For investments held at June 30, 1996 the cost approximates the market value.

4. PLEDGES RECEIVABLE

The organization only records pledges that they are reasonably certain will be collected. Pledges outstanding at June 30, 1996 totaled \$26,300.

COMMUNITY ACTION ORGANIZATION
WASHINGTON COUNTY, OREGON

NOTES TO FINANCIAL STATEMENTS (CONT.)

5. FIXED ASSETS

The changes in fixed assets for fiscal year 1995-96 are as follows:

	<u>BEG. BAL.</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>END BAL.</u>
Land & Buildings	\$ 413,015	\$ 2,526,594	\$ 0	\$ 2,939,609
Construction In Progress	2,212,755	0	2,212,755	0
Furniture & Equipment	417,332	134,398	82,485	469,245
Vehicle	<u>197,611</u>	<u>55,356</u>	<u>0</u>	<u>252,967</u>
Total	<u>\$ 3,240,713</u>	<u>\$ 2,716,348</u>	<u>\$ 2,295,240</u>	<u>\$ 3,661,821</u>

6. INTERFUND TRANSFERS

Interfund transfers represent charges among the various funds for services provided by other funds. The services included indirect costs for bookkeeping, administration and copy expenses.

7. DEFERRED REVENUE

Deferred revenue of \$113,047 at June 30, 1996 arises from receipts of restricted federal, state and local grants which have not been earned as of the balance sheet date, and therefore are not recognized as revenue in the current year.

8. FUNDRAISING ACTIVITIES

The total cost of fundraising activities of CAO for the year ended June 30, 1996 was \$14,272.

9. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Organization's financial instruments, none of which are held for trading purposes, include cash, investments, receivables, and various liabilities. The Organization estimates that the fair value of all financial instruments at June 30, 1996, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position. The estimated fair value amounts have been determined by the Organization using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value, and accordingly, the estimates are not necessarily indicative of the amounts that the Organization could realize in a current market exchange.

10. RETIREMENT PLAN

Community Action Organization maintains an employer paid defined contribution pension plan. Beginning in the third year of employment, the Organization will contribute between \$25 and \$100 per month to a qualified employee's tax sheltered annuity, based on an employees number of years of service. CAO contributed \$43,125 to the tax sheltered annuities during fiscal 95-96. The annuities were fully funded at June 30, 1996, according to the terms of the plan.

COMMUNITY ACTION ORGANIZATION
WASHINGTON COUNTY, OREGON

NOTES TO FINANCIAL STATEMENTS (CONT.)

11. LONG TERM DEBT

US bank 75,000

Long-term debt at June 30, 1996 consists of the following:

10.69% lease/purchase on a telephone system payable in monthly installments of \$920.85, including principal and interest, due July 10, 2000.	<i>NEC phone</i>	\$ 35,835	
12.10% lease/purchase on a telephone system payable in monthly installments of \$312.56, including principal and interest, due April 1, 2001.	<i>TAIS / Telephone Lease</i>	13,672	}
10.50% lease/purchase on a school bus payable in yearly installments of \$12,684.19, including principal and interest, due September 20, 1998.	<i>Blue Bird 30's</i>	31,258	
8.25% loan secured by equipment, payable in monthly installments of \$1973.69, including principal and interest, due March 15, 2003.	<i>125,500 Valley Comm</i>	123,362	}
8.25% loan secured by equipment, payable in monthly installments of \$394.76, including principal and interest, due June 15, 2003.	<i>25,100 Valley Comm</i>	25,100	
8.85% mortgage loan to fund a new multi-service center, payable in monthly installments of \$10,485.91, including principal and interest, due May 1, 2021.	<i>US Bank 1,250,000</i>	<u>1,249,309</u>	

Total Long Term Debt \$1,478,536

The future minimum payments for the retirement of long-term debt are as follows:

<u>Amounts Payable In Fiscal Year:</u>	<u>Long-Term Debt</u>
1996-97	181,737
1997-98	181,736
1998-99	181,737
1999-2000	169,052
2000-01	157,378
2001-06	680,076
2006-11	629,155
2011-16	629,155
2016-21	<u>618,669</u>
Less: Amounts Representing Interest	<u>-1,950,159</u>
Total Long-Term Debt	<u>\$ 1,478,536</u>

COMMUNITY ACTION ORGANIZATION
WASHINGTON COUNTY, OREGON

NOTES TO FINANCIAL STATEMENTS (CONT.)

12. UNRESTRICTED NET ASSETS

Unrestricted restricted net assets of \$435,477 at June 30, 1996 were comprised of the following:

Net Assets in Property, Plant and Equipment		\$ 482,414
Expendable Net Assets:		
Administration	7,051	
Resource Development	<u>-53,988</u>	
		<u>-46,937</u>
		<u>\$ 435,477</u>

13. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets of \$1,010,850 at June 30, 1996 were comprised of the following:

Net Assets in Property, Plant and Equipment:		
Portion of Multi-Service Building and Equipment		\$ 1,215,214
Funded by Federal Grants		
Expendable Net Assets:		
Client Services	-13,410	
Child Development	-24,451	
Housing and Energy	66,212	
Multi-Service Center	<u>-232,715</u>	
		<u>-204,364</u>
		<u>\$ 1,010,850</u>

The temporarily restricted net assets in property, plant and equipment of \$1,215,214, noted above, represent the portion of Community Action Organization's new multi-service building that was funded by federal grants. The grant agreements state that the building has an estimated useful life of thirty years. Should CAO sell the building, or discontinue using it for the purposes stated in the grant agreements, prior to the end of the 30 year period, the granting agencies would expect to be reimbursed for the portion of funds they contributed toward constructing/equipping the building.

Temporarily restricted assets were released from restriction during the year by incurring expenses satisfying restricted purposes as follows:

Restricted Purpose:		<u>June 30, 1996</u>
Client Services		\$ 1,061,338
Child Development		2,061,799
Housing and Energy		526,265
Multi-Service Center		<u>619,054</u>
		<u>\$ 4,268,906</u>

14. DEFICIT EXPENDABLE NET ASSETS

Community Action Organization is in a continuous fundraising effort to eliminate the deficit in expendable unrestricted and temporarily restricted net assets. (See Notes 11 and 12). The Board of Directors has an ongoing commitment to reduce this deficit through budgeted surpluses over the next 7 - 10 years.

SUPPLEMENTARY SCHEDULES

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COMMUNITY ACTION ORGANIZATION, INC.
WASHINGTON COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS
 ALL UNRESTRICTED FUNDS
 For The Year Ended June 30, 1996

	Administration	Resource Development	Total
REVENUES:			
Contributions	\$ 25,000	\$ 16,226	\$ 41,226
Special Events	0	43,330	43,330
Service Fees	175	0	175
United Way	0	7,967	7,967
Non Govt. Grants	0	0	0
Government Grants			
Federal Grants	0	0	0
County Grants	0	0	0
City Grants	0	0	0
State grants	0	0	0
Membership Fees	0	0	0
Program Income	0	0	0
Sales	999	0	999
Miscellaneous	26	0	26
Total Revenues	26,200	67,523	93,723
EXPENDITURES:			
Salaries	93,463	41,025	134,488
Benefits	40,274	6,222	46,496
Taxes	6,812	3,931	10,743
Fees For Services	65,553	23,591	89,144
Supplies/Services	13,468	1,249	14,717
Telephone	4,469	698	5,167
Postage	2,648	4,301	6,949
Occupancy	44,607	9,540	54,147
Equipment	10,161	8	10,169
Printing/Publication	9,138	10,266	19,404
Travel	10,208	1,093	11,301
Conferences/Training	11,446	1,328	12,774
Individual Assistance	472	0	472
Memberships	3,330	100	3,430
Asset Acquisition	6,708	0	6,708
Total Expenditures	322,757	103,352	426,109
Excess of Revenues Over, -Under Expenditures	-296,557	-35,829	-332,386
Other Financing Sources, -Uses:			
Transfers In	307,673	0	307,673
Transfers Out	-7,894	-722	-8,616
Total Other Sources, -Uses	299,779	-722	299,057
Excess of Revenue and Other Sources Over -Under Expenditures and Other Uses	3,222	-36,551	-33,329
Beginning Net Assets	3,829	-17,437	-13,608
Ending Net Assets	\$ 7,051	\$ -53,988	\$ -46,937

COMMUNITY ACTION ORGANIZATION, INC.
WASHINGTON COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS
 ADMINISTRATION
 For The Year Ended June 30, 1996

	Administration	Budget	Variance Favorable -Unfavorable
REVENUES:			
Contributions	\$ 25,000	\$ 0	\$ 25,000
Special Events	0	0	0
Service Fees	175	0	175
United Way	0	0	0
Non Govt. Grants	0	0	0
Government Grants:			
Federal Grants	0	0	0
County Grants	0	0	0
City Grants	0	0	0
State grants	0	0	0
Membership Fees	0	0	0
Program Income	0	0	0
Sales	999	0	999
Miscellaneous	26	0	26
Total Revenues	26,200	0	26,200
EXPENDITURES:			
Salaries	93,463	93,253	-210
Benefits	40,274	40,000	-274
Taxes	6,812	6,000	-812
Fees For Services	65,553	65,000	-553
Supplies/Services	13,468	14,000	532
Telephone	4,469	4,000	-469
Postage	2,648	2,000	-648
Occupancy	44,607	45,000	393
Equipment	10,161	15,000	4,839
Printing/Publication	9,138	15,000	5,862
Travel	10,208	10,000	-208
Conferences/Training	11,446	9,000	-2,446
Individual Assistance	472	0	-472
Memberships	3,330	2,000	-1,330
Asset Acquisition	6,708	0	-6,708
Total Expenditures	322,757	320,253	-2,504
Excess of Revenues Over, -Under Expenditures	-296,557	-320,253	23,696
Other Financing Sources, -Uses:			
Transfers In	307,673	320,253	-12,580
Transfers Out	-7,894	0	7,894
Total Other Sources, -Uses	299,779	320,253	-4,686
Excess of Revenues and Other Sources Over, -Under Expenditures and Other Sources	3,222	0	3,222
Beginning Net Assets	3,829	0	3,829
Ending Net Assets	<u>\$ 7,051</u>	<u>\$ 0</u>	<u>\$ 7,051</u>

COMMUNITY ACTION ORGANIZATION, INC.
WASHINGTON COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS
RESOURCE DEVELOPMENT
For The Year Ended June 30, 1996

	Resource Development	Budget	Variance Favorable -Unfavorable
REVENUES:			
Contributions	\$ 16,226	\$ 17,900	\$ -1,674
Special Events	43,330	50,000	-6,670
United Way	7,967	6,500	1,467
Government Grants			
Federal Grants	0	0	0
County Grants	0	0	0
City Grants	0	0	0
State Grants	0	0	0
Program Income	0	0	0
Sales	0	0	0
Sale of Assets	0	0	0
	<u>67,523</u>	<u>74,400</u>	<u>-6,877</u>
EXPENDITURES:			
Salaries	41,025	16,097	-24,928
Benefits	6,222	1,353	-4,869
Taxes	3,931	1,215	-2,716
Fees For Services	23,591	125	-23,466
Supplies/Services	1,249	35,000	33,751
Telephone	698	275	-423
Postage	4,301	2,250	-2,051
Occupancy	9,540	2,725	-6,815
Equipment	8	750	742
Printing/Publication	10,266	8,860	-1,406
Travel	1,093	275	-818
Conferences/Training	1,328	475	-853
Individual Assistance	0	0	0
Memberships	100	0	-100
Asset Acquisition	0	0	0
	<u>103,352</u>	<u>69,400</u>	<u>-33,952</u>
Excess of Revenues Over, -Under Expenditures	<u>-35,829</u>	<u>5,000</u>	<u>-40,829</u>
Other Financing Sources, -Uses:			
Transfers In	0	0	0
Transfers Out	-722	0	722
	<u>-722</u>	<u>0</u>	<u>722</u>
Total Other Sources, -Uses	<u>-722</u>	<u>0</u>	<u>722</u>
Excess of Revenues Over, -Under Expenditures and Other Uses	<u>-36,551</u>	<u>5,000</u>	<u>-41,551</u>
Beginning Net Assets	<u>-17,437</u>	<u>0</u>	<u>-17,437</u>
Ending Net Assets	<u>\$ -53,988</u>	<u>\$ 5,000</u>	<u>\$ -58,988</u>

COMMUNITY ACTION ORGANIZATION, INC.
WASHINGTON COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS
ALL RESTRICTED FUNDS
For The Year Ended June 30, 1996

	Client Services	Child Development	Housing & Energy	Multi- Service Center	Total Restricted
REVENUES:					
Contributions	\$ 61,308	\$ 2,557	\$ 251	\$ 86,323	\$ 150,439
Special Events	5,565	0	0	13,838	19,403
Service Fees	2,953	86,882	31,419	0	121,254
United Way	54,400	0	0	0	54,400
Non Govt. Grants	11,530	700	65,345	0	77,575
Government Grants					
Federal Grants	730,703	1,673,529	386,582	109,000	2,899,814
County Grants	27,725	0	34,923	0	62,648
City Grants	50,600	19,934	0	0	70,534
State Grants	235,372	463,201	3,000	0	701,573
Program Income	0	0	46,246	0	46,246
Sales	0	1,129	0	0	1,129
Sale of Assets	0	211	0	0	211
Miscellaneous	672	0	2,891	0	3,563
Total Revenues	1,180,828	2,248,143	570,657	209,161	4,208,789
EXPENDITURES:					
Salaries	376,167	1,144,345	181,083	206,865	1,908,460
Benefits	58,650	192,023	16,995	2,638	270,306
Taxes	41,777	129,610	18,064	23,143	212,594
Fees For Services	156,068	33,369	143,663	190,433	523,533
Supplies/Services	8,854	230,193	100,126	51,148	390,321
Telephone	13,355	17,552	2,228	3	33,138
Postage	1,823	1,624	1,773	444	5,664
Occupancy	60,299	201,696	29,595	28,204	319,794
Equipment	4,357	1,652	697	0	6,706
Printing/Publication	2,251	1,736	609	1,242	5,838
Travel	7,109	69,618	9,147	131	86,005
Conferences/Training	2,116	12,495	2,889	75	17,575
Individual Assistance	326,897	5,824	16,124	0	348,845
Memberships	247	2,226	1,021	0	3,494
Asset Acquisition	1,368	17,836	2,251	115,178	136,633
Contingency	0	0	0	0	0
Total Expenditures	1,061,338	2,061,799	526,265	619,504	4,268,906
	0				
Excess of Revenues Over, -Under Expenditures	119,490	186,344	44,392	-410,343	-60,117
Other Financing Sources, -Uses:					
Issuance of Long Term Debt	0	0	0	369,440	369,440
Transfers In	2,166	0	602	0	2,768
Transfers Out	-100,299	-185,157	-43,145	-496	-329,097
Total Other Sources, -Uses	-98,133	-185,157	-42,543	368,944	43,111
Excess of Revenues Over, -Under Expenditures and Other Uses	21,357	1,187	1,849	-41,399	-17,006
Beginning Net Assets	-34767	-25638	64,363	-191,316	-187,358
Ending Net Assets	\$ -13,410	\$ -24,451	\$ 66,212	\$ -232,715	\$ -204,364

COMMUNITY ACTION ORGANIZATION, INC.
WASHINGTON COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS
ALL CLIENT SERVICES PROGRAMS
For The Year Ended June 30, 1996

	Intake & Assessment Programs	Shelter & Transitional Housing	Total	Budget	Variance Favorable -Unfavorable
REVENUES:					
Contributions	\$ 57,870	\$ 3,438	\$ 61,308	\$ 20,943	\$ 40,365
Special Events	0	5,565	5,565	0	5,565
Service Fees	1,803	1,150	2,953	0	2,953
United Way	32,918	21,482	54,400	98,997	-44,597
Non Govt. Grants	10,280	1,250	11,530	10,000	1,530
Government Grants					
Federal Grants	638,616	92,087	730,703	706,214	24,489
County Grants	12,725	15,000	27,725	0	27,725
City Grants	29,600	21,000	50,600	0	50,600
State Grants	13,500	221,872	235,372	0	235,372
Program Income	0	0	0	900	-900
Sales	0	0	0	0	0
Sale of Assets	0	0	0	0	0
Miscellaneous	0	672	672	0	672
Total Revenues	797,312	383,516	1,180,828	837,054	343,774
EXPENDITURES:					
Salaries	239,793	136,374	376,167	257,841	-118,326
Benefits	36,030	22,620	58,650	53,405	-5,245
Taxes	23,953	17,824	41,777	29,651	-12,126
Fees For Services	23,868	132,200	156,068	26,360	-129,708
Supplies/Services	3,821	5,033	8,854	4,125	-4,729
Telephone	8,909	4,446	13,355	11,200	-2,155
Postage	1,686	137	1,823	1,850	27
Occupancy	41,376	18,923	60,299	40,339	-19,960
Equipment	2,043	2,314	4,357	3,150	-1,207
Printing/Publication	2,075	176	2,251	6,125	3,874
Travel	6,098	1,011	7,109	4,000	-3,109
Conferences/Training	760	1,356	2,116	1,550	-566
Individual Assistance	322,766	4,131	326,897	328,343	1,446
Memberships	202	45	247	0	-247
Asset Acquisition	958	410	1,368	0	-1,368
Total Expenditures	714,338	347,000	1,061,338	767,939	-293,399
Excess of Revenues Over, -Under Expenditures	82,974	36,516	119,490	69,115	50,375
Other Financing Sources, -Uses:					
Transfers In	0	2,166	2,166	0	2,166
Transfers Out	-75,161	-25,138	-100,299	-69,115	31,184
Total Other Sources, -Uses	-75,161	-22,972	-98,133	-69,115	33,350
Excess of Revenues Over, -Under Expenditures and Other Uses	7,813	13,544	21,357	0	21,357
Beginning Net Assets	-26,244	-8,523	-34,767	0	-34,767
Ending Net Assets	\$ -18,431	\$ 5,021	\$ -13,410	\$ 0	\$ -13,410

COMMUNITY ACTION ORGANIZATION, INC.
WASHINGTON COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS
INTAKE AND ASSESSMENT PROGRAMS
For The Year Ended June 30, 1996

	Intake and Assessment	CSBG Allocation	LIEAP Fuel Assistance	SAFAH 93-94-95	FEMA RENT	CDBG Homeless Prevention
REVENUES:						
Contributions	\$ 4,103	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Special Events	0	0	0	0	0	0
Service Fees	0	0	1,403	0	0	0
United Way	32,918	0	0	0	0	0
Non Govt. Grants	10,280	0	0	0	0	0
Government Grants:						
Federal Grants	0	152,085	284,599	138,272	38,638	5,000
County Grants	12,725	0	0	0	0	0
City Grants	29,600	0	0	0	0	0
State Grants	0	0	0	0	0	0
Program Income	0	0	0	0	0	0
Sales	0	0	0	0	0	0
Total Revenues	89,626	152,085	286,002	138,272	38,638	5,000
EXPENDITURES:						
Salaries	47,320	25,437	39,575	94,892	0	4,573
Benefits	3,980	17,982	1,362	11,349	0	0
Taxes	4,989	2,242	3,697	9,711	0	427
Fees For Services	175	1,264	0	9,375	13,000	0
Supplies/Services	424	3,221	0	0	0	0
Telephone	1,184	7,581	62	82	0	0
Postage	356	1,228	0	0	0	0
Occupancy	1,680	39,696	0	0	0	0
Equipment	0	2,043	0	0	0	0
Printing/Publication	269	1,806	0	0	0	0
Travel	1,267	4,769	0	62	0	0
Conferences/Training	490	270	0	0	0	0
Individual Assistance	1,273	40	241,306	5,686	25,638	0
Memberships	0	104	0	0	0	0
Asset Acquisition	0	958	0	0	0	0
Contingency	0	0	0	0	0	0
Total Expenditures	63,407	108,641	286,002	131,157	38,638	5,000
Excess of Revenues Over, -Under Expenditures	26,219	43,444	0	7,115	0	0
Other Financing Sources, -Uses:						
Transfers In	0	0	0	0	0	0
Transfers Out	-24,443	-43,444	0	-7,115	0	0
Total Other Sources, -Uses	-24,443	-43,444	0	-7,115	0	0
Excess of Revenues Over, -Under Expenditures and Other Uses	1,776	0	0	0	0	0
Beginning Net Assets	-17,952	0	14	0	0	-51
Ending Net Assets	\$ -16,176	0	\$ 14	\$ 0	\$ 0	\$ -51

EHA Homeless	WESTCO	Farmworkers Advocate	Neighborshare	Total Intake & Assessment
\$ 0	\$ 8,446	\$ 0	\$ 45,321	\$ 57,870
0	0	0	0	0
0	400	0	0	1,803
0	0	0	0	32,918
0	0	0	0	10,280
0	0	20,022	0	638,616
0	0	0	0	12,725
0	0	0	0	29,600
13,500	0	0	0	13,500
0	0	0	0	0
0	0	0	0	0
<u>13,500</u>	<u>8,846</u>	<u>20,022</u>	<u>45,321</u>	<u>797,312</u>
12,165	0	15,831	0	239,793
0	0	1,357	0	36,030
1,335	0	1,552	0	23,953
0	54	0	0	23,868
0	126	0	50	3,821
0	0	0	0	8,909
0	102	0	0	1,686
0	0	0	0	41,376
0	0	0	0	2,043
0	0	0	0	2,075
0	0	0	0	6,098
0	0	0	0	760
0	7,406	1,282	40,135	322,766
0	98	0	0	202
0	0	0	0	958
0	0	0	0	0
<u>13,500</u>	<u>7,786</u>	<u>20,022</u>	<u>40,185</u>	<u>714,338</u>
<u>0</u>	<u>1,060</u>	<u>0</u>	<u>5,136</u>	<u>82,974</u>
0	0	0	0	0
0	-159	0	0	-75,161
<u>0</u>	<u>-159</u>	<u>0</u>	<u>0</u>	<u>-75,161</u>
0	901	0	5,136	7,813
0	0	0	-8,255	-26,244
<u>\$ 0</u>	<u>\$ 901</u>	<u>\$ 0</u>	<u>\$ -3,119</u>	<u>\$ -18,431</u>

COMMUNITY ACTION ORGANIZATION, INC.
WASHINGTON COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS
 SHELTER AND TRANSITIONAL HOUSING PROGRAMS
 For The Year Ended June 30, 1996

	CSBG Allocation	SHAP	ESG Homeless	ESG Transitional Housing	Shelter Home Operations	IHIP
REVENUES:						
Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,438	\$ 0
Special Events	0	0	0	0	5,565	0
Service Fees	0	0	0	0	850	0
United Way	0	0	0	0	16,482	0
Non Govt. Grants	0	0	0	0	1,250	0
Government Grants						
Federal Grants	25,595	0	19,287	2,000	19,400	25,805
County Grants	0	0	10,000	0	0	0
City Grants	0	0	0	5,000	16,000	0
State Grants	0	70,764	0	0	0	0
Program Income	0	0	0	0	0	0
Sales	0	0	0	0	0	0
Sale of Assets	0	0	0	0	0	0
Miscellaneous	0	0	0	0	10	0
Total Revenues	25,595	70,764	29,287	7,000	62,995	25,805
EXPENDITURES:						
Salaries	14,500	49,472	562	4,433	28,451	0
Benefits	0	6,203	1,761	2,271	6,395	0
Taxes	1,924	5,534	0	296	3,133	0
Fees For Services	63	0	7,677	0	6,805	25,805
Supplies/Services	0	51	3,593	0	1,387	0
Telephone	0	413	2,593	0	704	0
Postage	0	10	77	0	46	0
Occupancy	0	411	10,398	0	2,680	0
Equipment	0	0	1,641	0	673	0
Printing/Publication	0	0	141	0	28	0
Travel	0	300	13	0	698	0
Conferences/Training	0	1,121	114	0	121	0
Individual Assistance	0	0	0	0	164	0
Memberships	0	0	45	0	0	0
Asset Acquisition	0	170	0	0	240	0
Total Expenditures	16,487	63,685	28,615	7,000	51,525	25,805
Excess of Revenues Over, -Under Expenditures	9,108	7,079	672	0	11,470	0
Other Financing Sources, -Uses:						
Transfers In	0	0	0	0	0	0
Transfers Out	-9,108	-7,079	-672	0	-92	0
Total Other Sources, -Uses	-9,108	-7,079	-672	0	-92	0
Excess of Revenues Over, -Under Expenditures and Other Uses	0	0	0	0	11,378	0
Beginning Net Assets	0	-256	0	0	-6,034	0
Ending Net Assets	\$ 0	\$ -256	\$ 0	\$ 0	\$ 5,344	\$ 0

<u>EHA</u>	<u>CO. Transitional Housing</u>	<u>Shelter Homeless Coalition</u>	<u>Total Shelter & Transitional Housing</u>
\$ 0	\$ 0	\$ 0	\$ 3,438
0	0	0	5,565
0	0	300	1,150
0	5,000	0	21,482
0	0	0	1,250
0	0	0	92,087
0	5,000	0	15,000
0	0	0	21,000
151,108	0	0	221,872
0	0	0	0
0	0	0	0
0	0	0	0
0	662	0	672
<u>151,108</u>	<u>10,662</u>	<u>300</u>	<u>383,516</u>
30,788	8,168	0	136,374
5,990	0	0	22,620
6,018	919	0	17,824
91,850	0	0	132,200
2	0	0	5,033
733	3	0	4,446
4	0	0	137
4,488	946	0	18,923
0	0	0	2,314
7	0	0	176
0	0	0	1,011
0	0	0	1,356
3,182	485	300	4,131
0	0	0	45
0	0	0	410
<u>143,062</u>	<u>10,521</u>	<u>300</u>	<u>347,000</u>
<u>8,046</u>	<u>141</u>	<u>0</u>	<u>36,516</u>
2,166	0	0	2,166
<u>-8,046</u>	<u>-141</u>	<u>0</u>	<u>-25,138</u>
<u>-5,880</u>	<u>-141</u>	<u>0</u>	<u>-22,972</u>
2,166	0	0	13,544
<u>-2,518</u>	<u>0</u>	<u>285</u>	<u>-8,523</u>
<u>\$ -352</u>	<u>\$ 0</u>	<u>\$ 285</u>	<u>\$ 5,021</u>

COMMUNITY ACTION ORGANIZATION
WASHINGTON COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS
ALL CHILD DEVELOPMENT PROGRAMS
For The Year Ended June 30, 1996

	Head Start	Headstart Parenting Center	Headstart Restricted Non-Federal	Headstart USDA	State Headstart Expansion	Parent Fundraiser
REVENUES:						
Contributions	\$ 0	\$ 0	2,557	\$ 0	\$ 0	\$ 0
Special Events	0	0	0	0	0	0
Service Fees	0	0	19,591	12,162	0	0
United Way	0	0	0	0	0	0
Non Govt. Grants	0	0	700	0	0	0
Government Grants						
Federal Grants	1,567,431	0	0	106,098	0	0
County Grants	0	0	0	0	0	0
City Grants	0	0	19,934	0	0	0
State Grants	0	0	0	4,247	458,954	0
Program Income	0	0	0	0	0	0
Sales	500	0	559	0	0	70
Miscellaneous	0	0	211	0	0	0
Total Revenues	1,567,931	0	43,552	122,507	458,954	70
EXPENDITURES:						
Salaries	837,407	0	24,156	7,813	246,823	0
Benefits	140,127	0	6,374	2,355	41,615	0
Taxes	93,456	0	2,610	1,124	29,353	0
Fees For Services	24,826	0	73	355	8,115	0
Supplies/Services	122,255	0	2,497	87,784	8,043	0
Telephone	14,109	0	201	0	2,560	0
Postage	979	0	0	0	303	0
Occupancy	115,839	0	2,337	12,129	61,410	0
Equipment	888	0	0	636	128	0
Printing/Publication	1,077	0	300	0	359	0
Travel	54,589	0	33	111	14,642	0
Conferences/Training	9,105	0	687	0	2,703	0
Individual Assistance	4,470	0	0	0	1,354	0
Memberships	2,226	0	0	0	0	0
Asset Acquisition	16,874	0	0	0	962	0
Contingency	0	0	0	0	0	0
Total Expenditures	1,438,227	0	39,268	112,307	418,370	0
Excess of Revenues Over, -Under Expenditures	129,704	0	4,284	10,200	40,584	70
Other Financing Sources, -Uses:						
Transfers In	0	0	0	0	0	0
Transfers Out	-129,704	0	-4,284	-9,083	-40,584	0
Other Sources, -Uses	-129,704	0	-4,284	-9,083	-40,584	0
Excess of Revenues Over, -Under Expenditures and Other Uses	0	0	0	1,117	0	70
Beginning Net Assets	-15,704	-566	-1,886	1,172	-8,634	-20
Ending Net Assets	\$ -15,704	\$ -566	-1,886	\$ 2,289	\$ -8,634	\$ 50

Even Start PCC	Total	Budget	Variance Favorable -Unfavorable
\$ 0	\$ 2,557	\$ 0	\$ 2,557
0	0	0	0
55,129	86,882	0	86,882
0	0	0	0
0	700	0	700
0	1,673,529	1,602,681	70,848
0	0	0	0
0	19,934	0	19,934
0	463,201	458,954	4,247
0	0	109,111	-109,111
0	1,129	7,450	-6,321
0	211	0	211
55,129	2,248,143	2,178,196	69,947
28,146	1,144,345	1,197,156	52,811
1,552	192,023	159,613	-32,410
3,067	129,610	143,659	14,049
0	33,369	32,480	-889
9,614	230,193	128,809	-101,384
682	17,552	16,450	-1,102
342	1,624	1,950	326
9,981	201,696	194,765	-6,931
0	1,652	25,607	23,955
0	1,736	10,750	9,014
243	69,618	66,710	-2,908
0	12,495	20,300	7,805
0	5,824	4,745	-1,079
0	2,226	0	-2,226
0	17,836	0	-17,836
0	0	0	0
53,627	2,061,799	2,002,994	-58,805
1,502	186,344	175,202	11,142
0	0	0	0
-1,502	-185,157	-175,202	9,955
-1,502	-185,157	-175,202	9,955
0	1,187	0	1,187
0	-25,638	0	25,638
\$ 0	\$ -24,451	\$ 0	\$ -24,451

COMMUNITY ACTION ORGANIZATION, INC.
WASHINGTON COUNTY, OREGON

RECONCILIATION OF HEADSTART REVENUE AND EXPENDITURES
TO HEADSTART BUDGETS
For The Year Ended June 30, 1996

Revenue:

Headstart Grant Per Financial Statement Presented on page 19	\$ 1,567,431
Total Receipts From Headstart	<u>\$ 1,567,431</u>

Expenditure:

Total Headstart Expenditures	\$ 1,567,431
Encumbrances from Outstanding Contracts	<u>0</u>
Total Headstart Expenditures Charged to 95-96 Grant	<u>\$ 1,567,431</u>

COMMUNITY ACTION ORGANIZATION, INC.
WASHINGTON COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS
HOUSING AND ENERGY PROGRAMS
For The Year Ended June 30, 1996

	Housing Advocacy	Weather- ization Program	Total	Budget	Variance Favorable -Unfavorable
REVENUES:					
Contributions	\$ 0	\$ 251	\$ 251	\$ 9,013	\$ -8,762
Special Events	0	0	0	0	0
Service Fees	23,869	7,550	31,419	0	31,419
United Way	0	0	0	34,000	-34,000
Non Govt. Grants	65,345	0	65,345	75,000	-9,655
Government Grants					
Federal Grants	54,851	331,731	386,582	747,473	-360,891
County Grants	34,923	0	34,923	0	34,923
City Grants	0	0	0	0	0
State Grants	0	3,000	3,000	0	3,000
Program Income	0	46,246	46,246	72,832	-26,586
Sales	0	0	0	0	0
Sale of Assets	0	0	0	0	0
Miscellaneous	0	2,891	2,891	0	2,891
Total Revenues	178,988	391,669	570,657	938,318	-367,661
EXPENDITURES:					
Salaries	85,862	95,221	181,083	279,164	98,081
Benefits	4,892	12,103	16,995	38,698	21,703
Taxes	8,697	9,367	18,064	36,816	18,752
Fees For Services	48,174	95,489	143,663	282,673	139,010
Supplies/Services	899	99,227	100,126	85,527	-14,599
Telephone	0	2,228	2,228	5,720	3,492
Postage	563	1,210	1,773	2,250	477
Occupancy	2,471	27,124	29,595	46,850	17,255
Equipment	0	697	697	6,500	5,803
Printing/Publication	80	529	609	5,225	4,616
Travel	1,341	7,806	9,147	7,582	-1,565
Conferences/Training	80	2,809	2,889	6,377	3,488
Individual Assistance	16,124	0	16,124	59,000	42,876
Memberships	0	1,021	1,021	0	-1,021
Asset Acquisition	0	2,251	2,251	0	-2,251
Contingency	0	0	0	0	0
Total Expenditures	169,183	357,082	526,265	862,382	336,117
Excess of Revenues Over, -Under Expenditures	9,805	34,587	44,392	75,936	-31,544
Other Financing Sources, -Uses:					
Transfers In	0	602	602	0	-602
Transfers Out	-8,558	-34,587	-43,145	-75,936	-32,791
Total Other Sources, -Uses	-8,558	-33,985	-42,543	-75,936	33,393
Excess of Revenues Over, -Under Expenditures and Other Uses	1,247	602	1,849	0	1,849
Beginning Net Assets	2,722	61,641	64,363	0	64,363
Ending Net Assets	\$ 3,969	\$ 62,243	\$ 66,212	\$ 0	\$ 66,212

COMMUNITY ACTION ORGANIZATION, INC.
WASHINGTON COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS
 HOUSING ADVOCACY PROGRAMS
 For The Year Ended June 30, 1996

	Housing Development Corporation	CDBG Housing Services	CSBG Allocation	Affordable Housing Planning	EHA Housing	NW Area Foundation Grant
REVENUES:						
Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Special Events	0	0	0	0	0	0
Service Fees	17,715	0	0	0	0	0
United Way	0	0	0	0	0	0
Non Govt. Grants	0	0	0	0	0	65,048
Government Grants						
Federal Grants	0	7,332	1,500	0	0	0
County Grants	33,231	1,692	0	0	0	0
City Grants	0	0	0	0	0	0
State Grants	0	0	0	0	0	0
Membership Fees	0	0	0	0	0	0
Program Income	0	0	0	0	0	0
Sales	0	0	0	0	0	0
Sale of Assets	0	0	0	0	0	0
Insurance Settlement	0	0	0	0	0	0
Total Revenues	50,946	9,024	1,500	0	0	65,048
EXPENDITURES:						
Salaries	42,781	6,339	1,397	0	0	15,385
Benefits	2,010	2,030	0	0	0	0
Taxes	4,348	655	103	0	0	1,540
Fees For Services	0	0	0	0	0	24,181
Supplies/Services	825	0	0	0	0	74
Telephone	0	0	0	0	0	0
Postage	199	0	0	0	0	15
Occupancy	0	0	0	0	0	0
Equipment	0	0	0	0	0	0
Printing/Publication	0	0	0	0	0	0
Travel	33	0	0	0	0	349
Conferences/Training	0	0	0	0	0	0
Individual Assistance	0	0	0	0	0	16,124
Memberships	0	0	0	0	0	0
Asset Acquisition	0	0	0	0	0	0
Total Expenditures	50,196	9,024	1,500	0	0	57,668
Excess of Revenues Over, -Under Expenditures	750	0	0	0	0	7,380
Other Financing Sources, -Uses:						
Transfers In	0	0	0	0	0	0
Transfers Out	-750	0	0	0	-428	-7,380
Total Other Sources, -Uses	-750	0	0	0	-428	-7,380
Excess of Revenues Over, -Under Expenditures and Other Uses	0	0	0	0	-428	0
Beginning Net Assets	25	0	0	2,269	428	0
Ending Net Assets	\$ 25	\$ 0	\$ 0	\$ 2,269	\$ 0	\$ 0

Fair Housing History	ITAG Aloha Park	HUD PTAG	Resident Relations Coordinator	Total Housing Advocacy
\$ 0	\$ 0	\$ 0	\$ 0	0
0	0	0	0	0
6,154	0	0	0	23,869
0	0	0	0	0
297	0	0	0	65,345
0	13,067	12,853	20,099	54,851
0	0	0	0	34,923
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
6,451	13,067	12,853	20,099	178,988
0	1,119	1,384	17,457	85,862
0	0	0	852	4,892
0	126	135	1,790	8,697
881	11,822	11,290	0	48,174
0	0	0	0	899
0	0	0	0	0
305	0	44	0	563
2,471	0	0	0	2,471
0	0	0	0	0
80	0	0	0	80
959	0	0	0	1,341
80	0	0	0	80
0	0	0	0	16,124
0	0	0	0	0
0	0	0	0	0
4,776	13,067	12,853	20,099	169,183
1,675	0	0	0	9,805
0	0	0	0	0
0	0	0	0	-8,558
0	0	0	0	-8,558
1,675	0	0	0	1,247
0	0	0	0	2,722
\$ 1,675	\$ 0	\$ 0	\$ 0	3,969

COMMUNITY ACTION ORGANIZATION, INC.
WASHINGTON COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS
WEATHERIZATION PROGRAMS
For The Year Ended June 30, 1996

	PGE Rebates	N.W. Gas Rebates	D. O. E. Weatherization	Farmworker Housing Land Trust	LIEAP Weather- ization	CDBG Comprehensive
REVENUES:						
Contributions	\$ 251	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Special Events	0	0	0	0	0	0
Service Fees	7,550	0	0	0	0	0
United Way	0	0	0	0	0	0
Non Govt. Grants	0	0	0	0	0	0
Government Grants						
Federal Grants	0	0	108,203	31,000	147,528	20,000
County Grants	0	0	0	0	0	0
City Grants	0	0	0	0	0	0
State Grants	3,000	0	0	0	0	0
Program Income	40,768	5,478	0	0	0	0
Miscellaneous	2,891	0	0	0	0	0
Total Revenues	54,460	5,478	108,203	31,000	147,528	20,000
EXPENDITURES:						
Salaries	8,010	0	28,718	0	36,474	0
Benefits	1,261	0	4,627	0	5,978	0
Taxes	516	0	2,796	0	3,811	0
Fees For Services	5,552	0	16,940	31,000	22,397	19,600
Supplies/Services	4,302	0	36,996	0	57,929	0
Telephone	1,036	0	1,192	0	0	0
Postage	1,210	0	0	0	0	0
Occupancy	3,078	0	3,107	0	20,939	0
Equipment	697	0	0	0	0	0
Printing/Publication	529	0	0	0	0	0
Travel	6,445	0	1,361	0	0	0
Conferences/Training	2,683	0	126	0	0	0
Memberships	1,021	0	0	0	0	0
Asset Acquisition	1,726	0	525	0	0	0
Contingency	0	0	0	0	0	0
Total Expenditures	38,066	0	96,388	31,000	147,528	19,600
Excess of Revenues Over, -Under Expenditures	16,394	5,478	11,815	0	0	400
Other Financing Sources, -Uses:						
Transfers In	0	0	602	0	0	0
Transfers Out	-16,394	-5,478	-11,815	0	0	-400
Total Other Sources, -Uses	-16,394	-5,478	-11,213	0	0	-400
Excess of Revenues Over, -Under Expenditures and Other Uses	0	0	602	0	0	0
Beginning Net Assets	42,200	20,043	-602	0	0	0
Ending Net Assets	\$ 42,200	\$ 20,043	\$ 0	\$ 0	\$ 0	\$ 0

CDBG Self-Help Weather- ization		Total
\$ 0	\$ 251	
0	0	
0	7,550	
0	0	
0	0	
25,000	331,731	
0	0	
0	0	
0	3,000	
0	46,246	
0	2,891	
<u>25,000</u>	<u>391,669</u>	
22,019	95,221	
237	12,103	
2,244	9,367	
0	95,489	
0	99,227	
0	2,228	
0	1,210	
0	27,124	
0	697	
0	529	
0	7,806	
0	2,809	
0	1,021	
0	2,251	
0	0	
<u>24,500</u>	<u>357,082</u>	
<u>500</u>	<u>34,587</u>	
0	602	
<u>-500</u>	<u>-34,587</u>	
<u>-500</u>	<u>-33,985</u>	
0	602	
0	61,641	
<u>\$ 0</u>	<u>\$ 62,243</u>	

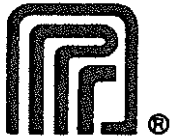
COMMUNITY ACTION ORGANIZATION, INC.
WASHINGTON COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS
 MULTI-SERVICE CENTER FUND
 For The Year Ended June 30, 1996

	Multi- Service Center	Budget	Variance Favorable -Unfavorable
REVENUES:			
Contributions	\$ 86,323	\$ 65,000	\$ 21,323
Special Events	13,838	0	13,838
Service Fees	0	0	0
United Way	0	0	0
Non Govt. Grants	0	0	0
Government Grants			
Federal Grants	109,000	184,000	-75,000
County Grants	0	0	0
City Grants	0	0	0
State Grants	0	0	0
Program Income	0	0	0
Sales	0	0	0
Sale of Assets	0	0	0
Total Revenues	209,161	249,000	-39,839
EXPENDITURES:			
Salaries	206,865	160,540	-46,325
Benefits	2,638	22,966	20,328
Taxes	23,143	19,494	-3,649
Fees For Services	190,433	35,000	-155,433
Supplies/Services	51,148	33,000	-18,148
Telephone	3	275	272
Postage	444	2,250	1,806
Occupancy	23,917	28,000	4,083
Building Interest	4,287	0	-4,287
Equipment	0	750	750
Printing/Publication	1,242	2,000	758
Travel	131	750	619
Conferences/Training	75	500	425
Individual Assistance	0	0	0
Memberships	0	0	0
Asset Acquisition/Construction	115,178	223,475	108,297
Contingency	0	0	0
Total Expenditures	619,504	529,000	-90,504
Excess of Revenues Over, -Under Expenditures	-410,343	-280,000	-130,343
Other Financing Sources, -Uses:			
Issuance of Long Term Debt	369,440	280,000	89,440
Transfers In	0	0	0
Transfers Out	-496	0	496
Total Other Sources, -Uses	368,944	280,000	88,944
Excess of Revenues Over, -Under Expenditures and Other Uses	-41,399	0	-41,399
Beginning Net Assets	-191,316	0	-191,316
Ending Net Assets	\$ -232,715	\$ 0	\$ -232,715

GRANT COMPLIANCE REVIEW

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PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

-
- 12700 SW 72ND AVENUE • TIGARD, OREGON 97223
 - (503) 620-2632 • FAX (503) 684-7523

April 10, 1997

To the Board of Directors
Community Action Organization
Washington County, Oregon

INDEPENDENT AUDITORS' REPORT ON
SCHEDULE OF FEDERAL FINANCIAL AWARDS

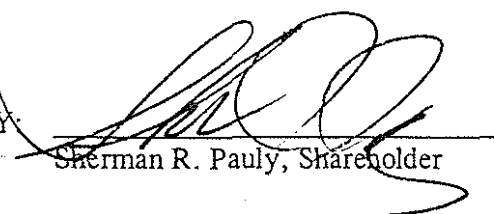
We have audited the financial statements of Community Action Organization, for the year ended June 30, 1996, and have issued our report thereon dated April 10, 1997. These financial statements are the responsibility of Community Action Organization. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Organizations." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the basic financial statements of Community Action Organization taken as a whole. The accompanying schedule of federal financial assistance is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

PAULY, ROGERS AND CO., P.C.

BY


Sherman R. Pauly, Shareholder

COMMUNITY ACTION ORGANIZATION
WASHINGTON COUNTY, OREGON

SCHEDULE OF FEDERAL FINANCIAL AWARDS
For The Year Ended June 30, 1996

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTORS NUMBER	PROGRAM OR AWARD AMOUNT
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Direct From Department of Health and Human Services:			
Headstart	13.600	10CH0071/30	\$ 1,567,431
Passed Through Oregon State Department of Community Services:			
Community Services Block Grant	93.569	S-95/97 70199NOA-004F	179,180
Community Services Block Grant	93.569	S-95/97 70199NOA-004F	177,399
Total Community Services Block Grant			
LIEAP Weatherization	13.789	N/A	144,326
LIEAP Weatherization	13.789	N/A	117,145
LIEAP Administration	13.789	N/A	11,934
LIEAP Administration	13.789	N/A	20,845
LIEAP Administration	13.789	N/A	11,917
LIEAP Fuel - Client Reimbursement	13.789	N/A	308,672
LIEAP Fuel - Client Reimbursement	13.789	N/A	261,490
Total LIEAP			
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Direct From Department of Housing and Urban Development:			
Preservation Technical Assistance Grant	14.187	N/A	23,389
Passed Through the Network for Oregon Affordable Housing (NOAH):			
ITAG	N/A	N/A	13,067
Passed Through Oregon State Department of Community Services:			
Supplemental Assistance for Facilities to Assist the Homeless	14.236	C050199	162,207
Farmworkers Housing Land Trust	N/A	S-95/97 70199NOA-004F	56,500
Innovative Homeless Initiative Program (IHIP)	14.245	S-95/97 70199NOA-004F	2,920
Innovative Homeless Initiative Program (IHIP)	14.245	S-95/97 70199NOA-004F	30,600
Total IHIP			
Passed Through Washington County Department of Housing Services:			
Emergency Shelter Grants Program	14.231	N/A	21,287
Community Development Block Grant:			
Self Help Weatherization	14.218	N/A	25,000
Building Fund	14.218	N/A	109,000
Comprehensive Weatherization	14.218	N/A	20,000
Housing Services	14.218	N/A	7,332
Homeless Prevention	14.218	N/A	5,000
Total Community Development Block Grant			

<u>GRANT PERIOD</u>	<u>DEFERRED REVENUE July 1, 1995</u>	<u>RECEIPTS</u>	<u>EXPENDITURES</u>	<u>DEFERRED REVENUE June 30, 1996</u>
7/1/95 - 6/30/96	\$ 0	\$ 1,567,431 (1)	\$ 1,567,431	\$ 0
7/1/95 - 6/30/96	0	179,180	179,180	0
1/1/96 - 6/30/97	0	0	0	0
	0	179,180 (1)	179,180	0
7/1/95 - 6/30/96	14,387	129,939	144,326	0
1/1/96 - 12/31/96	0	3,202	3,202	0
7/1/95 - 9/30/96	0	11,934	11,934	0
10/1/95 - 9/30/96	0	20,845	20,845	0
10/1/95 - 9/30/96	0	11,917	11,917	0
10/1/94 - 7/1/95	420	0	420	0
10/1/95 - 9/30/96	0	239,483	239,483	0
	14,807	417,320 (1)	432,127	0
	14,807	2,163,931	2,178,738	0
7/1/94 - 6/30/96	0	12,853	12,853	0
7/1/95 - 9/30/96	0	13,067	13,067	0
7/1/95 - 9/30/96	0	138,272 (1)	138,272	0
7/1/95 - 9/30/96	0	56,500	31,000	25,500
7/1/95 - 1/31/96	0	2,920	2,920	0
7/1/95 - 9/30/96	0	22,885	22,885	0
	0	25,805	25,805	0
7/1/95 - 6/30/96	0	21,287	21,287	0
7/1/95 - 6/30/96	0	25,000	25,000	0
7/1/95 - 6/30/96	0	109,000	109,000	0
7/1/95 - 6/30/96	0	20,000	20,000	0
7/1/95 - 6/30/96	0	7,332	7,332	0
7/1/95 - 6/30/96	0	5,000	5,000	0
	0	166,332 (1)	166,332	0

COMMUNITY ACTION ORGANIZATION
WASHINGTON COUNTY, OREGON

SCHEDULE OF FEDERAL FINANCIAL AWARDS
For The Year Ended June 30, 1996

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTORS NUMBER	PROGRAM OR AWARD AMOUNT
<u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (CONT)</u>			
Passed Through Washington County Department of Housing Services (Cont):			
Resident Relations Coordinator	N/A	N/A	25,000
Farmworkers Advocate	N/A	N/A	44,373
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<u>FEDERAL EMERGENCY MANAGEMENT AGENCY</u>			
Passed Through United Way:			
FEMA Food & Shelter Program			91,255
FEMA Food & Shelter Program	83.523	N/A	61,907
TOTAL FEDERAL EMERGENCY MANAGEMENT AGENCY			
<u>DEPARTMENT OF ENERGY</u>			
Passed Through Oregon State Department of Community Services:			
Weatherization Assistance for Low Income Persons	81.042	S-95/97 70199NOA-004F	525
Weatherization Assistance for Low Income Persons	81.042	S-95/97 70199NOA-004F	104,303
Total Weatherization Assistance for Low Income Persons			
Training and Technical Assistance	N/A	S-95/97 70199NOA-004F	1,000
Training and Technical Assistance	N/A	S-95/97 70199NOA-004F	2,375
Training and Technical Assistance			
TOTAL DEPARTMENT OF ENERGY			
<u>DEPARTMENT OF AGRICULTURE</u>			
Passed Through Oregon State Department of Education:			
National School Lunch Program - Headstart Meals	10.558	N/A	N/A
TOTAL DEPARTMENT OF AGRICULTURE			

TOTAL FEDERAL ASSISTANCE

(1) Major Program

Reconciliation to Revenue:

Receipts of Federal Awards

Plus Deferred Revenue 7/1/95

Less Deferred Revenue 6/30/96

Revenue Recognized in Financial Statements

<u>GRANT PERIOD</u>	<u>DEFERRED REVENUE July 1, 1995</u>	<u>RECEIPTS</u>	<u>EXPENDITURES</u>	<u>DEFERRED REVENUE June 30, 1996</u>
7/1/95 - 6/30/96	0	20,099	20,099	0
7/1/95 - 6/30/96	0	20,022	20,022	0
	0	474,237	448,737	0
10/1/94 - 9/30/95	0	4,243	4,243	0
7/1/95 - 6/30/96	0	61,907	53,795	8,112
	0	66,150	58,038	8,112
7/1/95 - 8/31/95	0	525	525	0
7/1/95 - 3/31/96	1,154	103,149	104,303	0
	1,154	103,674 (1)	104,828	0
4/1/95 - 6/30/95	0	1,000	1,000	0
7/1/95 - 3/31/96	0	2,375	2,375	0
	0	3,375	3,375	0
	1,154	107,049	108,203	
7/1/95 - 6/30/96	0	106,098	106,098	0
	0	106,098 (1)	106,098	0
	<u>\$ 15,961</u>	<u>\$ 2,917,465</u>	<u>\$ 2,899,814</u>	<u>\$ 33,612</u>

\$ 2,917,465
 15,961
33,612
\$ 2,899,814

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April 10, 1997

To the Board of Directors
Community Action Organization
Washington County, Oregon

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
STRUCTURE USED IN ADMINISTERING FEDERAL AWARDS**

We have audited the financial statements of Community Action Organization for the year ended June 30, 1996, and have issued our report thereon dated April 10, 1997. We have also audited the Organization's compliance with requirements applicable to major federal financial assistance programs and have issued our report thereon dated April 10, 1997.

We conducted our audits in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and about whether the Organization complied with laws and regulations, noncompliance with which would be material to a major federal financial assistance program.

In planning and performing our audit for the year ended June 30, 1996, we considered the internal control structure of Community Action Organization in order to determine our auditing procedures for the purpose of expressing our opinions on Community Action Organization's financial statements and on its compliance with requirements applicable to major programs and to report on the internal control structure in accordance with OMB Circular A-133. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance awards.

The management of Community Action Organization is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures in the following categories.

INTERNAL ACCOUNTING CONTROLS:

- Cash.
- Investments.
- Support, receivables, and receipts.
- Program service fees, revenue, and receivables.
- Donated materials, facilities, and services.
- Expenses for program and supporting services and accounts payable.
- Payroll and related liabilities.
- Inventories.
- Property and equipment.
- Debt and other liabilities.
- Fund balances.
- Governmental financial assistance programs.

General Requirements:

- Political activity.
- Civil rights.
- Cash Management.
- Relocation assistance and real property acquisition.
- Federal financial reports.

Specific Requirements:

- Types of services allowed or not allowed.
- Eligibility.
- Matching, level of effort, or earmarking and allowability of amounts claimed or used for matching.
- Federal financial reports and claims for advances and reimbursements.
- Cost allocation.
- Special requirements, if any.
- Monitoring subrecipients.

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

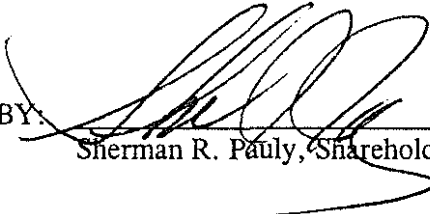
During the year ended June 30, 1996, Community Action Organization expended 93 percent of its total federal financial assistance under major federal financial assistance programs.

We performed tests of controls, as required by OMB Circular A-133, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing of detecting material non-compliance with specific requirements, general requirements and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to each of the Organizations major federal financial assistance programs, which are identified in the accompanying schedule of federal awards. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

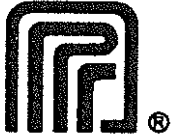
Our consideration of the internal control policies and procedures used in administering federal financial awards would not necessarily disclose all matters in the internal control structure that might constitute material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance award may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above.

This report is intended for the information of the audit committee, management, and others within the organization. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

PAULY, ROGERS AND CO., P.C.

BY: 
Sherman R. Pauly, Shareholder

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April 10, 1997

To the Board of Directors
Community Action Organization
Washington County, Oregon

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
LAWS AND REGULATIONS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

We have audited the financial statements of Community Action Organization (a nonprofit organization) as of and for the year ended June 30, 1996, and have issued our report thereon dated April 10, 1997.

We conducted our audit in accordance with generally accepted auditing standards and 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 of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Community Action Organization is the responsibility of the Organization's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Community Action Organization's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.


The results of our tests indicate that, with respect to the items tested, Community Action Organization complied in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that Community Action Organization had not complied, in all material respects, with those provisions.

We noted no immaterial instances of noncompliance with those provisions stated above.

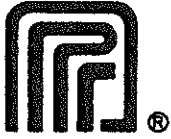
This report is intended for the information of the finance committee, management and the Board of Directors of Community Action Organization. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

PAULY, ROGERS AND CO., P.C.

BY:


Sherman R. Pauly, Shareholder

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CERTIFIED PUBLIC ACCOUNTANTS

April 10, 1997

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To the Board of Directors
Community Action Organization
Washington County, Oregon

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH GENERAL REQUIREMENTS APPLICABLE TO FEDERAL FINANCIAL ASSISTANCE PROGRAM TRANSACTIONS

We have audited the financial statements of Community Action Organization (a nonprofit organization) as of and for the year ended June 30, 1996 and have issued our report thereon dated APRIL 10, 1997.

We have applied procedures to test Washington County Community Organization's compliance with the following requirements applicable to each of its major federal financial assistance programs, which are identified in the accompanying schedule of federal awards, for the year ended June 30, 1996:

- Political activity
- Relocation Assistance and Real Property acquisition
- Davis-Bacon Act
- Civil Rights
- Cash Management
- Federal Financial Reports
- Allowable Costs/Cost Principles
- Drug Free Workplace
- Administrative Requirements

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's "Compliance Supplement for Audits of Educational Institutions and Other Nonprofit Organizations." Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Community Action Organization's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report that are described in the accompanying schedule of findings and questioned costs. With respect to items not tested, nothing came to our attention that caused us to believe that Community Action Organization has not complied, in all material respects, with those requirements. Also, the results of our procedures did not disclose any immaterial instances of noncompliance with those requirements.

This report is intended for the information of the Finance Committee, Board of Directors and management. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

PAULY, ROGERS AND CO., P.C.

BY:


Sherman R. Pauly, Shareholder

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April 10, 1997

To the Board of Directors
Community Action Organization
Washington County, Oregon

**INDEPENDENT AUDITORS' REPORT ON
COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO
MAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAM TRANSACTIONS**

We have audited the financial statements of Community Action Organization (a nonprofit organization) as of and for the year ended June 30, 1996 and have issued our report thereon dated April 10, 1997.

We have also audited Community Action Organization's (a nonprofit organization) compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; special tests and provisions; financial reports and claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to each of its major federal financial assistance programs, which are identified in the accompanying schedule of federal awards, for the year ended June 30, 1996. The management of Community Action Organization is responsible for the Organization's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Organizations". Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether material non compliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

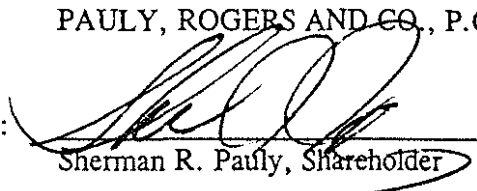
The results of our audit procedures did not disclose any immaterial instances of noncompliance with the requirements referred to in the second paragraph.

In our opinion, Community Action Organization complied, in all material respects, with the requirements referred to in the second paragraph that are applicable to each of its major federal financial assistance programs for the year ended June 30, 1996.

This report is intended for the information of the Finance Committee, the Board of Directors and management. However, this report is a matter of public record and its distribution is not limited.

PAULY, ROGERS AND CO., P.C.

BY:


Sherman R. Pauly, Shareholder

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April 10, 1997

To the Board of Directors
Community Action Organization
Washington County, Oregon

INDEPENDENT AUDITORS' REPORT ON
COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO
NONMAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAM TRANSACTIONS

We have audited the financial statements of Community Action Organization (a nonprofit organization) as of and for the year ended June 30, 1996 and have issued our report thereon dated April 10, 1997.

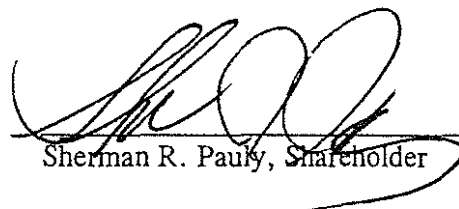
In connection with our audit of the 1995-96 financial statements of Community Action Organization, and with our consideration of the Organization's internal control structure used to administer federal financial assistance awards, as required by Office of Management and Budget Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Organizations," we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended June 30, 1996. As required by Circular A-133, we performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; special tests and provisions; financial reports and claims for advances and reimbursements that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Organization's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that Community Action Organization had not complied, in all material respects, with those requirements. Also, the results of our procedures did not disclose any immaterial instances of noncompliance with those requirements.

This report is intended for the information of the Finance Committee, Board of Directors and management. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

PAULY, ROGERS AND CO., P.C.

BY:



Sherman R. Pauly, Shareholder

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April 10, 1997

To the Board of Directors
Community Action Organization
Washington County, Oregon

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
STRUCTURE BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

We have audited the financial statements of Community Action Organization, as of and for the year ended June 30, 1996, and have issued our report thereon dated April 10, 1997.

We conducted our audit in accordance with generally accepted auditing standards and *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 general purpose financial statements are free of material misstatement.

The management of Community Action Organization, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the financial statements of Community Action Organization for the year ended June 30, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants.

A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors and irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above.

This report is intended for the information of management and Board of Directors of Community Action Organization. However, this report is a matter of public record and its distribution is not limited.

PAULY, ROGERS AND CO., P.C.

BY:


Sherman R. Pauly, Shareholder