



The Board of Directors  
Community Concepts, Incorporated, and its Affiliates

We have audited the consolidated financial statements of Community Concepts, Incorporated and its Affiliates (the Organization) for the year ended September 30, 2020, and have issued our report thereon dated February 12, 2021. Professional standards require that we communicate to you the following information related to our audit.

**Our Responsibility under U.S. Generally Accepted Auditing Standards, Government Auditing Standards, Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and Maine Uniform Accounting and Auditing Practices for Community Agencies (MAAP)**

As stated in our engagement letter dated September 21, 2020, our responsibility, as described by professional standards, is to express an opinion about whether the consolidated financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the consolidated financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered the Organization's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program or Department agreement 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 the Uniform Guidance and MAAP.

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with the Uniform Guidance and MAAP, we examined, on a test basis, evidence about the Organization's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and MAAP applicable to each of its major federal programs and Department agreements for the purpose of expressing an opinion on the Organization's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the Organization's compliance with those requirements.

Our responsibility for the supplementary information accompanying the consolidated financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the consolidated financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

## Significant Audit Findings

### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Organization are described in Note 2 to the consolidated financial statements. During the year ended September 30, 2020, the Organization adopted Financial Accounting Standards Board Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*, which provides guidance for determining when transactions should be accounted for as contributions (nonreciprocal) or as exchange (reciprocal) transactions, and whether a contribution is conditional. The adoption of ASU No. 2018-08 did not impact the Organization's financial position or changes in net assets. No other new accounting policies were adopted and the application of existing policies was not otherwise changed during 2020. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the consolidated financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the consolidated financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the consolidated financial statements were:

- Provision for depreciation – based on management's estimation of the useful lives of capitalized assets;
- Allowance for uncollectible loans – based on historical loss ratios and risk ratings established via review of borrower financial information; and
- Cost allocations – based on estimated utilization of support services by functional cost centers, using the methodology disclosed in Note 2.

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the consolidated financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to consolidated financial statement users. The most sensitive disclosures affecting the consolidated financial statements were:

- Note 2 – Summary of Significant Accounting Policies;
  - Loans Receivable
  - Allowance for Loan Losses
  - Adoption of New Accounting Standard
  - Relief Legislation and Forgiveness of Paycheck Protection Program Loan
- Note 3 – Loans Receivable and Restricted Cash and Cash Equivalents;
- Note 5 – Investment in Limited Partnerships;
- Note 12 – Commitments and Contingencies;

- Note 14 – Liquidity and Availability of Financial Assets; and
- Note 15 – Uncertainty.

The consolidated financial statement disclosures are neutral, consistent and clear.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the consolidated financial statements taken as a whole.

An uncorrected, or “passed,” audit adjustment is an adjustment that is not proposed as a current year audit adjustment because the dollar amount of the adjustment is not considered material to the consolidated financial statements, either qualitatively or quantitatively. There was one such adjustment in the current year. The attached schedule summarizes the uncorrected misstatement of the financial statements. Management has determined that its effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

*Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor’s report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated February 12, 2021.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Organization’s consolidated financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

With respect to the supplementary information accompanying the consolidated financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the consolidated financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the consolidated financial statements or to the consolidated financial statements themselves.

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization’s auditor. A significant matter discussed with management included accounting for the forgiveness of the Paycheck Protection Program Loan. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

**Internal Control Matters**

In planning and performing our audit of the consolidated financial statements of the Organization as of and for the year ended September 30, 2020, in accordance with U.S. generally accepted auditing standards, we considered the Organization’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the 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 Organization’s consolidated financial statements will not be prevented, or detected and corrected, on a timely basis.

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. 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 Audits**

In addition to our financial statement audit, we also performed federal and state compliance audits in accordance with the Uniform Guidance and MAAP. The results relating to grant compliance during the year ended September 30, 2020 can be found in our compliance reports.

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We sincerely appreciate the cooperation and courtesy provided us by management and staff of Community Concepts, Incorporated and its Affiliates during the engagement.

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This communication is intended solely for the information and use of the Board of Directors and management of Community Concepts, Incorporated and its Affiliates and is not intended to be and should not be used by anyone other than these specified parties.

*Berry Dunn McNeil & Parker, LLC*

Portland, Maine  
February 12, 2021

**Community Concepts, Incorporated**

Year End: September 30, 2020

Passed Adjusting Journal Entries

Date: 10/1/2014 To 9/30/2020

Preparer	Reviewer	PIC	2nd Partner
NHGD 12/30/2020	SLB 1/19/2021		

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Number	Date	Name	Account No	Reference	Debit	Credit	Net Income (Loss)	Amount Chg	Recurrence	Misstatement
Net Income (Loss) Before Adjustments							295,744.18			
PAJE 01	9/30/2020	Net Assets	30000-1 CCFC	PY PAJE	111,947.38					
PAJE 01	9/30/2020	Bad debt expense/recovery	BDMP 2-1 CCFC	PY PAJE		30,078.00				
PAJE 01	9/30/2020	Bad debt expense/recovery	BDMP 2-1 CCFC	PY PAJE		81,869.38				
To reverse PY PAJE.										
					111,947.38	111,947.38	407,691.56	111,947.38		
					<b>111,947.38</b>	<b>111,947.38</b>	<b>407,691.56</b>	<b>111,947.38</b>		