

ACCESS

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

WITH

INDEPENDENT AUDITOR'S REPORT



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

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INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

We have audited the accompanying consolidated financial statements of ACCESS (an Oregon nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2019 and 2018, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risks assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of ACCESS as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in *Note 1*, to the consolidated financial statements, the Foundation adopted new accounting guidance ASU-2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion on the financial position of ACCESS as of June 30, 2019 and 2018 is not modified with respect to this matter.

Other Matters

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedule of financial position and consolidating schedule of activities and changes in net assets as listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purpose of additional analysis and is not a required part of the consolidated financial statements. The consolidating schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating schedules and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2019, on our consideration of ACCESS' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of ACCESS' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ACCESS' internal control over financial reporting and compliance.



Mark E. Damon CPA, Partner
KDP Certified Public Accountants, LLP
Medford, Oregon
October 24, 2019

CONSOLIDATED FINANCIAL STATEMENTS

ACCESS
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2019 and 2018

	2019	(Restated) 2018
ASSETS:		
Current Assets:		
Cash and cash equivalents	\$ 1,608,379	\$ 1,480,275
Investments	142,639	142,219
Accounts receivable	21,489	29,201
Grants and contracts receivable	957,203	1,045,589
Inventory	54,462	50,587
Prepays	91,367	26,580
Total Current Assets	2,875,539	2,774,451
Property and Equipment:		
Land	3,059,982	3,059,982
Buildings and improvements	12,726,900	12,647,403
Equipment and furnishings	930,844	914,593
Vehicles	620,057	629,152
Construction in progress	548,158	-
Accumulated depreciation	(8,887,944)	(8,456,237)
Property and Equipment, net	8,997,997	8,794,893
Other Assets:		
Beneficial interests	360,409	360,807
Notes receivable, net of present value	1,243,341	1,203,350
Accrued interest receivable	22,251	59,241
Restricted deposits and funded reserves	437,370	410,547
Total Other Assets	2,063,371	2,033,945
TOTAL ASSETS	\$ 13,936,907	\$ 13,603,289

ACCESS
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Continued)
June 30, 2019 and 2018

	2019	(Restated) 2018
LIABILITIES AND NET ASSETS:		
Current Liabilities:		
Accounts payable	\$ 340,147	\$ 175,427
Accrued payroll liabilities	203,008	179,332
Other current liabilities	99,017	98,155
Custodial fund	38,764	31,340
Accrued interest payable	7,101	7,289
Unearned revenue	81,720	28,881
Current portion of notes payable	113,990	153,183
Total Current Liabilities	883,747	673,607
Long-Term Liabilities:		
Notes payable, net of current portion	3,618,622	3,688,890
Total Long-Term Liabilities	3,618,622	3,688,890
TOTAL LIABILITIES	4,502,369	4,362,497
Net Assets:		
Without Donor Restrictions:		
Operating	7,340,210	7,206,813
Barnett Townhomes Limited Partnership capital	(351,195)	(244,006)
ACCESS Development Corporation	1,508,043	1,472,864
Total Net Assets Without Donor Restrictions	8,497,058	8,435,671
Total Net Assets With Donor Restrictions	937,480	805,121
TOTAL NET ASSETS	9,434,538	9,240,792
TOTAL LIABILITIES AND NET ASSETS	\$ 13,936,907	\$ 13,603,289

ACCESS

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended June 30, 2019

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL NET ASSETS
Public Support and Revenue:			
Public Support:			
Contributions	\$ 1,028,169	\$ -	\$ 1,028,169
Non-cash contributions	5,018,464	-	5,018,464
Fundraising	316,157	-	316,157
Grants			
Federal and state	9,523,664	-	9,523,664
USDA-federal food commodities	690,835	-	690,835
City and county	160,766	-	160,766
Private	377,555	342,919	720,474
Total Public Support	17,115,610	342,919	17,458,529
Revenue:			
Program income	185,816	-	185,816
Rental income	965,645	-	965,645
Interest income	25,173	-	25,173
Change in beneficial interests	-	(398)	(398)
Miscellaneous	7,073	-	7,073
Total Revenue	1,183,707	(398)	1,183,309
Net Assets Released From Restrictions	210,162	(210,162)	-
Total Public Support and Revenue	18,509,479	132,359	18,641,838
Expenses:			
Program service	16,923,380	-	16,923,380
Management and general	1,085,277	-	1,085,277
Fundraising	479,426	-	479,426
Total Expenses	18,488,083	-	18,488,083
Other Revenue and Expenses:			
Change in present value discount on notes receivable	39,991	-	39,991
Total Other Revenue and Expenses	39,991	-	39,991
CHANGE IN NET ASSETS	61,387	132,359	193,746
NET ASSETS, BEGINNING OF YEAR	8,435,671	805,121	9,240,792
NET ASSETS, END OF YEAR	\$ 8,497,058	\$ 937,480	\$ 9,434,538

ACCESS
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended June 30, 2018 (Restated)

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL NET ASSETS</u>
Public Support and Revenue:			
Public Support:			
Contributions	\$ 898,804	\$ 109,163	\$ 1,007,967
Non-cash contributions	4,766,126	-	4,766,126
Fundraising	309,236	-	309,236
Grants			
Federal and state	8,053,538	-	8,053,538
USDA-federal food commodities	494,796	-	494,796
City and county	74,027	-	74,027
Private	307,703	207,653	515,356
Total Public Support	<u>14,904,230</u>	<u>316,816</u>	<u>15,221,046</u>
Revenue:			
Program income	383,866	-	383,866
Rental income	942,990	-	942,990
Interest income	11,744	-	11,744
Change in beneficial interests	-	20,971	20,971
Miscellaneous	90,195	-	90,195
Total Revenue	<u>1,428,795</u>	<u>20,971</u>	<u>1,449,766</u>
Net Assets Released From Restrictions	97,001	(97,001)	-
Total Public Support and Revenue	<u>16,430,026</u>	<u>240,786</u>	<u>16,670,812</u>
Expenses:			
Program service	15,073,144	-	15,073,144
Management and general	1,100,311	-	1,100,311
Fundraising	424,422	-	424,422
Total Expenses	<u>16,597,877</u>	<u>-</u>	<u>16,597,877</u>
Other Revenue and Expenses:			
Change in present value discount on notes receivable	(116,846)	-	(116,846)
Total Other Revenue and Expenses	<u>(116,846)</u>	<u>-</u>	<u>(116,846)</u>
CHANGE IN NET ASSETS	(284,697)	240,786	(43,911)
NET ASSETS, BEGINNING OF YEAR, as restated	<u>8,720,368</u>	<u>564,335</u>	<u>9,284,703</u>
NET ASSETS, END OF YEAR	<u>\$ 8,435,671</u>	<u>\$ 805,121</u>	<u>\$ 9,240,792</u>

ACCESS
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended June 30, 2019 and 2018

	2019	(Restated) 2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 193,746	\$ (43,911)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	456,302	451,531
Amortization of deferred financing costs	5,399	5,794
Unrealized (gain) loss on investments	(420)	(260)
Unrealized (gain) loss on beneficial interests	398	(20,971)
Change in present value discount on notes receivable	(39,991)	116,846
Non-cash contributions restricted for long-term purposes	-	(109,163)
(Increase) decrease in:		
Accounts receivable	7,712	57,093
Grants and contracts receivable	88,386	313,803
Accrued interest receivable	36,990	17,175
Inventory	(3,875)	(50,587)
Prepays	(64,787)	7,091
Restricted deposit and funded reserves	(26,823)	(20,384)
Increase (decrease) in:		
Accounts payable	164,720	(134,313)
Accrued payroll liabilities	23,676	9,025
Accrued interest payable	(188)	(92)
Other current liabilities	862	(12,681)
Custodial fund	7,424	2,217
Unearned revenue	52,839	27,975
Net Cash Provided (Used) by Operating Activities	902,370	616,188
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(659,406)	(197,638)
Net Cash Provided (Used) by Investing Activities	(659,406)	(197,638)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on notes payable	(114,860)	(113,168)
Net Cash Provided (Used) by Financing Activities	(114,860)	(113,168)
NET CHANGE IN CASH AND CASH EQUIVALENTS	128,104	305,382
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,480,275	1,174,893
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,608,379	\$ 1,480,275
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS:		
Cash paid during the year for interest	\$ 156,885	\$ 152,818

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CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2019

Functional Expenses:	Support Services				Program Services									TOTAL
	Management, General and Administration		Fundraising	Total Support Services	CSBG	Barnett Townhomes Limited Partnership	Housing Development Programs	Energy and Weatherization Programs	Nutrition Programs	Support Services	Olrsud Family Nutrition Center	Consolidation Eliminations	Total Program Services	
	ACCESS	ACCESS Development Corporation	Resource Development											
Personnel and benefits	\$ 530,322	\$ -	\$ 233,347	\$ 763,669	\$ 52,251	\$ 89,473	\$ 412,751	\$ 541,202	\$ 604,120	\$ 1,322,560	\$ 3,006	\$ (64,611)	\$ 2,960,752	\$ 3,724,421
Contracted services	53,861	1,607	400	55,868	1,097	58,990	34,295	1,264,853	180,194	1,395,611	-	(180)	2,934,860	2,990,728
Energy assistance	-	-	-	-	-	-	-	2,404,859	-	28,323	-	-	2,433,182	2,433,182
Shelter assistance	-	-	-	-	-	-	-	-	-	1,163,976	-	-	1,163,976	1,163,976
Emergency assistance	-	-	-	-	-	-	-	-	-	91,280	-	-	91,280	91,280
Food assistance	-	-	-	-	-	-	-	-	-	54,945	-	-	54,945	54,945
Food contributions distributed	-	-	-	-	-	-	-	-	5,442,613	-	-	-	5,442,613	5,442,613
Non-cash equipment, goods and services	-	-	41,571	41,571	-	-	-	-	-	221,240	-	-	221,240	262,811
Weatherization and maintenance materials	1,105	-	-	1,105	886	-	16,115	4,722	959	2,761	3,349	-	28,592	29,697
Rent, utilities and security	58,878	-	12,146	71,024	12,425	49,848	110,578	20,509	53,257	49,350	56,566	(150,150)	202,383	273,407
Building and equipment maintenance	8,612	7,134	5,288	21,034	17,999	173,626	169,647	22,312	38,733	16,040	14,257	(13,889)	438,725	459,759
Insurance	15,460	-	953	16,413	705	26,989	7,404	2,505	6,893	2,979	408	-	47,883	64,286
Vehicle gas and oil	2,718	-	-	2,718	134	-	6,915	4,554	18,936	2,835	-	-	33,374	36,092
Vehicle insurance and maintenance	4,627	-	-	4,627	318	-	5,855	5,891	38,094	20,260	-	-	70,418	75,045
Travel and training	15,522	-	505	16,027	9,958	165	7,145	11,901	8,875	24,797	-	-	62,841	78,868
Office and computer	70,358	-	78,607	148,965	831	1,814	8,370	17,477	13,670	42,041	28	(264)	83,967	232,932
Telephone	5,178	-	913	6,091	1,098	3,908	3,755	9,551	6,373	17,673	411	-	42,769	48,860
Taxes, licenses and fees	12,935	50	5,279	18,264	26	24,721	12,856	253	1,934	6,049	82	(225)	45,696	63,960
Advertising and promotion	7,227	-	63,606	70,833	13,060	-	-	814	18,233	5,052	-	-	39,923	110,756
Professional fees	149,477	-	35,746	185,223	-	-	-	2,343	-	4,559	-	-	6,902	192,125
Miscellaneous	21,324	-	1,065	22,389	500	12	1,592	442	1,766	10,149	3,082	-	17,543	39,932
Depreciation	12,702	58,011	-	70,713	344	230,424	105,048	11,199	24,430	1,725	12,419	-	385,589	456,302
Interest expense	-	48,169	-	48,169	-	111,448	23,288	-	-	-	-	(20,809)	113,927	162,086
Total Functional Expenses	\$ 970,306	\$ 114,971	\$ 479,426	\$ 1,564,703	\$ 111,432	\$ 771,418	\$ 928,771	\$ 4,324,994	\$ 6,514,025	\$ 4,429,260	\$ 93,608	\$ (250,128)	\$ 16,923,380	\$ 18,488,083

See accompanying notes to the financial statements

ACCESS

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2018 (Restated)

Functional Expenses:	Support Services				Program Services									TOTAL
	Management, General and Administration		Fundraising	Total Support Services	CSBG	Barnett Townhomes Limited Partnership	Housing Development Programs	Energy and Weatherization Programs	Nutrition Programs	Support Services	Olsrud Family Nutrition Center	Consolidation Eliminations	Total Program Services	
	ACCESS	ACCESS Development Corporation	Resource Development											
Personnel and benefits	\$ 486,206	\$ -	\$ 254,899	\$ 741,105	\$ 84,937	\$ 147,222	\$ 405,350	\$ 470,328	\$ 570,449	\$ 1,160,397	\$ 6,998	\$ (112,982)	\$ 2,732,699	\$ 3,473,804
Contracted services	62,088	1,490	-	63,578	18,375	51,433	48,706	1,079,394	60,494	871,935	-	-	2,130,337	2,193,915
Energy assistance	-	-	-	-	-	-	-	2,310,364	-	42,457	-	-	2,352,821	2,352,821
Shelter assistance	-	-	-	-	-	-	-	-	-	1,105,040	-	-	1,105,040	1,105,040
Emergency assistance	-	-	-	-	-	-	-	85	40	92,750	-	-	92,875	92,875
Food assistance	-	-	-	-	-	-	37	-	43,205	47	-	-	43,289	43,289
Food contributions distributed	-	-	-	-	-	-	-	-	4,932,806	-	-	-	4,932,806	4,932,806
Non-cash equipment, goods and services	11,278	-	36,996	48,274	-	-	-	-	25,510	203,745	-	-	229,255	277,529
Weatherization and maintenance materials	2,554	-	947	3,501	146	-	17,183	2,091	115	2,046	1,033	-	22,614	26,115
Rent, utilities and security	48,906	-	13,143	62,049	56,349	50,767	145,415	20,143	57,610	28,591	53,685	(150,150)	262,410	324,459
Building and equipment maintenance	32,655	12,630	8,446	53,731	805	107,100	87,052	4,921	23,186	11,392	9,130	-	243,586	297,317
Insurance	16,655	-	951	17,606	776	25,787	18,029	1,761	6,404	2,709	-	-	55,466	73,072
Vehicle gas and oil	2,929	-	-	2,929	-	-	6,683	2,670	14,430	1,264	-	-	25,047	27,976
Vehicle insurance and maintenance	5,349	-	54	5,403	33	-	4,555	3,774	15,685	5,514	-	-	29,561	34,964
Travel and training	11,567	-	995	12,562	913	304	9,612	25,167	7,833	38,687	-	-	82,516	95,078
Office and computer	65,912	-	67,562	133,474	7,569	2,553	14,909	21,192	14,292	50,343	3	-	110,861	244,335
Telephone	6,101	-	792	6,893	1,065	3,896	4,994	7,199	6,897	15,680	734	-	40,465	47,358
Taxes, licenses and fees	11,402	20	2,610	14,032	30	23,055	17,472	338	2,442	1,522	-	-	44,859	58,891
Advertising and promotion	2,692	-	35,438	38,130	2,542	10	61	730	11,807	6,586	-	-	21,736	59,866
Professional fees	185,775	-	-	185,775	3,271	-	5,763	-	1,820	-	-	-	10,854	196,629
Miscellaneous	17,084	-	1,526	18,610	104	434	3,483	763	4,065	2,161	68	-	11,078	29,688
Depreciation	19,362	55,956	63	75,381	11	227,078	107,375	6,385	20,888	252	14,161	-	376,150	451,531
Interest expense	53	41,647	-	41,700	-	115,713	24,221	-	-	-	-	(23,115)	116,819	158,519
Total Functional Expenses	\$ 988,568	\$ 111,743	\$ 424,422	\$ 1,524,733	\$ 176,926	\$ 755,352	\$ 920,900	\$ 3,957,305	\$ 5,819,978	\$ 3,643,118	\$ 85,812	\$ (286,247)	\$ 15,073,144	\$ 16,597,877

See accompanying notes to the financial statements

ACCESS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended June 30, 2019 and 2018

NOTE 1: NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations:

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

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

Principles of Consolidation:

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

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

Basis of Accounting:

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

ACCESS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Years Ended June 30, 2019 and 2018

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

Basis of Presentation:

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

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

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

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

Use of Estimates:

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

Cash and Cash Equivalents:

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

Investments:

Investments at June 30, 2019, and 2018 consist entirely of certificates of deposit.

Accounts Receivable:

The Organization extends unsecured credit to its tenants in the ordinary course of business but mitigates the associated risk by actively pursuing past due accounts. Accounts receivable are considered past due if not collected within 90 days. At June 30, 2019 and 2018 all receivables are current. An allowance for doubtful accounts has not been established since management is of the opinion that all accounts receivable at year-end are fully collectible.

ACCESS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended June 30, 2019 and 2018

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

Grants and Contracts Receivable:

Grants and contracts receivable represent amounts that have been billed under agency contracts but not collected as of the date of the financial statements. All grants and contracts receivable represent amounts owed by state and local government agencies. Grants and contracts receivable are stated at the amount management expect to be collected from the outstanding balance. As of June 30, 2019, and 2018, management has determined, based on historical experience, that all amounts are fully collectible and no allowance for doubtful accounts is necessary.

Inventory:

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

Property and Equipment:

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

Valuation of Long-Lived Assets:

The Organization reviews its property for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the property, including any estimated proceeds from the eventual disposition of the property. If the property is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the property exceeds the fair value of such property. There were no impairment losses recognized in fiscal 2019 and 2018.

Beneficial Interests:

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

Deferred Financing Costs:

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

ACCESS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Years Ended June 30, 2019 and 2018

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

Unearned Revenue:

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

Revenue Recognition:

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

Revenue with and without Donor Restrictions:

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

Donated Materials and Services:

Donations of food and grocery products by the food industry, other businesses, community organizations and individuals are recorded as support at their estimated wholesale fair value stated at \$1.25 per pound at June 30, 2019 and 2018. To arrive at the estimated wholesale fair value per pound, ACCESS uses the approximate average value based on an independent accountants' report to Feeding America (national domestic hunger-relief charity).

Additionally, the Organization also receives USDA commodities for the Commodity Supplemental Food Program (CSFP) and the Emergency Food Assistance Program (TEFAP). Estimated price per pound for FY 2019 was \$0.58 and \$0.76 for the CSFP and TEFAP programs, respectively.

Approximately 4.9 million and 4.3 million pounds of donated food were received from the above referenced sources during the years ended June 30, 2019 and 2018, respectively.

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

ACCESS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended June 30, 2019 and 2018

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

Functional Expenses:

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

Tax Status:

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

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

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

At June 30,2019, there were no uncertain tax positions.

Deposits in Excess of Insured Limits:

The Federal Deposit Insurance Corporation (FDIC) insures account balances at each insured institution. The Organization frequently maintains cash balances greater than the FDIC insurance. At June 30, 2019, the amount that exceeded FDIC coverage was ~\$1,560,000.

Reclassifications:

Certain amounts in prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

ACCESS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended June 30, 2019 and 2018

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

New Accounting Pronouncement:

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The ASU addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented which decreased net assets without donor restrictions by \$2,571,886 and increased net asset with donor restrictions by \$2,571,886. As required by ASU 2016-14, the Organization is required to reclassify amounts that were previously reported as temporarily restricted net assets for donor-restricted property and equipment with implied time restrictions that expired over the useful life of the asset. Those amounts are now classified as net assets without donor restrictions as the related assets have been placed in service.

<u>Net Assets Classifications</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Assets</u>
As reported at July 1, 2017			
Unrestricted	\$ 6,106,247	\$ -	\$ 6,106,247
Temporarily restricted	2,571,886	333,662	2,905,548
Permanently restricted	-	230,673	230,673
Net assets as reclassified at July 1, 2017	<u>\$ 8,678,133</u>	<u>\$ 564,335</u>	<u>\$ 9,242,468</u>

Restatement of Prior Year Amounts:

The July 1, 2017 beginning net assets were restated as a result of over-reporting medical expense payable. The net assets without donor restrictions were increased by \$42,235 from \$8,678,133 to \$8,720,368. Additionally, this caused an over-reporting of medical expense during the fiscal year ended June 30, 2018 by \$9,697 and an over-reporting of the change in net assets from \$(53,608) to \$(43,911).

NOTE 2: CASH AND CASH EQUIVALENTS

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

	<u>2019</u>	<u>2018</u>
Petty cash	\$ 1,997	\$ 2,261
Cash in checking accounts:		
General	1,289,103	1,190,088
Client trust-security deposits	16,652	14,997
Barnett Townhomes Limited Partnership	75,424	76,062
Access Development Corporation	225,203	196,867
Total cash and cash equivalents	<u>\$ 1,608,379</u>	<u>\$ 1,480,275</u>

ACCESS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended June 30, 2019 and 2018

NOTE 3: AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets that are available to meet cash needs for general expenditures at June 30, 2019:

Financial assets at June 30, 2019:	
Cash and cash equivalents	\$ 1,608,379
Investments	142,639
Accounts receivable	21,489
Grants and contracts receivable	957,203
Restricted deposits and funded reserves	437,370
Beneficial interests	<u>360,409</u>
Total financial assets	<u>3,527,489</u>
Less amounts not available to be used within one year:	
Restricted deposits and funded reserves	(437,370)
Beneficial interests	<u>(360,409)</u>
Financial assets not available to be used within on year	<u>(797,779)</u>
Unused line of credit:	<u>250,000</u>
Financial assets available to meet general expenditures within one year:	<u><u>\$ 2,979,710</u></u>

NOTE 4: INVESTMENTS

Investments consist of the following at June 30:

	<u>2019</u>	<u>2018</u>
17-month CD matures June 7, 2020, interest 0.65%	<u>\$ 142,639</u>	<u>\$ 142,219</u>
Total investments - certificates of deposit	<u><u>\$ 142,639</u></u>	<u><u>\$ 142,219</u></u>

NOTE 5: BENEFICIAL INTERESTS

OCF:

On February 25, 2004, the Organization elected to participate in the Oregon Community Foundation (OCF). The Organization transferred assets to OCF which is holding them as an endowed component fund (Fund) for the benefit of the Organization. The Organization has granted OCF variance power which gives OCF's Board of Trustees the power to use the Fund for other purposes in certain circumstances. The Fund is subject to OCF's investment and spending policies which currently result in a distribution to the Organization of a certain percent of the average quarterly value over time. The fair value of the funds held by OCF at June 30, 2019 and 2018 was \$256,877 and \$251,644, respectively.

ACCESS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended June 30, 2019 and 2018

NOTE 5: BENEFICIAL INTERESTS (Continued)

Perpetual Trust:

The Organization is the partial beneficiary of a perpetual trust whereby the Organization receives the income or a designated portion of the income into perpetuity. Income earned on trust assets is distributed to the Organization as provided in the agreements and was \$4,141 and \$4,500 during the years ended June 30 2019 and 2018, respectively. The perpetual trust is valued annually at December 31. There were no significant changes in value of the perpetual trust at the Organization's fiscal year end. At June 30, 2019 and 2018 the estimated fair value of the perpetual trust was \$103,533 and \$109,163, respectively.

NOTE 6: NOTES RECEIVABLE

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

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

	2019	2018
Notes receivable	\$ 1,359,443	\$ 1,359,443
Present value adjustment	(116,102)	(156,093)
Notes receivable, net of present value	\$ 1,243,341	\$ 1,203,350

NOTE 7: RESTRICTED DEPOSITS AND FUNDED RESERVES

Tenant security deposits - The Partnership holds a separate account that represents security deposits made by tenants.

Asset replacement reserve - The Partnership was required to establish an asset replacement reserve of an initial deposit of \$606,753 and deposit \$3,027 monthly to the account. Interest earned on the deposited amounts is retained in the reserve, and the reserve is subject to withdrawals restricted to certified property improvements.

Additionally, ACCESS holds separate accounts that represent amounts held for managed properties.

ACCESS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended June 30, 2019 and 2018

NOTE 7: RESTRICTED DEPOSITS AND FUNDED RESERVES (Continued)

Total restricted deposits and funded reserves reflected on the financial statements at June 30 are summarized as follows:

	<u>2019</u>	<u>2018</u>
Barnett Townhomes, LP:		
Tenant security deposit account	\$ 51,380	\$ 50,419
Asset replacement reserve account	344,726	308,224
Mortgage escrow	<u>28,645</u>	<u>26,600</u>
	<u>424,751</u>	<u>385,243</u>
Managed properties:		
Operating account	7,753	19,867
Tenant security deposit account	<u>4,866</u>	<u>5,437</u>
	<u>12,619</u>	<u>25,304</u>
Total restricted deposits and funded reserves	<u><u>\$ 437,370</u></u>	<u><u>\$ 410,547</u></u>

NOTE 8: LINE OF CREDIT

ACCESS has a line of credit with Banner Bank in the amount of \$250,000. The line of credit agreement originated from prior years, was extended on June 28, 2019 and expires July 15, 2020. The interest rate is subject to change from time to time and is based on the U.S. Prime Rate plus 0.50%, resulting in an initial rate of 5.50%. At June 30, 2019, there were no amounts outstanding on the line of credit.

NOTE 9: LONG-TERM DEBT

The Organization's long-term debt consists of the following:

	<u>2019</u>	<u>2018</u>
ADC:		
Banner Bank 2008 loan, net	\$ 767,741	\$ 800,305
The Partnership:		
Walker & Dunlop HUD loan, net	2,442,134	2,487,943
The Organization:		
Banner Bank 2004 loan	57,645	61,556
Banner Bank 2005 loan	72,808	75,899
Banner Bank 2002 loan	71,558	75,279
US Bank 2018 loan	39,597	41,454
People's Bank 2016 loan	209,599	223,502
People's Bank 2016 loan #2	<u>71,530</u>	<u>76,135</u>
Total consolidated long-term debt	<u><u>\$ 3,732,612</u></u>	<u><u>\$ 3,842,073</u></u>

ACCESS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended June 30, 2019 and 2018

NOTE 9: LONG-TERM DEBT (Continued)

ADC:

On October 17, 2008, ADC entered into a note payable to Banner Bank in the original amount of \$1,057,000. The note is secured by land and buildings and matures on October 17, 2033. The interest rate is subject to change from time to time based on changes in the Weekly Average Five Year Constant Maturity Treasury rate (0.74% at the time of the loan) plus 3.50 percentage points. The interest rate change will not occur more often than each five years. The interest rate was 6.53% and 4.93% per annum at June 30, 2019 and 2018, respectively. Current monthly payments of principal and interest are \$6,958.

ADC incurred \$10,115 in debt issuance costs, which are amortized using the effective interest method. ADC amortized \$204 of debt issuance costs during 2019 and unamortized costs of \$3,850 are outstanding at June 30, 2019. Total debt outstanding at June 30, 2019 was \$767,741 (\$771,591 gross debt net of issuance costs of \$3,850).

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

Interest charged to expense for the years ended June 30, 2019 and 2018 totaled \$48,169 and \$41,647, respectively.

The Partnership:

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

The Partnership incurred \$119,413 in debt issuance costs, which are amortized using the effective interest method. The Partnership amortized \$5,195 of debt issuance costs during 2019 and unamortized costs of \$86,308 are outstanding at June 30, 2019. Total debt outstanding at June 30, 2019 was \$2,442,134 (\$2,528,442 gross debt net of issuance costs of \$86,308).

Interest charged to expense for the years ended June 30, 2019 and 2018 totaled \$90,639 and \$92,598, respectively.

The Organization:

On December 3, 2004, the Organization entered into a note payable to Banner Bank in the original amount of \$64,384. On April 14, 2015 a change in terms occurred where the commitment amount was increased to \$72,683 and the interest rate and floor rate was revised from 4.06% per annum to 4.94%. The note is secured by land and improvements. The interest rate is subject to change from time to time based on changes in the Weekly Average Five Year Constant Maturity Treasury rate (1.36% at the time of the change in terms) plus 3.50 percentage points. The interest rate change will not occur more often than each five years. The interest rate was 4.94% per annum at June 30, 2019 and 2018. Current monthly payments of principal and interest are \$575. The note requires a final payment of \$30,998 on April 15, 2025.

ACCESS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended June 30, 2019 and 2018

NOTE 9: LONG-TERM DEBT (Continued)

On October 17, 2005, the Organization entered into a note payable to Banner Bank in the original amount of \$150,000. The terms of the note, as modified in the Change of Terms Agreement dated June 22, 2006, require 52 monthly payments of \$907, including interest computed at 5.99% per annum. The note is secured by land and improvements. The interest rate is subject to change from time to time based on changes in the Weekly Average Five Year Constant Maturity Treasury rate (4.24% at the time of the modification) plus 2.06 percentage points. The interest rate change will not occur more often than each five years. The interest rate was 3.43% per annum at June 30, 2019 and 2018. Current monthly payments of principal and interest are \$473. The note requires a final payment of \$57,823 on October 17, 2025.

On June 14, 2002, the Organization entered into a note payable to Banner Bank in the original amount of \$110,000. On January 2, 2013 a change in terms occurred where the initial interest rate and floor rate was revised from 7.00% to 4.00% for 53 monthly principal and interest payments of \$585. The note is secured by land and improvements. The interest rate is subject to change from time to time based on changes in the Weekly Average Five Year Constant Maturity Treasury rate (0.74% at the time of the change in terms) plus 3.50 percentage points. The interest rate change will not occur more often than each five years. The interest rate was 5.25% and 4.00% per annum at June 30, 2019 and 2018, respectively. Current monthly payments of principal and interest are \$637. The matures on June 10, 2032.

On October 2, 2013, the Organization entered into a note payable to US Bank in the original amount of \$50,000. The terms of the note, as modified in the Amendment to Note dated October 29, 2018, require 60 monthly payments of \$334, including interest computed at 5.56% per annum. The note is secured by land and improvements. The note requires a final payment of \$31,063 on October 1, 2023.

On January 22, 2016, the Organization entered into a note payable to People's Bank of Commerce in the amount of \$255,238. The note was re-negotiated with the bank and assumed by the Organization after previously being held by the Ashland Community Land Trust of Oregon (ACLT). The ACLT, as part of its dissolution, donated property located on Bridge St, Ashland to the Organization. The note is secured by land and improvements. The terms of the note require 61 monthly payments of \$1,893 including interest computed at 4.00% per annum. A final payment of \$186,012 is due March 22, 2021.

On January 28, 2016, the Organization entered into a note payable to People's Bank of Commerce in the amount of \$86,644. The note was re-negotiated with the bank and assumed by the Organization after previously being held by the ACLT. The ACLT, as part of its dissolution, donated property located on Garfield St, Ashland to the Organization. The note is secured by land and improvements. The terms of the note require 64 monthly payments of \$634 including interest computed at 4.00% per annum. A final payment of \$62,397 is due June 9, 2021.

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

The Organization charged \$23,288 and \$24,274 for the above notes payable in interest to expense for the years ended June 30, 2019 and 2018, respectively.

ACCESS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended June 30, 2019 and 2018

NOTE 9: LONG-TERM DEBT (Continued)

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

	Principal	Deferred Financing Costs	Total
2020	\$ 119,550	\$ (5,560)	\$ 113,990
2021	366,936	(5,428)	361,508
2022	109,975	(5,289)	104,686
2023	115,169	(5,145)	110,024
2024	149,801	(4,996)	144,805
Thereafter	2,961,339	(63,740)	2,897,599
	\$ 3,822,770	\$ (90,158)	\$ 3,732,612

NOTE 10: LEASE COMMITMENTS

ACCESS has entered into several non-cancellable operating leases. Operating lease expenditures for the years ended June 30, 2019 and 2018 amounted to \$18,802 and \$33,098 respectively.

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

Year ended June 30,	2020	\$ 14,406
	2021	11,256
	2022	1,876
		\$ 27,538

Additionally, ACCESS leases office and warehouse facilities from ADC, an affiliated corporation which has been consolidated in these financial statements. The lease is from July 1, 2017 and ends June 30, 2022. Leased space includes the main office facility and warehouse of the Organization, the Olsrud Family Nutrition Center and a warehouse building on Lear Way in Medford, Oregon. Rent expense totaled \$150,150 for fiscal years ending June 30, 2019 and 2018. The transactions are eliminated in the consolidated financial statements.

ACCESS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended June 30, 2019 and 2018

NOTE 11: NET ASSETS WITH DONOR RESTRICTIONS

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

	2019	2018
Net assets with time/purpose restrictions:		
Housing	\$ 92,329	\$ 126,862
Nutrition	87,033	78,022
Support services	397,709	239,430
Total time/purpose restricted net assets	577,071	444,314
Net assets to be held in perpetuity:		
Beneficial interests	360,409	360,807
Total net assets to be held in perpetuity	360,409	360,807
Total net assets with donor restrictions	\$ 937,480	\$ 805,121

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

	2019	2018
Housing	\$ 112,985	\$ 6,972
Nutrition	32,983	40,000
Support services	64,194	50,029
Total net assets released from restrictions	\$ 210,162	\$ 97,001

NOTE 12: CONCENTRATIONS OF SUPPORT AND REVENUE

At June 30, 2019 and 2018 Organization received approximately 55 percent and 51 percent, respectively, of its total public support and revenue from Federal and State agencies. At June 30, 2019 and 2018, 36 percent and 38 percent, respectively, of total public support and revenue passed through Oregon Housing and Community Services.

NOTE 13: RETIREMENT PLAN

The Organization maintains a retirement plan qualified under Section 403(b) of the Internal Revenue Code. The Plan covers employees who have completed one year of service with the Organization. For employees that were participants of the plan as of June 30, 2009, the Organization contributes amounts ranging from two percent to twelve percent of qualified compensation for the benefit of qualified employees based on years of service and employee elective contributions to the plan. Employees that became participants in the plan after June 30, 2009 receive contributions from the Organization that match up to five percent of their qualified compensation. For the years ended June 30, 2019 and 2018, employer contributions to the plan were \$70,026 and \$71,688, respectively.

ACCESS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended June 30, 2019 and 2018

NOTE 14: NON-CASH CONTRIBUTIONS

Non-cash contributions consisted of the following for years ended June 30:

	2019		
	Property and Equipment, Goods and Services	Food Distributed	Total
Non-cash contributions by program			
General agency	\$ 6,302	\$ -	\$ 6,302
Support services	70,708	-	70,708
Nutrition	20,955	4,734,698	4,755,653
Medical supplies and materials	148,022	-	148,022
Resource development	37,779	-	37,779
Total non-cash contributions	283,766	4,734,698	5,018,464
Non-cash grants consisting of USDA commodities	-	690,835	690,835
Total non-cash revenues	<u>\$ 283,766</u>	<u>\$ 5,425,533</u>	<u>\$ 5,709,299</u>
	2018		
	Property and Equipment, Goods and Services	Food Distributed	Total
Non-cash contributions by program			
General agency	\$ 11,278	\$ -	\$ 11,278
Family and senior services	65,928	-	65,928
Nutrition	25,510	4,488,597	4,514,107
Medical supplies and materials	137,817	-	137,817
Resource development	36,996	-	36,996
Total non-cash contributions	277,529	4,488,597	4,766,126
Non-cash grants consisting of USDA commodities	-	494,796	494,796
Total non-cash revenues	<u>\$ 277,529</u>	<u>\$ 4,983,393</u>	<u>\$ 5,260,922</u>

NOTE 15: FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

ACCESS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended June 30, 2019 and 2018

NOTE 15: FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The following table presents the fair value hierarchy for those assets measured at fair value on a recurring basis at June 30, 2019 and 2018:

Fair value at June 30, 2019

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments (certificates of deposit)	\$ -	\$ 142,639	\$ -	\$ 142,639
Beneficial interest in perpetual trust	-	-	103,533	103,533
Beneficial interest in assets held by OCF	-	-	256,876	256,876
Total assets at fair value	<u>\$ -</u>	<u>\$ 142,639</u>	<u>\$ 360,409</u>	<u>\$ 503,048</u>

Fair value at June 30, 2018

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments (certificates of deposit)	\$ -	\$ 142,219	\$ -	\$ 142,219
Beneficial interest in perpetual trust	-	-	109,163	109,163
Beneficial interest in assets held by OCF	-	-	251,644	251,644
Total assets at fair value	<u>\$ -</u>	<u>\$ 142,219</u>	<u>\$ 360,807</u>	<u>\$ 503,026</u>

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

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

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

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

ACCESS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended June 30, 2019 and 2018

NOTE 15: FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The following table reconciles the beginning and ending balances of recurring fair value measurements for recognized in the accompanying financial statements using significant unobservable (Level 3) financial inputs:

	<u>OCF</u>	<u>Beneficial Interest in Perpetual Trust</u>
Balance at July 1, 2017	\$ 230,673	\$ -
Contributions		109,163
Net change in value included in change in net assets	<u>20,971</u>	<u>-</u>
Balance at June 30, 2018	251,644	109,163
Net change in value included in change in net assets	<u>5,232</u>	<u>(5,630)</u>
Balance at June 30, 2019	<u>\$ 256,876</u>	<u>\$ 103,533</u>

NOTE 16: ACCESS AGREEMENTS WITH EXEMPT ORGANIZATIONS

Southern Oregon Lions Sight and Hearing Center (SOLS) - The Organization entered into commercial lease agreements with SOLS in connection with two low income housing projects (Holly Court and Lions Cottage). Terms of the agreements require that the Organization pay a monthly sum of \$108 for each housing project to SOLS. The Organization then rents the units to low income senior or disabled individuals and manages the projects. The Organization's financial statements do not include the operations of the projects. The agreements automatically renew each year.

The cash for this organization is included in the Organization's bank accounts with an offsetting entry to custodial fund on the Consolidated Statements of Financial Position. As of June 30, 2019 and 2018, the balance was \$38,764 and \$31,340, respectively.

Jackson County Health & Human Services (the County) - The Organization entered into several agreements with the County to provide housing to mental health clients using the Organization's residences located at 29 Summit, 717 and 723 Ross Lane, and 2622 Wyatt Drive in Medford. The County provides services to the clients and pays the Organization an agreed upon monthly or annual rent. The agreements automatically renew each year.

ACCESS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Years Ended June 30, 2019 and 2018

NOTE 17: SUBSEQUENT EVENTS

Management of the Organization has evaluated events and transactions occurring after June 30, 2019 through the date the financial statements were available for issuance, for recognition and/or disclosure in the financial statements.

- On or about August 8, 2019 the Organization entered into a Sale Agreement (Agreement) with the Housing Authority of Jackson County. As part of the Agreement, the Organization intends to sell its Barnett Townhomes component (82-unit low income housing project). The imminent sale will be asset-based and is expected to close around April 2020. The Organization evaluated the criteria for classifying the assets and liabilities associated with the pending component sale and determined the criteria had not been met at June 30, 2019. As a result, the Organization did not classify the associated component assets and liabilities as held for sale and did not separate discontinued operations from continuing operations. As of the date of this report, certain aspects and values associated with the Agreement were not fully resolved. That being said, the pending sales price is \$5.5 million before considering transaction costs. The proceeds of the sale will be utilized to pay off existing liabilities associated with Barnett Townhomes and some of which will be designated for Housing reserves and operations reserves for the Organization.
- Only July 1, 2019 the Organization entered into a lease agreement with Rogue Valley Council of Governments for the commercial kitchen facility located at 3630 Aviation Way. The annual rent payment of \$84,181 includes base rent and additional rent for pro-rata share of building expenses. The term of lease ends on June 30, 2020 and includes a renewal option.

SUPPLEMENTARY INFORMATION

ACCESS
FUNCTIONAL EXPENSE CATEGORIES
Years Ended June 30, 2019 and 2018

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

MANAGEMENT, GENERAL AND ADMINISTRATION:

ACCESS AGENCY:

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

ACCESS DEVELOPMENT CORPORATION:

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

FUNDRAISING:

RESOURCE DEVELOPMENT:

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

PROGRAM SERVICES:

COMMUNITY SERVICES BLOCK GRANT (CSBG):

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

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

Community Planning - Provides for assessment of community wide needs in order to provide more effective services and programs. Coordinates Jackson County's Continuum of Care.

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

BARNETT TOWNHOMES LIMITED PARTNERSHIP:

Operation of an 82-unit low-income housing project.

HOUSING DEPARTMENT PROGRAMS:

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

Property/Asset Management - ACCESS has an ownership interest in 179 units of affordable rental housing, located in Jackson County. Of this, 134 units are managed by 2 third-party management companies while the remaining 45 units are self-managed. In addition to the self-managed units, ACCESS manages another 12 units of housing owned by the Southern Oregon Lion's Sight & Hearing Center.

ACCESS
FUNCTIONAL EXPENSE CATEGORIES
Years Ended June 30, 2019 and 2018

HOUSING DEPARTMENT PROGRAMS (Continued):

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

Realizing the American Dream (RAD) – Provides pre-purchase educational program delivered in a classroom setting. Classes are offered in both Jackson and Josephine Counties.

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

DreamSavers - Individual development account (IDA) program that encourages participants to build assets and financial independence through a matched savings program. Participants can save for higher education, home purchase, or to start or expand a small business, home repair and for adaptive technology supports that increase the participant's employability.

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

ENERGY AND WEATHERIZATION PROGRAMS:

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

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

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

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

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

NUTRITION PROGRAMS:

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

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

ACCESS

FUNCTIONAL EXPENSE CATEGORIES

Years Ended June 30, 2019 and 2018

NUTRITION PROGRAMS (Continued):

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

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

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

Cooking Skills Education Program - Inspires and educates community members to eat more fresh, local fruits, vegetables and whole foods through cooking classes and food demonstrations taught by a group of trained volunteers.

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

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

SUPPORT SERVICES PROGRAMS:

ACCESS is a partner with DHS, Employment Division, Jackson County Health Department, On-Track, and area schools at various service integration sites in Jackson County.

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

The Low-Income Rental Housing Fund Program (LIRHF) - Provides short-term and medium-term rental assistance to verylow-income tenants who are unstably housed and at risk of homelessness. Funds are available for the following program components: homelessness prevention; rapid re-housing; and data collection.

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

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

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

ACCESS
FUNCTIONAL EXPENSE CATEGORIES
Years Ended June 30, 2019 and 2018

SUPPORT SERVICES PROGRAMS (Continued):

Housing Stabilization Program (HSP) - Provides temporary financial assistance and support services to stabilize housing for low-income eligible families who are homeless or unstably housed and at risk of losing their housing. The program provides short term benefits for families who are in a specific no-recurring crisis situation. A household can use HSP assistance for a maximum of four months.

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

Support Services for Veteran Families (SSVF) - The SSVF program assists Veterans who are homeless or at-risk of homelessness to end their housing crisis and stabilize in housing. There are two primary forms of assistance: Homelessness Prevention and Rapid Re-housing

Navigator Program: Senior & Disabled - Provides assessments for seniors or persons with disabilities to help them navigate through resources for important issues they face on a day-to-day basis including remaining independent in their homes. Companions provide a friendly visit to homebound-seniors who may want that extra connection.

OLSRUD FAMILY NUTRITION CENTER:

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

ACCESS
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
June 30, 2019

	ACCESS	Barnett Townhomes Limited Partnership	ACCESS Development Corporation	Consolidation Eliminations	Total
ASSETS:					
Current Assets:					
Cash and cash equivalents	\$ 1,307,752	\$ 75,424	\$ 225,203	\$ -	\$ 1,608,379
Investments	142,639	-	-	-	142,639
Accounts receivable	40,230	4,197	27,100	(50,038)	21,489
Grants and contracts receivable	957,203	-	-	-	957,203
Inventory	54,462	-	-	-	54,462
Prepays	69,433	21,934	-	-	91,367
Total Current Assets	2,571,719	101,555	252,303	(50,038)	2,875,539
Property and Equipment:					
Land	1,421,892	1,057,616	580,474	-	3,059,982
Buildings and improvements	4,011,213	6,104,878	2,610,809	-	12,726,900
Equipment and furnishings	709,275	221,569	-	-	930,844
Vehicles	620,057	-	-	-	620,057
Construction in progress	548,158	-	-	-	548,158
Accumulated depreciation	(2,301,371)	(5,422,303)	(1,164,270)	-	(8,887,944)
Property and Equipment, net	5,009,224	1,961,760	2,027,013	-	8,997,997
Other Assets:					
Beneficial interests	360,409	-	-	-	360,409
Notes receivable, net of present value	1,503,448	-	-	(260,107)	1,243,341
Accrued interest receivable	45,879	-	-	(23,628)	22,251
Restricted deposits and funded reserves	12,619	424,751	-	-	437,370
Total Other Assets	1,922,355	424,751	-	(283,735)	2,063,371
TOTAL ASSETS	\$ 9,503,298	2,488,066	\$ 2,279,316	\$ (333,773)	\$ 13,936,907

ACCESS
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION (Continued)
June 30, 2019

	ACCESS	Barnett Townhomes Limited Partnership	ACCESS Development Corporation	Consolidation Eliminations	Total
LIABILITIES AND NET ASSETS:					
Current Liabilities:					
Accounts payable	\$ 331,700	\$ 54,953	\$ 3,532	\$ (50,038)	\$ 340,147
Accrued payroll liabilities	203,008	-	-	-	203,008
Other current liabilities	47,637	51,380	-	-	99,017
Custodial fund	38,764	-	-	-	38,764
Accrued interest payable	42	7,059	-	-	7,101
Unearned revenue	81,720	-	-	-	81,720
Current portion of notes payable	32,682	47,650	33,658	-	113,990
Total Current Liabilities	735,553	161,042	37,190	(50,038)	883,747
Long-Term Liabilities:					
Notes payable, net of current portion	490,055	2,654,591	734,083	(260,107)	3,618,622
Accrued interest payable	-	23,628	-	(23,628)	-
Total Long Term Liabilities	490,055	2,678,219	734,083	(283,735)	3,618,622
TOTAL LIABILITIES	1,225,608	2,839,261	771,273	(333,773)	4,502,369
Net Assets:					
Without Donor Restrictions:					
Operating	7,340,210	-	-	-	7,340,210
Barnett Townhomes Limited Partnership capital	-	(351,195)	-	-	(351,195)
ACCESS Development Corporation	-	-	1,508,043	-	1,508,043
Total Net Assets Without Donor Restrictions	7,340,210	(351,195)	1,508,043	-	8,497,058
With Donor Restrictions:					
Time and/or purpose	577,071	-	-	-	577,071
In perpetuity	360,409	-	-	-	360,409
Total Net Assets With Donor Restrictions	937,480	-	-	-	937,480
TOTAL NET ASSETS	8,277,690	(351,195)	1,508,043	-	9,434,538
TOTAL LIABILITIES AND NET ASSETS	\$ 9,503,298	\$ 2,488,066	\$ 2,279,316	\$ (333,773)	\$ 13,936,907

ACCESS
CONSOLIDATING SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended June 30, 2019

	ACCESS	Barnett Townhomes Limited Partnership	ACCESS Development Corporation	Consolidation Eliminations	TOTAL
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:					
Public Support and Revenue:					
Public Support:					
Contributions	\$ 1,028,169	\$ -	\$ -	\$ -	\$ 1,028,169
Non-cash contributions	5,018,464	-	-	-	5,018,464
Fundraising events	316,157	-	-	-	316,157
Grants					
Federal and state	9,523,664	-	-	-	9,523,664
USDA-federal food commodities	690,835	-	-	-	690,835
City and county	160,766	-	-	-	160,766
Private	377,555	-	-	-	377,555
Total Public Support	17,115,610	-	-	-	17,115,610
Revenue:					
Program income	185,816	-	-	-	185,816
Rental income	321,291	644,354	150,150	(150,150)	965,645
Investment income	45,794	188	-	(20,809)	25,173
Miscellaneous	66,555	19,687	-	(79,169)	7,073
Total Revenue	619,456	664,229	150,150	(250,128)	1,183,707
Net Assets Released from Restrictions	210,162	-	-	-	210,162
Total Public Support and Revenue	17,945,228	664,229	150,150	(250,128)	18,509,479
Expenses:					
Program services	16,402,090	771,418	-	(250,128)	16,923,380
Management and general	970,306	-	114,971	-	1,085,277
Fundraising	479,426	-	-	-	479,426
Total Expenses	17,851,822	771,418	114,971	(250,128)	18,488,083
Other Revenue and Expenses:					
Change in present value discount on notes receivable	39,991	-	-	-	39,991
Total Other Revenue and Expenses	39,991	-	-	-	39,991
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	133,397	(107,189)	35,179	-	61,387
CHANGES IN NET ASSETS WITH TIME/PURPOSE RESTRICTIONS:					
Grants - private	342,919	-	-	-	342,919
Total Public Support with Time/Purpose Restrictions	342,919	-	-	-	342,919
Net Assets Released from Restrictions	(210,162)	-	-	-	(210,162)
CHANGE IN NET ASSETS WITH TIME/PURPOSE RESTRICTIONS	132,757	-	-	-	132,757
CHANGES IN NET ASSETS TO BE HELD IN PERPETUITY:					
Change in beneficial interests	(398)	-	-	-	(398)
CHANGE IN NET ASSETS TO BE HELD IN PERPETUITY	(398)	-	-	-	(398)
CHANGE IN NET ASSETS	265,756	(107,189)	35,179	-	193,746
NET ASSETS, BEGINNING OF YEAR	8,011,934	(244,006)	1,472,864	-	9,240,792
NET ASSETS, END OF YEAR	\$ 8,277,690	\$ (351,195)	\$ 1,508,043	\$ -	\$ 9,434,538

ADDITIONAL REPORTS AND SCHEDULES REQUIRED BY
UNIFORM GUIDANCE



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of ACCESS (the Organization), which comprise the consolidated statement of financial position as of June 30, 2019 and the related consolidated statement of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 24, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Mark E. Damon CPA, Partner
KDP Certified Public Accountants, LLP
Medford, Oregon
October 24, 2019

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

We have audited ACCESS' (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2019. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, ACCESS complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



Mark E. Damon CPA, Partner
KDP Certified Public Accountants, LLP
Medford, Oregon
October 24, 2019

ACCESS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Grant/Contract Number	Passed Through to Sub-recipients	Federal Expenditures
U. S. Department of Agriculture:					
Direct Program:					
Community Food Projects	10.225		GRANT12044140	\$ -	\$ 168,954
Total CFDA 10.225				-	168,954
Passed through Oregon Housing and Community Services:					
Commodity Supplemental Food Program (Administrative Costs) CSFP	10.565		150326	-	25,938
Commodity Supplemental Food Program (Food Commodities) CSFP	10.565		150326	-	91,262
Passed Through Oregon Food Bank:					
Emergency Food Assistance Program (Administrative Costs) TEFAP	10.568		150326	-	64,096
Emergency Food Assistance Program (Food Commodities)TEFAP	10.569		150326	-	599,573
Total Food Distribution Cluster				-	780,869
Total U. S. Department of Agriculture				\$ -	\$ 949,823
U. S. Department of Housing and Urban Development:					
Direct Program:					
Supportive Housing Program	14.235		OR0050L0E021710	\$ -	\$ 11,446
Total CFDA 14.235				-	11,446
Continuum of Care Program	14.267		OR0206L0E021601	-	7,987
Total CFDA 14.267				-	7,987
Passed through Rural Community Assistance Corporation:					
Housing Counseling Assistance Program	14.169		HOC18-A258	-	28,661
Total CFDA 14.169				-	28,661
Passed through Oregon Housing and Community Services:					
Emergency Solutions Grant Program	14.231		E17-DC-41-0001 and E18-DC-41-0001	-	115,371
Total CFDA 14.231				-	115,371
Home Investment Partnership Program (TBA)	14.239		M-15-SG-41-0100, M-17-SG-41-0100, and M-18-SG-41-0100	-	232,979
Home Investment Partnerships Program (Bridges to HOME)	14.239		M-15-SG-41-0100, M-17-SG-41-0100, and M-18-SG-41-0100	-	17,333
Total CFDA 14.239				-	250,312
Total U. S. Department of Housing and Urban Development				\$ -	\$ 413,777
U. S. Department of Veterans Affairs:					
Direct Programs:					
VA Supportive Services for Veteran Families Program	64.033		C2015-OR-502B, 18-OR-128, and 19-OR-128	\$ 804,426	\$ 2,046,793
Total CFDA 64.033				804,426	2,046,793
Total U. S. Department of Veterans Affairs				\$ 804,426	\$ 2,046,793
U. S. Department of Energy:					
Passed Through Oregon Housing and Community Services:					
Weatherization Assistance For Low-Income Persons (DOE)	81.042		DE-EE0007945	\$ -	\$ 140,983
Total CFDA 81.042				-	140,983
Passed Through Oregon Housing and Community Services:					
Weatherization Assistance For Low-Income Persons (BPA Funds)	81.XXX		77347	-	16,671
Total CFDA 81.XXX				-	16,671
Total U. S. Department of Energy				\$ -	\$ 157,654
U. S. Department of Health and Human Services:					
Passed Through Oregon Housing and Community Services:					
Temporary Assistance for Needy Families (TANF)	93.558		149368	\$ -	\$ 110,731
Community Services Block Grant	93.569		G-1901ORCOSR and G-18B2ORCOSR	-	310,166
Total 477 Cluster				-	420,897
Low-Income Home Energy Assistance	93.568		G-18B1ORLIEA and G-1901ORLIEA	-	2,128,997
Total CFDA 93.568				-	2,128,997
Total U. S. Department of Health and Human Services				\$ -	\$ 2,549,894
Federal Emergency Management Agency:					
Direct Programs:					
Emergency Food & Shelter Program National Board Program	97.024		711800	\$ -	\$ 41,664
Total CFDA 97.024				-	41,664
Total U. S. Federal Emergency Management Agency				\$ -	\$ 41,664
Total Expenditures of Federal Awards				\$ 804,426	\$ 6,159,605

ACCESS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2019

NOTE A – BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of ACCESS (the Organization) under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Organization.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

NOTE C – INDIRECT COST RATE:

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

NOTE D – FOOD DISTRIBUTION:

Non-monetary assistance is reported on the Schedule at the fair market value of the commodities received and disbursed. For the year ended June 30, 2019, the Organization received food commodities totaling \$690,835.

ACCESS
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2019

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

1. The auditor’s report expresses an unmodified opinion on whether the financial statements of ACCESS were prepared in accordance with GAAP.
2. No material weaknesses or significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of ACCESS, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

Federal Awards

4. No material weaknesses or significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance Required by Uniform Guidance.
5. The Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance Required by Uniform Guidance for the major federal award programs for ACCESS expresses an unmodified opinion on all major federal programs.
6. There were no audit findings that are required to be reported in accordance with the Uniform Guidance reported on this schedule.
7. The programs tested as major programs were:

<u>U.S. Department of Veterans Affairs</u>	
VA Supportive Services for Veteran Families Program	CFDA #64.033
<u>U.S. Department of Health and Human Services</u>	
Low-Income Home Energy Assistance	CFDA #93.568
8. The threshold for distinguishing Types A and B Programs was \$750,000.
9. ACCESS qualified as a low-risk auditee under the criteria specified in Uniform Guidance.

SECTION II – FINANCIAL STATEMENT FINDINGS

None

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

None