

**CENTRAL OREGON COMMUNITY
ACTION AGENCY NETWORK, INC.**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2002

**WITH COMPARATIVE TOTALS
FOR THE YEAR ENDED JUNE 30, 2001**

CENTRAL OREGON COMMUNITY ACTION AGENCY NETWORK, INC.

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KERKOCCH KATTER & ASSOCIATES, LLP

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Central Oregon Community Action Agency Network, Inc.
Redmond, Oregon

We have audited the accompanying statement of financial position of Central Oregon Community Action Agency Network, Inc. (a nonprofit corporation), as of June 30, 2002 and the related statement of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Central Oregon Community Action Agency Network, Inc., at June 30, 2002, and its activities and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 13, 2002 on our consideration of the Central Oregon Community Action Agency Network, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Central Oregon Community Action Agency Network, Inc. taken as a whole. The supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.


Kerkoch Katter & Associates, LLP
Certified Public Accountants

December 13, 2002

FINANCIAL STATEMENTS

CENTRAL OREGON COMMUNITY ACTION AGENCY NETWORK, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2002

WITH COMPARATIVE TOTALS FOR JUNE 30, 2001

	<u>Unrestricted Funds</u>	<u>Temporarily Restricted Funds</u>	<u>Permanently Restricted Funds</u>	<u>Totals</u>	
				<u>2002</u>	<u>2001</u>
<u>ASSETS</u>					
Current assets					
Cash and cash equivalents	\$ 186,621	\$ 613,357	\$	\$ 799,978	\$ 913,547
Grant funds receivable (no allowance for doubtful accounts considered necessary)		687,664		687,664	266,556
Prepaid expenses	1,803			1,803	2,402
Inventory		28,050		28,050	17,036
Total current assets	188,424	1,329,071		1,517,495	1,199,541
Notes receivable		962,636		962,636	831,565
Property and equipment (net of depreciation)	498,683	301,278		799,961	270,061
Total assets	<u>\$ 687,107</u>	<u>\$ 2,592,985</u>	<u>\$ -</u>	<u>\$3,280,092</u>	<u>\$2,301,167</u>
<u>LIABILITIES AND NET ASSETS</u>					
Current liabilities					
Accounts payable	\$ 107,353	\$	\$	\$ 107,353	\$ 42,104
Accrued expenses	69,748			69,748	28,387
Advances		582,556		582,556	167,590
Current portion of Long-term debt	3,280	158,090		161,370	3,199
Total current liabilities	180,381	740,646		921,027	241,280
Long-term debt - net of current portion	1,951			1,951	5,231
Net assets					
Unrestricted Operations	6,092			6,092	231,037
Fixed assets	498,683	301,278		799,961	270,061
Temporarily restricted		1,551,061		1,551,061	1,553,558
Permanently restricted					
Total net assets	504,775	1,852,339		2,357,114	2,054,656
Total liabilities and net assets	<u>\$ 687,107</u>	<u>\$ 2,592,985</u>	<u>\$ -</u>	<u>\$3,280,092</u>	<u>\$2,301,167</u>

The accompanying notes are an integral part
of these financial statements

CENTRAL OREGON COMMUNITY ACTION AGENCY NETWORK, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2002

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2001

	<u>Unrestricted Funds</u>	<u>Temporarily Restricted Funds</u>	<u>Permanently Restricted Funds</u>	<u>Totals</u>	
				<u>2002</u>	<u>2001</u>
Support and Revenue					
Support					
Federal grants	\$	\$ 3,406,887	\$	\$3,406,887	\$3,442,073
State and local grants	208,000	1,525,885		1,733,885	435,131
Contributions	6,707	451,331		458,038	98,024
Total support	<u>214,707</u>	<u>5,384,103</u>		<u>5,598,810</u>	<u>3,975,228</u>
Revenue					
Program income		145		145	5,531
Program reimbursements	2,138	263,126		265,264	47,352
Other program fees	12,208	80,030		92,238	74,635
Rental income	20,131	39,622		59,753	22,649
Interest income	8,924	1,742		10,666	28,155
Indirect cost allocation	200,545			200,545	162,640
Total revenue	<u>243,946</u>	<u>384,665</u>		<u>628,611</u>	<u>340,962</u>
Net assets released from program restrictions	<u>5,612,179</u>	<u>(5,612,179)</u>			
Total support and revenue	<u>6,070,832</u>	<u>156,589</u>		<u>6,227,421</u>	<u>4,316,190</u>
Expenses					
Program services					
Health and welfare	5,612,179			5,612,179	3,075,536
Support services					
General and administrative	312,784			312,784	220,303
Total expenses	<u>5,924,963</u>			<u>5,924,963</u>	<u>3,295,839</u>
Change in net assets - before transfers	<u>145,869</u>	<u>156,589</u>		<u>302,458</u>	<u>1,020,351</u>
Transfers (to) from Other funds	<u>1,002</u>	<u>(1,002)</u>			
Change in net assets	<u>146,871</u>	<u>155,587</u>		<u>302,458</u>	<u>1,020,351</u>
Net assets - beginning of year	<u>357,904</u>	<u>1,696,752</u>		<u>2,054,656</u>	<u>1,034,305</u>
Net assets - end of year	<u>\$ 504,775</u>	<u>\$ 1,852,339</u>	<u>\$ -</u>	<u>\$2,357,114</u>	<u>\$2,054,656</u>

The accompanying notes are an integral part of these financial statements

CENTRAL OREGON COMMUNITY ACTION AGENCY NETWORK, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2002

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2001

	<u>Program Services Health and Welfare</u>	<u>Supporting Services Management and General</u>	<u>Totals</u>	
			<u>2002</u>	<u>2001</u>
Personal services				
Salaries and wages	\$ 1,769,257	\$ 103,678	\$1,872,935	\$ 702,017
Payroll taxes and benefits	<u>504,179</u>	<u>28,978</u>	<u>533,157</u>	<u>187,187</u>
Total personal services	<u>2,273,436</u>	<u>132,656</u>	<u>2,406,092</u>	<u>889,204</u>
Materials and services				
Operating materials	793,429	18,257	811,686	130,218
Printing and publications	12,481	1,733	14,214	13,130
Office supplies	30,359	14,448	44,807	40,535
Interest	1,203	127	1,330	96
Insurance	5,215	10,677	15,892	9,823
Professional fees	375	11,480	11,855	8,710
Contract services	743,632	4,318	747,950	533,694
Miscellaneous	14,108	499	14,607	3,826
Client assistance	1,268,661		1,268,661	1,387,383
Travel and lodging	92,274	173	92,447	15,081
Rent	70,676	23,496	94,172	35,573
Janitorial	1,175	5,070	6,245	5,220
Utilities	47,845	17,240	65,085	30,209
Training	36,224	138	36,362	3,726
Dues and other fees	21,710	2,779	24,489	12,700
Depreciation		68,524	68,524	14,071
Administration	<u>199,376</u>	<u>1,169</u>	<u>200,545</u>	<u>162,640</u>
Total materials and services	<u>3,338,743</u>	<u>180,128</u>	<u>3,518,871</u>	<u>2,406,635</u>
Total expenses	<u>\$ 5,612,179</u>	<u>\$ 312,784</u>	<u>\$5,924,963</u>	<u>\$3,295,839</u>

The accompanying notes are an integral part
of these financial statements

CENTRAL OREGON COMMUNITY ACTION AGENCY NETWORK, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2002

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2001

	<u>Unrestricted Funds</u>	<u>Temporarily Restricted Funds</u>	<u>Permanently Restricted Funds</u>
Cash flows from operating activities			
Change in net assets	\$ 146,871	\$ 155,587	\$ -
Adjustments to reconcile change in net asset to net cash provided by operating activities:			
Depreciation expense	68,524		
(Increase) decrease in accounts receivable		(421,108)	
(Increase) decrease in prepaid expenses	599		
(Increase) decrease in inventory		(11,014)	
Increase (decrease) in accounts payable	65,249		
Increase (decrease) in accrued expenses	41,361		
Increase (decrease) in advances		414,966	
Net cash provided by operating activities	<u>322,604</u>	<u>138,431</u>	
Cash flows from investing activities			
Net increase in notes receivable		(131,071)	
Acquisition of property and equipment	(440,340)	(158,084)	
Net cash used in investing activities	<u>(440,340)</u>	<u>(289,155)</u>	
Cash flows from financing activities			
Proceeds from notes payable		158,090	
Principal payments on notes payable	(3,199)		
Net cash provided by (used in) financing activities	<u>(3,199)</u>	<u>158,090</u>	
Net increase in cash and cash equivalents	(120,935)	7,366	
Cash and cash equivalents - beginning of year	<u>307,556</u>	<u>605,991</u>	
Cash and cash equivalents - end of year	<u>\$ 186,621</u>	<u>\$ 613,357</u>	<u>\$ -</u>

<u>Totals</u>	
<u>2002</u>	<u>2001</u>
\$ 302,458	\$ 1,020,351
68,524	14,071
(421,108)	22,613
599	(1,200)
(11,014)	(3,463)
65,249	(42,644)
41,361	2,548
<u>414,966</u>	<u>58,809</u>
<u>461,035</u>	<u>1,071,085</u>
(131,071)	(652,053)
(598,424)	(78,551)
<u>(729,495)</u>	<u>(730,604)</u>
158,090	9,740
(3,199)	(6,310)
<u>154,891</u>	<u>3,430</u>
(113,569)	343,911
<u>913,547</u>	<u>569,636</u>
<u>\$ 799,978</u>	<u>\$ 913,547</u>

The accompanying notes are an integral part of these financial statements

CENTRAL OREGON COMMUNITY ACTION AGENCY NETWORK, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2002

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

Central Oregon Community Action Agency Network, Inc. (the Agency), a nonprofit corporation organized in the State of Oregon on January 1, 1985, is responsible for planning, coordinating and implementing the administration of federal and state grants designed to meet the health and welfare needs of low-income persons in Central Oregon.

Basis of Accounting

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

Income Taxes

The financial statements do not reflect the effects of income taxes. The Agency is a not-for-profit corporation which has been granted tax exempt status under code section 501(c)(3). In addition, the Agency has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the code.

Support and Revenue

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Endowment contributions and investments that are permanently restricted by donor are recorded as permanently restricted assets. Investment earnings available for distribution are recorded as unrestricted net assets.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, and would typically need to be purchased if not provided by the donation, are recorded at their fair values in the period received.

Estimates

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

CENTRAL OREGON COMMUNITY ACTION AGENCY NETWORK, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2002

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Cash Equivalents

Cash equivalents are stated at cost which approximates market value. For purposes of the statement of cash flows, Central Oregon Community Action Agency Network, Inc., considers all cash investments with maturities of three months or less to be cash and cash equivalents.

Fair Values of Financial Instruments

The following methods and assumptions were used by the Agency in estimating its fair value disclosures for financial instruments:

Cash and cash equivalents: The carrying amounts reported in the statement of financial position approximate fair values because of short term maturities of those instruments.

Investments: The fair values of investments are based on quoted market prices for those of similar investments.

Long-term debt: The fair values of long-term debt is considered to approximate actual loan balances.

Functional Allocation of Expenses

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

Inventory

Inventory, when significant, consists primarily of supplies used in the Agency's clients service programs and is stated at the lower of cost, determined by the first-in, first-out method, or market.

Accrued Compensated Absences

The Agency accrues vacation pay at current pay rates. The Agency employees accrue vacation leave annually. Accrued vacation is not to be paid to employees except upon termination.

Allocation of Supporting Service Expenditures

The Agency allocates indirect expenses of administrative overhead and other allocable costs to supporting service departments based on various direct costs and other information. The Agency's management reviews and updates these allocations on an annual basis.

CENTRAL OREGON COMMUNITY ACTION AGENCY NETWORK, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2002

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Fixed Assets

Fixed assets acquired by the Agency are considered to be owned by the Agency. However, State funding sources may maintain an equitable interest in the property purchased with grant monies as well as the right to determine the use of any proceeds from the sale of such assets. Fixed assets are depreciated using the straight-line method over estimated useful lives of the assets.

Advertising Costs

Advertising costs are expensed as incurred.

Comparative Financial Information

The financial statements and notes to the financial statements contain certain prior year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Agency's financial statements for the year ended June 30, 2001, from which the summarized information was derived.

NOTE 2 - FUND STRUCTURE

A brief description of the various funds used by the Agency in accounting for their activities is as follows:

Unrestricted Funds

These funds account for unrestricted contributions and provides for administration and operation of the Agency. Equipment acquisitions, including the recording of their cost and depreciation are also included in the unrestricted funds.

Temporarily Restricted Funds

These funds are used to account for the proceeds of specific revenue sources that are legally or contractually restricted to expenditures for specified purposes.

Permanently Restricted Funds

These funds account for the collection and disbursement of restricted contributions of which the income portion is, if not specifically required to be added to the capital, transferred to the temporarily restricted or unrestricted funds. Permanently restricted funds also include trust funds held by other trustees where the principal is restricted in perpetuity.

CENTRAL OREGON COMMUNITY ACTION AGENCY NETWORK, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2002

NOTE 3 - SUMMARY OF CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents consisted of the following at June 30, 2002:

Bank checking and savings	\$ 799,353
Petty cash	<u>625</u>
	<u>\$ 799,978</u>

NOTE 4 - NOTES RECEIVABLE

Notes receivable at June 30, 2002 consist of the following:

Deschutes Family Housing Limited Partnership, principal due subject to certain restrictions, see Note 11, interest at 5%, secured by real estate, matures August 2019	\$ 391,393
Housing Assistance Loans, principal due subject to certain restrictions, various interest rates, secured by real estate	1,523,359
Madras Family Housing Limited Partnership, principal due subject to certain restrictions, see Note 11, interest at 3%, secured by real estate, matures August 2028	486,790
Community Action Foundation of Central Oregon, interest at 5%, due on demand, see Note 11, unsecured	<u>164,083</u>
	2,565,625
Less deferred for collection(See Note 11)	<u>(1,602,989)</u>
Notes receivable	962,636
Less current portion	<u>()</u>
	<u>\$ 962,636</u>

Future maturities of notes receivable are as follows:

Year ended June 30, 2003	\$
Thereafter	<u>962,636</u>
	<u>\$ 962,636</u>

CENTRAL OREGON COMMUNITY ACTION AGENCY NETWORK, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2002

NOTE 5 - PROPERTY AND EQUIPMENT

The following is a summary of property and equipment as of June 30, 2002:

Buildings	\$ 322,818
Land	226,141
Equipment	114,846
Vehicles	252,830
Less accumulated depreciation	(116,674)
Net property and equipment	<u>\$ 799,961</u>

NOTE 6 - NOTE PAYABLE

Note payable at June 30, 2002 consisted of the following:

Community Action Foundation of Central Oregon, Inc., monthly payments of \$281 including interest at 2.5%, secured by equipment	\$ 5,231
Community First Bank of Prineville, interest at 8% due monthly, secured by real estate	158,090
Less current portion	(161,370)
	<u>\$ 1,951</u>

Future maturities of notes payable are as follows:

Year ended June 30, 2003	\$ 161,370
2004	<u>1,951</u>
	<u>\$ 163,321</u>

NOTE 7 - LEASE OBLIGATIONS

The Agency leases its facilities used to provide community service programs under operating leases not exceeding one fiscal year in duration.

NOTE 8 - CONCENTRATIONS OF CREDIT RISK

The Agency's operations include loans and other agreements to other non-profit agencies in the Central Oregon area. The Agency extends credit without collateral to these agencies during the normal course of business.

CENTRAL OREGON COMMUNITY ACTION AGENCY NETWORK, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2002

NOTE 9 - RECLASSIFICATIONS

Certain amounts in the year ended June 30, 2001 financial statements have been reclassified to conform with the year ended June 30, 2002 financial statements.

NOTE 10 - CONTINGENCY

Grant Audit

The Agency receives grants from various federal, state, and local agencies that are subject to review and audit by these agencies. Such audits could result in a request for reimbursement by these agencies for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of the Agency's management, such disallowances, if any will not be significant.

NOTE 11 - RELATED PARTY TRANSACTIONS

The Agency leases its facilities from the Community Action Foundation of Central Oregon, Inc. (CAFCO), a non-profit corporation located in Redmond, Oregon. CAFCO is the general partner of the Deschutes Family Housing Limited Partnership, an Oregon Limited Partnership formed to own and operate the Bill Healy Family Center. Included in the financial statements are notes receivable at June 30, 2002 from the Deschutes Family Housing Limited Partnership and CAFCO in the amount of \$391,393 and \$164,083, respectively. These notes were incurred in connection with the construction of the Bill Healy Family Center. Additionally, notes receivable in the amount of \$486,790 are due from the Madras Family Housing Limited Partnership, an Oregon Limited Partnership formed to own and operate the Madras Family Housing Center, in connection with the initial formation of the limited partnership. Since collection of these notes receivable is contingent upon future available capital of the projects and other restrictions, the notes will be deferred until collection.

SUPPLEMENTAL INFORMATION

COMBINING AND INDIVIDUAL DEPARTMENT SCHEDULES

CENTRAL OREGON COMMUNITY ACTION AGENCY NETWORK, INC.

COMBINING SCHEDULE OF REVENUES AND EXPENSES
ALL DEPARTMENTS

YEAR ENDED JUNE 30, 2002


	<u>Management & General</u>	<u>Head Start</u>	<u>Community Service Block Grant</u>	<u>Bill Healy Family Center</u>	<u>Child Care Resources</u>	<u>Energy Assistance</u>
Revenues						
Federal grants	\$	\$ 911,470	\$ 142,500	\$	\$ 113,091	\$ 1,165,086
State and local grants	208,000	993,287		12,500	25,716	13,510
Contributions	6,707	160,353	265	7,012		1,478
Program income					145	
Program reimbursements	2,138	25,754		7,559	313	422
Other revenue	12,208			21,299		10,119
Rental income	20,131	600				
Interest income	8,924			665		
Indirect cost allocation	200,545					
Total revenues	458,653	2,091,464	142,765	49,035	139,265	1,190,615
Expenses						
Personal services						
Salaries	103,678	1,210,867	72,883	27,328	84,751	44,014
Payroll taxes and benefits	28,978	355,860	17,480	8,173	22,236	10,190
Total personal services	132,656	1,566,727	90,363	35,501	106,987	54,204
Materials and services						
Operating materials	18,257	264,872		1,062	2,844	800
Printing and publications	1,733	3,692	1,016		4,038	605
Office supplies	14,448	10,760	303		3,485	4,239
Interest	127					
Insurance	10,677	3,920	455			
Professional fees	11,480	375				
Contract services	4,318	44,591	906	11,892	5,699	17,031
Miscellaneous	499	4,624	1,139		2,322	
Client assistance						1,035,564
Travel and lodging	173	67,256	1,731	608	3,156	22
Rent	23,496	62,099				
Janitorial	5,070	1,175				
Utilities	17,240	31,046	26		3,035	980
Training	138	23,284	1,749	104	470	
Dues and other fees	2,779	7,043			255	
Depreciation	68,524					
Administration	1,169		6,807	3,454	9,294	78,216
Total materials and services	180,128	524,737	14,132	17,120	34,598	1,137,457
Total expenses	312,784	2,091,464	104,495	52,621	141,585	1,191,661
Change in net assets - before transfers	145,869		38,270	(3,586)	(2,320)	(1,046)
Transfers (to) from Other funds	1,002	5	(38,270)	8,901	679	1,749
Change in net assets	146,871	5		5,315	(1,641)	703
Net assets - beginning of year	357,904			119,629	3,710	367
Net assets - end of year	<u>\$ 504,775</u>	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ 124,944</u>	<u>\$ 2,069</u>	<u>\$ 1,070</u>

Food Program	Housing Support Services	Other Housing Services	Housing Rehabilitation	Weatherization	Totals (Memorandum Only)	
					2002	2001
\$ 319,665	\$ 358,931	\$ 69,749	\$ 199,369	\$ 127,026	\$ 3,406,887	\$ 3,442,073
10,987	161,817	15,158	6,631	286,279	1,733,885	435,131
230,378	25,158	1,450	25,000	237	458,038	98,024
7,500		3,117	156,855	61,606	145	5,531
23,872		9,381	15,359		265,264	47,352
	39,022		401	4	92,238	74,635
	672				59,753	22,649
					10,666	28,155
					200,545	162,640
<u>592,402</u>	<u>585,600</u>	<u>98,855</u>	<u>403,615</u>	<u>475,152</u>	<u>6,227,421</u>	<u>4,316,190</u>
54,830	161,230	48,610	20,326	44,418	1,872,935	702,017
12,793	45,386	11,720	6,638	13,703	533,157	187,187
<u>67,623</u>	<u>206,616</u>	<u>60,330</u>	<u>26,964</u>	<u>58,121</u>	<u>2,406,092</u>	<u>889,204</u>
500,210	16,960	6,217		464	811,686	130,218
305	793	1,295	427	310	14,214	13,130
1,180	3,909	3,849	1,582	1,052	44,807	40,535
	371	832			1,330	96
	447	393			15,892	9,823
1,618	47,664	1,799	276,146	336,286	11,855	8,710
2,360	995	2,668			747,950	533,694
	233,097				14,607	3,826
3,455	6,893	7,165	590	1,398	1,268,661	1,387,383
1,802	5,971	800		4	92,447	15,081
					94,172	35,573
1,208	9,598	893	654	405	6,245	5,220
	7,015	2,530	5	1,067	65,085	30,209
587	5,294	7,917	49	565	36,362	3,726
					24,489	12,700
6,912	38,371	6,800	21,444	28,078	68,524	14,071
					200,545	162,640
<u>519,637</u>	<u>377,378</u>	<u>43,158</u>	<u>300,897</u>	<u>369,629</u>	<u>3,518,871</u>	<u>2,406,635</u>
<u>587,260</u>	<u>583,994</u>	<u>103,488</u>	<u>327,861</u>	<u>427,750</u>	<u>5,924,963</u>	<u>3,295,839</u>
<u>5,142</u>	<u>1,606</u>	<u>(4,633)</u>	<u>75,754</u>	<u>47,402</u>	<u>302,458</u>	
<u>12,565</u>	<u>12,312</u>	<u>5,311</u>		<u>(4,254)</u>		
17,707	13,918	678	75,754	43,148	302,458	1,020,351
58,064	38,612	419,601	886,882	169,887	2,054,656	1,034,305
<u>\$ 75,771</u>	<u>\$ 52,530</u>	<u>\$ 420,279</u>	<u>\$ 962,636</u>	<u>\$ 213,035</u>	<u>\$ 2,357,114</u>	<u>\$ 2,054,656</u>

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS,
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS - CONTINUED**

to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the audit committee, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.


Kerkoch Katter & Associates, LLP
Certified Public Accountants

December 13, 2002

KERKOCHE KATTER & ASSOCIATES, LLP

Certified Public Accountants

45 Hawthorne Square • Bend, Oregon 97701 • (541) 382-3468

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors
Central Oregon Community Action Agency Network, Inc.
Redmond, Oregon

Compliance

We have audited the compliance of Central Oregon Community Action Agency Network, Inc. with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2002. Central Oregon Community Action Agency Network, Inc.'s major federal programs are identified in the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Central Oregon Community Action Agency Network, Inc.'s management. Our responsibility is to express an opinion on Central Oregon Community Action Agency Network, Inc.'s compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Central Oregon Community Action Agency Network, Inc.'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. Our audit does not provide a legal determination on Central Oregon Community Action Agency Network, Inc.'s compliance with those requirements.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS . . .
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 - CONTINUED

In our opinion, Central Oregon Community Action Agency Network, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2002.

Internal Control Over Compliance

The management of Central Oregon Community Action Agency Network, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit we considered Central Oregon Community Action Agency Network, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the audit committee, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.


Kerkoch Katter & Associates, LLP
Certified Public Accountants

December 13, 2002

CENTRAL OREGON COMMUNITY ACTION AGENCY NETWORK, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2002

Program

U.S. Department of Health and Human Services - Major Program CFDA 93.600

Head Start

No reportable findings or questioned costs.

U.S. Department of Agriculture CFDA 10.569

Food Assistance program

No reportable findings or questioned costs.

Note: The auditor's report expresses an unqualified opinion on the financial statements of Central Oregon Community Action Agency Network, Inc.

Dollar threshold used to distinguish between Type A and Type B programs was \$300,000.

There were no unresolved findings or questioned costs in the year ended June 30, 2001 Single Audit.

CENTRAL OREGON COMMUNITY ACTION AGENCY NETWORK, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2002

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>
<u>U.S. Department of Energy</u>	
Passed through Oregon Housing and Community Services:	
Weatherization Assistance for low-income persons	81.042
BPA Weatherization	81.042
<u>U.S. Department of Health and Human Services</u>	
Facility Development Grant	93.570
Head Start - major program	93.600
Low-income Energy Assistance	93.568
Passed through Oregon Housing and Community Services:	
Low-income Energy Assistance	93.568
Community Services Block Grant	93.569
Passed through Oregon Department of Human services:	
Housing Stabilization Program	93.558
Child Care Development Block Grant	93.575
<u>U.S. Department of Agriculture</u>	
Housing Preservation Grant	10.433
Passed through The Oregon Food Bank:	
Temporary Emergency Food Assistance Program - major program	10.569
<u>Federal Emergency Management Agency</u>	
Emergency Food And Shelter Program	83.523
<u>U.S. Department of Housing and Urban Development</u>	
Housing Counseling	14.169
Supportive Housing Program	14.235
Passed through Oregon Housing and Community Services:	
Emergency Shelter Grant Program	14.231
Home Investments Partnership	14.239
Community Development Block Grant	14.246
TOTAL FEDERAL FINANCIAL ASSISTANCE	

Note: The above schedule was prepared under the accrual basis of accounting.

Cash Accrued or (Deferred) Revenue at <u>July 1, 2001</u>	<u>Receipts or Revenue Recognized</u>	<u>Disburse- ments/ Expenditures</u>	Cash Accrued or (Deferred) Revenue at <u>June 30, 2002</u>
\$	\$ 91,517 35,509	\$ 91,517 35,509	\$
	394	394	
	833,355	833,355	
	892,661	892,661	
	272,425	272,425	
	162,500	162,500	
	21,779	21,779	
	113,091	113,091	
	17,685	17,685	
	397,780	397,780	
	10,370	10,370	
	19,355	19,355	
	282,629	282,629	
	34,153	34,153	
	40,000	40,000	
	181,684	181,684	
<u>\$ -</u>	<u>\$3,406,887</u>	<u>\$ 3,406,887</u>	<u>\$ -</u>

