BerryDunn

COMMUNITY CONCEPTS, INCORPORATED AND ITS AFFILIATES

CONSOLIDATED FINANCIAL STATEMENTS

and

SUPPLEMENTARY INFORMATION AND GOVERNMENT REPORTS IN ACCORDANCE WITH THE UNIFORM GUIDANCE AND *MAINE UNIFORM ACCOUNTING AND AUDITING PRACTICES FOR COMMUNITY AGENCIES*

September 30, 2019 and 2018

With Independent Auditor's Report

COMMUNITY CONCEPTS, INCORPORATED AND ITS AFFILIATES

Year Ended September 30, 2019

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Community Concepts, Incorporated and its Affiliates

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Community Concepts, Incorporated (a nonprofit organization) and its Affiliates (the Organization), which comprise the consolidated statements of financial position as of September 30, 2019 and 2018, and the related consolidated statements of activities, 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 U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated 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 audits. We conducted our audits in accordance with U.S. generally accepted auditing standards 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 risk 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 Community Concepts, Incorporated and its Affiliates as of September 30, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Change in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, during the year ended September 30, 2019 the Organization adopted new accounting guidance, Financial Accounting Standards Board Accounting Standards Update No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* (Topic 958). Our opinion is not modified with respect to this matter.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information presented in Schedules 1 and 2 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and changes in net assets of the individual entities, and is not a required part of the consolidated 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 purposes of additional analysis and is not a required part of the consolidated financial statements. The accompanying schedule of expenditures of Department agreements is presented for purposes of additional analysis as required by the *Maine Uniform Accounting and Auditing Practices for Community Agencies*, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits 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 financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is 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 February 11, 2020 on our consideration of Community Concepts, Incorporated and its Affiliates' internal control over financial reporting and on our tests of their 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 Community Concepts, Incorporated and its Affiliates' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Community Concepts, Incorporated and its Affiliates' internal control over financial reporting and compliance.

Berry Dunn McNeil & Parker, LLC

Portland, Maine
February 11, 2020

COMMUNITY CONCEPTS, INCORPORATED
AND ITS AFFILIATES

Consolidated Statements of Financial Position

September 30, 2019 and 2018

ASSETS

	2019	2018
Current assets		
Cash and cash equivalents	**$ 3,254,133**	$ 2,017,141
Accounts and grants receivable	**3,222,138**	3,189,325
Loans receivable, current portion	**1,144,704**	1,034,515
Prepaid expenses	**53,385**	146,566
Inventories - real estate for resale	**1,803,885**	497,420
Total current assets	**9,478,245**	6,884,967
Property and equipment		
Land	**2,017,617**	1,462,491
Buildings and improvements	**14,306,165**	9,138,103
Equipment	**1,971,094**	1,864,711
Vehicles	**697,584**	698,584
	18,992,460	13,163,889
Less accumulated depreciation	**(10,056,697)**	(6,366,073)
Net property and equipment	**8,935,763**	6,797,816
Other assets		
Restricted cash and cash equivalents	**3,374,733**	3,222,776
Loans receivable, noncurrent portion, net of allowance	**8,563,306**	8,242,611
Other assets	**267,380**	558,389
Deferred loans receivable	**241,855**	246,855
Development fees receivable	**78,598**	85,159
Investment in limited partnerships	**454,644**	1,110,632
Total other assets	**12,980,516**	13,466,422
Total assets	**$ 31,394,524**	$ 27,149,205

The accompanying notes are an integral part of these consolidated financial statements.

LIABILITIES AND NET ASSETS

	2019	2018
Current liabilities		
Current portion of long-term debt	**$ 921,918**	$ 861,257
Accounts payable	**667,920**	325,784
Accrued expenses	**2,309,902**	1,713,056
Deferred revenue	**717,293**	729,233
Security deposits and other reserves	**93,059**	64,759
Total current liabilities	**4,710,092**	3,694,089
Noncurrent liabilities		
Long-term debt, net of current portion	**13,705,984**	10,356,563
Long-term special financing	**-**	41,000
Other long-term liabilities	**2,100,000**	2,100,000
Accrued long-term reserves and losses	**3,396**	3,396
Total noncurrent liabilities	**15,809,380**	12,500,959
Total liabilities	**20,519,472**	16,195,048
Net assets		
Without donor restrictions		
Undesignated	**2,835,425**	3,392,804
Net investment in property and equipment	**2,555,379**	2,097,104
Total net assets without donor restrictions	**5,390,804**	5,489,908
Net assets with donor restrictions	**5,484,248**	5,464,249
Total net assets	**10,875,052**	10,954,157
Total liabilities and net assets	**$ 31,394,524**	$ 27,149,205

COMMUNITY CONCEPTS, INCORPORATED
AND ITS AFFILIATES

Consolidated Statements of Activities

Years Ended September 30, 2019 and 2018

	2019	2018
Net assets without donor restrictions		
Support, revenue, and net assets released		
Grants and contracts	**$ 16,523,260**	$ 13,688,825
Fees	**4,353,937**	6,435,179
Rental income	**651,122**	451,340
Interest income	**600,514**	535,871
In-kind contributions	**723,176**	482,687
Other income	**308,562**	304,839
Net assets released from restrictions	**970,551**	899,155
Total support, revenue, and net assets released	**24,131,122**	22,797,896
Expenses		
Program services		
Housing and energy	**7,130,400**	6,526,760
Transportation	**2,847,417**	3,230,353
Children's services	**6,341,323**	5,989,718
Family services	**2,343,099**	1,608,445
Finance corporation	**1,434,465**	1,345,787
Property management	**1,357,694**	1,191,791
Community services	**713,236**	568,551
Other	**662,383**	664,304
Total program services	**22,830,017**	21,125,709
Management and general	**1,434,410**	1,667,526
Fundraising	**14,496**	22,077
Total expenses	**24,278,923**	22,815,312
Change in net assets from operating activities	**(147,801)**	(17,416)
Nonoperating activities		
Contributions of limited partnerships	**48,697**	-
Change in net assets without donor restrictions	**(99,104)**	(17,416)
Net assets with donor restrictions		
Contributions	**772,065**	891,491
Interest income	**218,485**	188,866
Return of funds to donor	**-**	(100,000)
Net assets released from restrictions	**(970,551)**	(899,155)
Change in net assets with donor restrictions	**19,999**	81,202
Total change in net assets	**(79,105)**	63,786
Net assets at beginning of year	**10,954,157**	10,890,371
Net assets at end of year	**$ 10,875,052**	$ 10,954,157

The accompanying notes are an integral part of these consolidated financial statements.

COMMUNITY CONCEPTS, INCORPORATED
AND ITS AFFILIATES

Consolidated Statement of Functional Expenses

Year Ended September 30, 2019

	Program Services											
	Housing and Energy	Transportation	Children's Services	Family Services	Finance Corporation	Property Management	Community Services	Other	Total Program Services	Management and General	Fundraising	Total
Salaries and wages	$ 774,363	$ 525,185	$ 2,955,511	$ 1,259,874	$ 516,264	$ 316,591	$ 383,176	$ 227,319	$ 6,958,283	$ 741,658	$ -	$ 7,699,941
Payroll taxes and benefits	251,862	164,896	1,036,086	403,097	146,945	113,817	133,062	81,456	2,331,221	182,617	-	2,513,838
Total personnel expenses	1,026,225	690,081	3,991,597	1,662,971	663,209	430,408	516,238	308,775	9,289,504	924,275	-	10,213,779
Direct client benefits	5,622,912	1,582,454	310,527	50,354	228,119	326,403	36,453	105,593	8,262,815	152	-	8,262,967
Contractual consultants	72,713	2,451	15,606	47,432	21,386	145,961	362	34,037	339,948	37,021	-	376,969
Travel	16,478	6,001	94,897	70,959	26,070	834	4,940	17,501	237,680	13,891	-	251,571
Occupancy	-	-	82,483	38,107	357	562,098	-	-	683,045	-	-	683,045
Supplies	10,453	2,353	210,803	24,452	6,717	3,820	26,140	6,071	290,809	5,293	-	296,102
Information technology and communication	69,165	288,896	260,600	122,082	41,279	30,118	37,012	14,033	863,185	33,965	-	897,150
Equipment expense	9,504	56,318	39,520	-	17,812	6,789	7,047	245	137,235	12,504	-	149,739
Vehicle operations	63,873	56,821	3,236	-	-	35,618	-	-	159,548	-	-	159,548
Other services	44,848	33,990	195,482	190,715	41,118	122,450	28,401	9,715	666,719	91,305	-	758,024
Insurance	16,249	-	927	5,150	-	59,657	-	1,002	82,985	59,048	-	142,033
Dues and subscriptions	1,675	2,141	4,441	8,476	8,268	45	-	6,409	31,455	12,104	-	43,559
Employee training and education	14,387	18,151	82,846	8,219	17,288	3,613	704	10,442	155,650	18,551	-	174,201
Interest expense	1,082	-	-	3,234	246,694	143,384	-	-	394,394	-	-	394,394
Donated services	-	-	655,544	67,632	-	-	-	-	723,176	-	-	723,176
Advertising	181	797	1,299	1,075	12,365	1,502	-	12,036	29,255	55	-	29,310
Allocated property management	106,379	64,796	377,771	106,938	59,995	(902,937)	55,250	33,847	(97,961)	97,961	-	-
Miscellaneous	9,021	7,681	13,744	(64,697)	31,272	54,187	689	66,434	118,331	128,285	14,496	261,112
Total expenses before unallocated depreciation	7,085,145	2,812,931	6,341,323	2,343,099	1,421,949	1,023,950	713,236	626,140	22,367,773	1,434,410	14,496	23,816,679
Unallocated depreciation	45,255	34,486	-	-	12,516	333,744	-	36,243	462,244	-	-	462,244
Total expenses	7,130,400	2,847,417	6,341,323	2,343,099	1,434,465	1,357,694	713,236	662,383	22,830,017	1,434,410	14,496	24,278,923
Indirect costs allocated to programs	166,671	139,250	611,303	243,429	106,418	36,936	75,130	55,179	1,434,316	(1,434,316)	-	-
Total expenses after indirect cost allocations	$ 7,297,071	$ 2,986,667	$ 6,952,626	$ 2,586,528	$ 1,540,883	$ 1,394,630	$ 788,366	$ 717,562	$ 24,264,333	$ 94	$ 14,496	$ 24,278,923

COMMUNITY CONCEPTS, INCORPORATED
AND ITS AFFILIATES

Consolidated Statement of Functional Expenses

Year Ended September 30, 2018

	Program Services											
	Housing and Energy	Transportation	Children's Services	Family Services	Finance Corporation	Property Management	Community Services	Other	Total Program Services	Management and General	Fundraising	Total
Salaries and wages	$ 731,971	$ 600,276	$ 3,095,522	$ 957,290	$ 521,276	$ 457,173	$ 245,865	$ 336,942	$ 6,946,315	$ 948,149	$ -	$ 7,894,464
Payroll taxes and benefits	227,621	194,512	1,070,387	306,210	169,737	153,249	80,546	62,091	2,264,353	240,471	-	2,504,824
Total personnel expenses	959,592	794,788	4,165,909	1,263,500	691,013	610,422	326,411	399,033	9,210,668	1,188,620	-	10,399,288
Direct client benefits	5,181,660	1,997,676	296,316	35,955	214,177	216,163	31,171	38,446	8,011,564	45	945	8,012,554
Contractual consultants	33,379	1,462	27,886	1,501	26,797	59,624	60,399	36,083	247,131	15,507	-	262,638
Travel	13,226	1,748	103,696	59,609	20,595	2,029	2,779	25,121	228,803	21,418	-	250,221
Occupancy	-	98	53,248	1,575	1,110	311,133	-	-	367,164	11	232	367,407
Supplies	14,177	3,455	161,110	15,110	9,367	7,636	7,770	286	218,911	8,271	-	227,182
Information technology and communication	105,708	132,330	280,384	82,503	46,955	52,517	102,230	14,520	817,147	96,256	180	913,583
Equipment expense	5,593	48,541	28,500	367	20,847	6,412	169	3,469	113,898	18,497	-	132,395
Vehicle operations	72,359	99,294	21,326	3,165	-	38,174	-	-	234,318	-	-	234,318
Other services	-	-	-	304	10,934	64,028	-	12,136	87,402	88,390	-	175,792
Insurance	10,851	-	980	-	-	47,358	-	-	59,189	67,796	-	126,985
Dues and subscriptions	2,750	2,771	5,735	2,644	4,256	987	400	5,090	24,633	12,985	-	37,618
Employee training and education	12,569	59,568	51,317	22,250	16,711	775	3,087	-	166,277	25,187	-	191,464
Interest expense	-	-	-	237	198,381	148,457	-	7,830	354,905	-	-	354,905
Donated services	-	-	435,630	47,057	-	-	-	-	482,687	-	-	482,687
Advertising	57	415	2,215	-	19,153	-	16	340	22,196	5,945	-	28,141
Allocated property management	70,292	53,457	341,501	64,659	43,026	(743,405)	33,209	20,337	(116,924)	116,924	-	-
Miscellaneous	7,055	265	13,965	8,009	9,948	77,953	910	28,972	147,077	-	20,720	167,797
Total expenses before unallocated depreciation	6,489,268	3,195,868	5,989,718	1,608,445	1,333,270	900,263	568,551	591,663	20,677,046	1,665,852	22,077	22,364,975
Unallocated depreciation	37,492	34,485	-	-	12,517	291,528	-	72,641	448,663	1,674	-	450,337
Total expenses	6,526,760	3,230,353	5,989,718	1,608,445	1,345,787	1,191,791	568,551	664,304	21,125,709	1,667,526	22,077	22,815,312
Indirect costs allocated to programs	179,133	166,162	709,521	206,141	126,557	71,351	72,383	85,571	1,616,819	(1,616,819)	-	-
Total expenses after indirect cost allocations	$ 6,705,893	$ 3,396,515	$ 6,699,239	$ 1,814,586	$ 1,472,344	$ 1,263,142	$ 640,934	$ 749,875	$ 22,742,528	$ 50,707	$ 22,077	$ 22,815,312

The accompanying notes are an integral part of these consolidated financial statements.

COMMUNITY CONCEPTS, INCORPORATED
AND ITS AFFILIATES

Consolidated Statements of Cash Flows

Years Ended September 30, 2019 and 2018

	2019	2018
Cash flows from operating activities		
Change in net assets	$ (79,105)	$ 63,786
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Allocated and unallocated depreciation	462,244	476,960
Loss on sale of assets	19,574	-
Debt forgiven by CCI in acquisition of limited partnerships	(272,609)	-
Investment loss from limited partnerships	458	382
Increase in allowance for loan losses	72,285	56,420
Noncash contributions of limited partnerships	(48,697)	-
(Increase) decrease in		
Accounts and grants receivable	(32,813)	(39,175)
Prepaid expenses	93,181	(116,784)
Inventories - real estate for resale	(150,825)	219,803
Development fees receivable	6,561	56,177
Other assets	265,505	5,673
Increase (decrease) in		
Accounts payable	255,144	(222,001)
Accrued expenses	596,846	292,996
Deferred revenue	(11,940)	(299,393)
Security deposits and other reserves	28,300	(23,737)
Net cash provided by operating activities	1,204,109	471,107
Cash flows from investing activities		
Cash acquired in acquisition of limited partnerships	403,888	-
Revolving loans issued	(2,655,162)	(1,387,886)
Revolving loans repaid	2,151,993	689,038
Deferred loans repaid	5,000	-
Proceeds from sale of property and equipment	82,927	-
Net redemption of investment securities	53,538	82,435
Purchases of property and equipment	(193,206)	(92,929)
Net cash used by investing activities	(151,022)	(709,342)
Cash flows from financing activities		
Proceeds from issuance of long-term debt	1,027,421	1,420,000
Repayment of long-term debt	(650,559)	(671,015)
Repayment of special financing	(41,000)	(41,000)
Net cash provided by financing activities	335,862	707,985
Net increase in cash and cash equivalents	1,388,949	469,750
Cash and cash equivalents, beginning of year	5,239,917	4,770,167
Cash and cash equivalents, end of year	$ 6,628,866	$ 5,239,917
Unrestricted cash and cash equivalents	$ 3,254,133	$ 2,017,141
Restricted cash and cash equivalents	3,374,733	3,222,776
Cash and cash equivalents, end of year	$ 6,628,866	$ 5,239,917
Supplemental cash flow disclosures:		
Cash paid for interest	$ 294,361	$ 316,184
Land held for sale acquired through debt	$ 1,155,640	$ -

The accompanying notes are an integral part of these consolidated financial statements.

1. Nature of Activities

Description of Purpose

Community Concepts, Incorporated (CCI) was incorporated in the State of Maine as a nonprofit organization for the purpose of providing a focal point for anti-poverty and other social service efforts primarily throughout Oxford, Franklin, and Androscoggin Counties. Together with Affiliates (described below), the reporting entity is referred to as the Organization.

Housing and Energy

This program provides eligible families with home repair and energy services including a furnace repair program, lead inspection services, several energy saving programs and a home insulation program. Additionally, the program has helped over 325 new homeowners build and own their homes through the Self-Help Housing program.

Transportation

This program operates through a State-authorized broker and provides approximately 146,650 trips, over three and a half million miles driven, and serves 4,100 clients annually. It functions primarily with a network of volunteer drivers. The program services eligible riders with travel needs associated with MaineCare eligible medical appointments, and also provides specialized services to schools and private organizations in need of transportation services.

Children's Services

This program serves pre-school children with Head Start and Early Head Start services at a variety of locations throughout Oxford and Franklin counties. It also provides center day care and support for home day care providers.

Family Services

This program provides case management and support services to families and youth facing substance abuse, child abuse and neglect, and mental health issues.

Finance Corporation

CCI's affiliate, Community Concepts Finance Corporation (CCFC), offers various loan products and services to eligible families and businesses. Financial services include home ownership training, and foreclosure and credit counseling. The program also manages various residential and business lending programs providing loans and technical assistance to new or expanding small businesses and mortgages for non-traditional residential borrowers. CCFC is a designated business lending intermediary for both the Small Business Administration Microloan Program and the U.S. Department of Agriculture (USDA) Intermediary Relending Program. It is also an approved lender under the Rural Microentrepreneur Assistance Program (RMAP).

Property Management

This program is responsible for maintaining all Organization sites and nearly 200 units of affordable rentals. Services are also contracted to property owners who need management services.

Community Services

This program includes the Low-Income Heating Assistance Program which provides heat to low income families. The emergency food program distributes food to area food pantries. Another program, Low-Income Home Energy Assistance, qualifies thousands of families for heating cost assistance through the Maine State Housing Authority and can directly address emergency heating needs on a limited basis.

Other

This functional area includes various services funded via municipal and county funding as well as certain services paid for via the Community Services Block Grant program. Also included here are community education activities provided through the Organization's corporate advancement office.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statements of activities.

<u>Consolidated Financial Statements</u>

In accordance with U.S. GAAP for not-for-profit organizations, CCI must consolidate with its own financial statements the financial results and positions of the following organizations, the Affiliates, which are, with CCI, subject to common control.

- CCFC is an organization whose purpose is to encourage, stimulate, and promote housing development and homeownership and business development primarily in, but not limited to, Western Maine.

- Community Concepts Development Corporation (CCDC) is an organization whose purpose is to serve as the general and managing partner for any new housing limited partnerships formed in 2003 and beyond.

- Community Concepts Housing Corporation (CCHC) was formed to serve as a general partner in a limited partnership undertaking a low-income housing project in Lewiston.

- Lewiston Auburn Community Housing (LACH) was incorporated in 2005 to obtain financing for, and otherwise assist in the development of, low-income housing opportunities in the Lewiston-Auburn area.

- Supportive Housing Associates, LP (SHA) provides safe, affordable rental properties in South Paris, Rumford, and Lewiston, Maine. On September 20, 2019, this entity was contributed to CCDC and included in CCDC balances as of September 30, 2019.

- Western Maine Housing, LP (WMHA) provides safe, affordable rental properties in South Paris, Fryeburg, and Brownfield, Maine. On September 20, 2019, this entity was contributed to CCDC and included in CCDC balances as of September 30, 2019.

With each of these affiliates, members of their Boards of Directors are also members of the Board of Directors of CCI and activities are directed under shared management. Accordingly, CCI is required to consolidate the financial results of CCFC, CCDC, CCHC, LACH, SHA, and WMHA with its own financial results. Transactions and balances among the various entities have been eliminated in the consolidated financial statements.

In addition to the affiliated entities previously mentioned, the Organization also holds the following interest in which it exercises control over another entity:

> During 2007, LACH formed a separate corporate entity, LACH Development, Inc., in which LACH is the sole shareholder. LACH Development, Inc. serves as a 0.005% general partner in Bates Street Senior Housing Associates, LP. LACH Development, Inc.'s general partner interest in Bates Street Senior Housing Associates, LP has been consolidated within the financial position, results of operations and cash flows reported for LACH within the consolidated financial statements.

Income Taxes

CCI, CCFC, CCDC, and LACH are each exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the Code). However, income from certain activities not directly related to these entities' tax-exempt purposes is subject to taxation as unrelated business income. In addition, the entities qualify for the charitable contribution deduction under Section 170(b)(1)(A) and have been classified as organizations other than a private foundation under Section 509(a)(1) of the Code. CCHC is not recognized as an exempt organization; thus, net income generated by this entity is generally taxable. No provision has been made for such income taxes as this entity has not generated any such taxable income. WMHA and SHA were partnerships until contributed to CCDC. No provision for taxes on income is made for the partnerships as all taxable income and losses are allocated to the partners for inclusion on their respective tax returns.

The Organization follows the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic (ASC) 740-10, *Income Taxes - Overall*, including those related to uncertain tax positions. This guidance clarifies the criteria that an individual tax position must satisfy for some or all of the benefits of that position to be recognized in an entity's financial statements. It also prescribes a recognition threshold of more-likely-than-not, and a measurement attribute for all tax positions taken or expected to be taken on a tax return, in order for those tax positions to be recognized in the financial statements. There was no effect on the Organization's consolidated financial statements related to following these provisions, and no interest or penalties related to uncertain tax positions were accrued. The Organization is currently open to audit under the statute of limitations by the Internal Revenue Service and state taxing authorities for years ended September 30, 2016 through 2019.

Use of Estimates

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

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, the Organization considers unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Accounts and Grants Receivable

Accounts and grants receivable are recorded at the contractual amounts of earned revenue due from various government grants and contracts. No allowance for uncollectible accounts has been established as all accounts and grants receivable are believed to be fully collectible.

Inventories

Inventories consist of real estate held for resale under the Self-Help Housing program. Real estate held for resale is valued at cost, plus various housing projects' work in process and the cost of improvements necessary to prepare the real estate for sale.

Property and Equipment

Property and equipment with an estimated useful life in excess of one year and an initial basis of $5,000 or more is carried at cost if purchased, or fair market value if donated, and is depreciated using the straight-line method over the estimated useful lives of the respective assets ranging from three to thirty years.

Loans Receivable

Loans that management has the intent and ability to hold for the foreseeable future, or until maturity or pay-off, are stated at the amount of unpaid principal, reduced by an allowance for loan losses. Direct loan origination costs have not been capitalized as the amount would be immaterial. Impairment is considered on an individual basis, rather than collectively, and a charge is recorded to operations when a loan is deemed impaired.

Loans past due 30 days or more are considered delinquent. Management is responsible to initiate timely collection efforts to promptly address delinquency and mitigate the risk of eventual adverse impact on the Organization.

Loan interest income is accrued daily on the outstanding balances. For all classes of loans, past due loans will not be considered for nonaccrual until at least 90 days past due. During this time, loan collection efforts will continue per the Organization guidelines and management will attempt to work with the borrower to resolve the situation. Once held as a nonaccruing asset, the interest will no longer be accrued for that particular loan. The loan will then be on a cash basis so that interest is booked only when payment is made. A loan may be taken off nonaccrual and returned to an accruing status once the past due obligation has been paid current and the borrower has made two consecutive payments on time. The Organization had total loans in non-accrual of $773,731 and $677,454 at September 30, 2019 and 2018, respectively.

Allowance for Loan Losses

The allowance for loan losses is established as losses are estimated to occur through a provision for loan losses charged to earnings. Loan losses are charged against the allowance when a foreclosure has occurred and the Organization's Board of Directors has resolved to recognize the loss. Subsequent recoveries, if any, are credited to the allowance. The allowance for loan losses is evaluated on a regular basis by management. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

Due to the nature of the programs under which the Organization makes loans, all loans are considered to have some degree of impairment, and, accordingly, are assigned an allowance based on management's evaluation of their collectibility. During 2019 and 2018, the average balance of impaired loans was $9,493,000 and $8,956,000, respectively.

Methodology

The allowance for loan losses is based on historical loss ratios adjusted for qualitative factors stratified by the following portfolio segments: first and second mortgages and commercial loans. Management uses a range of historical loss factors, ranging from 2% to 100% of the outstanding loan balance at the time of inception, based on risk rankings which are discussed in the Loans Receivable note. Once a loan has been moved to the "Loss" ranking, the loan loss reserve is based on the calculated risk of loss. Loans with specific reserves that vary significantly from the applicable historical loss factors are not material.

The qualitative factors are determined based on the various risk characteristics of each portfolio segment. Risk characteristics relevant to each portfolio segment are as follows:

Mortgage Loans - All loans in this segment are collateralized by first and second mortgages on owner-occupied residential real estate. The repayment ability of the borrower is dependent on the credit quality of the applicant. The overall health of the economy, including unemployment rates and housing prices, will also have an effect on the credit quality of this segment.

Commercial Loans - Loans in this segment are made to businesses and are generally collateralized by assets of the business. A cash flow assessment is completed to determine the repayment ability of the borrower. In addition, a weakened economy, leading to decreased consumer spending, will have an effect on the credit quality in this segment.

Grants and Contracts

Support received under grants and contracts is recorded as public support as services are provided or reimbursable costs incurred. Amounts received in advance of revenue recognition are reported as deferred revenue.

Donated Services and In-Kind Contributions

Donated services and in-kind contributions are used by the Organization to satisfy the cost sharing requirements of contracts, including, but not limited to, the U.S. Department of Health and Human Services Head Start and Early Head Start programs. For the years ended September 30, 2019 and 2018, certain services and the use of certain facilities were donated to the Organization. The estimated fair value of these items totaled $723,176 and $482,687 for the years ended September 30, 2019 and 2018, respectively, and has been reflected in the accompanying consolidated financial statements as in-kind contributions with a like amount included in expenses as donated services. Volunteers provide assistance to the Organization for its Head Start and Early Head Start programs. These services have not been reflected in the accompanying consolidated financial statements as they do not meet the criteria outlined in FASB ASC 958-605, *Revenue Recognition*.

For the years ended September 30, 2019 and 2018, the estimated value of these services totaled $739,215 and $755,494, respectively.

Contributions

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction.

Functional Expenses

The Organization allocates its expenses on a functional basis among its various programs. Expenses that can be identified with a specific program are charged directly to that program according to their natural expense classification. Costs which are not directly attributable to a specific program or programs are presented as management and general within the consolidated statements of functional expenses. The Organization also employs certain indirect cost pools, in which certain costs are accumulated and then allocated to other cost centers based on relative usage.

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Those expenses include occupancy, human resources, and the information technology department. Occupancy is allocated based on square footage, human resources is allocated based on full-time employees in each program, and the information technology department is allocated based on the number of full-time employees in each program.

In 2019, the Organization consolidated its allocation of information technology, postage, printing, and telephone into one category on the consolidated statement of functional expenses. The prior year statement has been updated to conform with the current year presentation. Such reclassifications had no impact on the results of operations as previously reported.

Adoption of New Accounting Standard

Certain amounts in the 2018 financial statements have been reclassified to conform with FASB Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, effective for fiscal years beginning after December 15, 2017. The ASU makes targeted changes to the not-for-profit financial reporting model. The ASU marks the completion of the first phase of a larger project aimed at improving not-for-profit financial reporting. Under the ASU, net asset reporting is streamlined and clarified. The three category classification of net assets is replaced with a simplified model that combines temporarily restricted and permanently restricted into a single category called "net assets with donor restrictions." New disclosures highlight restrictions on the use of resources that make otherwise liquid assets unavailable for meeting near-term financial requirements. The ASU also imposes several new requirements related to reporting expenses. The adoption of this ASU had no impact on previously reported total financial position or changes in net assets.

Subsequent Events

In accordance with FASB ASC 855-10, *Subsequent Events,* management has evaluated subsequent events for possible recognition or disclosure through February 11, 2020, which is the date these financial statements were available to be issued.

3. Loans Receivable and Restricted Cash and Cash Equivalents

Loans receivable consist of mortgage loans to individuals and commercial loans to Maine businesses made under various programs funded by government agencies and loan capital investors. Mortgage notes receivable are collateralized by real estate and are issued to eligible homeowners in Western Maine in an effort to promote and expand homeownership in the region. Commercial loans are collateralized by business assets and are issued to qualifying small businesses to assist such enterprises in an effort to grow the Western Maine economy. As of September 30, 2019 and 2018, management established an allowance for uncollectible accounts in the amount of $426,078 and $353,793, respectively. This allowance has been netted against notes receivable within the consolidated statements of financial position.

Additionally, under the requirements of the Small Business Administration (SBA) Microloan Program, the Organization is mandated to establish and maintain a loan loss reserve depository account to cover potential losses in the Microlending Programs. Loans which are deemed uncollectible are required to be written off against this reserve, which is required to be maintained at a level equal to 15% of outstanding loans to the SBA. The Organization is also required to maintain separate depository accounts through which all cash flows arising from the operation of this Microloan Program are processed and held. Another government funded lending program, the RMAP, also requires the Organization to maintain separate depository accounts. All of the required deposit account balances described above are included in restricted cash and cash equivalents in the consolidated statements of financial position as follows:

	2019	2018
Loan loss reserve - SBA Microloan Program	**$ 287,055**	$ 298,690
Operating account - SBA Microloan Program	**145,160**	246,527
Loan loss reserve - USDA RMAP	**25,119**	25,066
Operating account - USDA RMAP	**59,826**	37,626
Residential lending - U.S. Department of Housing and Urban Development (HUD)	**74,952**	111,997
Business lending - various	**2,127,035**	1,845,356
Restricted by donors	**655,586**	657,514
Total restricted cash and cash equivalents	**$ 3,374,733**	$ 3,222,776

Loans receivable were as follows as of September 30, 2019:

	Loans Receivable	Valuation Allowance	Net Loans Receivable
Mortgage notes receivable	**$ 2,784,811**	**$ 80,487**	**$ 2,704,324**
Commercial loans	**7,349,277**	**345,591**	**7,003,686**
Total	**$ 10,134,088**	**$ 426,078**	**$ 9,708,010**

Loans receivable were as follows as of September 30, 2018:

	Loans Receivable	Valuation Allowance	Net Loans Receivable
Mortgage notes receivable	$ 3,120,077	$ 57,269	$ 3,062,808
Commercial loans	6,510,842	296,524	6,214,318
Total	$ 9,630,919	$ 353,793	$ 9,277,126

Activity in valuation allowances on loans receivable were as follows for the year ended September 30, 2019:

	Mortgage Notes	Commercial Loans	Total
Allowances, beginning of year	**$ 57,269**	**$ 296,524**	**$ 353,793**
Additions charged to operations	**23,218**	**67,106**	**90,324**
Write-downs	**-**	**(18,039)**	**(18,039)**
Allowances, end of year	**$ 80,487**	**$ 345,591**	**$ 426,078**

Activity in valuation allowances on loans receivable were as follows for the year ended September 30, 2018:

	Mortgage Notes	Commercial Loans	Total
Allowances, beginning of year	$ 93,877	$ 203,496	$ 297,373
Additions charged to operations	(26,179)	118,726	92,547
Write-downs	(10,429)	(25,698)	(36,127)
Allowances, end of year	$ 57,269	$ 296,524	$ 353,793

The following table presents an aging analysis of loans (excluding forgivable loans) as of September 30, 2019:

	Mortgage Notes	Commercial Loans	Total
31-60 days past due	$ 65,469	$ 71,105	$ 136,574
61-90 days past due	-	58,843	58,843
91+ days past due	94,765	678,966	773,731
Total past due loans	160,234	808,914	969,148
Current	2,624,577	6,540,363	9,164,940
Total loans	$ 2,784,811	$ 7,349,277	$ 10,134,088

The following table presents an aging analysis of loans (excluding forgivable loans) as of September 30, 2018:

	Mortgage Notes	Commercial Loans	Total
31-60 days past due	$ 60,123	$ 6,919	$ 67,042
91+ days past due	170,474	158,130	328,604
Total past due loans	230,597	165,049	395,646
Current	2,889,480	6,345,793	9,235,273
Total loans	$ 3,120,077	$ 6,510,842	$ 9,630,919

There were $773,731 and $328,604 in loans 91+ days past due and still accruing interest at September 30, 2019 and 2018, respectively. Loans are considered for nonaccrual status if they become 91+ days past due. There were no nonaccrual loans as of September 30, 2019 and 2018.

The Organization classifies loans in each loan category by credit risk exposure. The following tables present the credit risk profile by creditworthiness category as of September 30, 2019 and 2018. The categories are as follows:

Low: These loans are made to borrowers with a good financial condition, good credit and ability to repay. Under current circumstances, management sees no risk of non-payment or loss in a highly unlikely liquidation.

Medium: These loans are made to borrowers with an acceptable financial condition and ability to repay. The borrower's credit rating is acceptable or marginal but improving. Management sees some risk of loss under current circumstances, but believes the loan and support services from the Organization will allow for repayment in full.

Satisfactory: Loans in this category have potential weaknesses that if not corrected may result in payment defaults or a weakening of the collateral position. These borrowers require prompt attention and additional monitoring, but do not demonstrate sufficient risk to warrant a more adverse rank.

Watch: These borrowers have a well-defined weakness and normal repayment of principal and interest may be jeopardized by adverse trends or development of a negative financial or managerial problem. These loans have an important collateral weakness which is not supported by other financial strengths. No loss is foreseen, but a protracted workout is a possibility and prompt corrective action is required.

Doubtful: Loans classified as doubtful have all the weaknesses inherent in those classified substandard with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, highly questionable and improbable.

Loss: Loans in this category have a specifically determined estimate of a loss. Losses are recognized as they become apparent.

On a quarterly basis, or more often if needed, the Organization formally reviews the ratings on all commercial and mortgage loans.

The following table presents an analysis of loans by risk rating (excluding forgivable loans) as of September 30, 2019:

	Mortgage Notes	**Commercial Loans**	**Total**
Low	**$ 250,634**	**$ 661,434**	**$ 912,068**
Medium	**2,091,873**	**5,695,527**	**7,787,400**
Satisfactory	**282,070**	**183,402**	**465,472**
Watch	**65,469**	**71,105**	**136,574**
Doubtful	**-**	**58,843**	**58,843**
Loss	**94,765**	**678,966**	**773,731**
Total loans	**$ 2,784,811**	**$ 7,349,277**	**$10,134,088**

The following table presents an analysis of loans by risk rating (excluding forgivable loans) as of September 30, 2018:

	Mortgage Notes	Commercial Loans	Total
Low	$ 276,864	$ 611,916	$ 888,780
Medium	2,494,428	5,507,243	8,001,671
Satisfactory	118,189	200,936	319,125
Doubtful	60,123	6,919	67,042
Loss	170,473	183,828	354,301
Total loans	$ 3,120,077	$ 6,510,842	$ 9,630,919

There were no loans committed, but not yet disbursed at September 30, 2019 and $216,000 at September 30, 2018.

4. Deferred Loans Receivable and Deferred Second Mortgages

Deferred loans receivable represent home mortgage loans provided for properties that have been renovated and sold by the Organization, as well as second mortgages to assist people in meeting their mortgage needs. Balances receivable by the Organization under these agreements amounted to $241,855 at September 30, 2019 and $246,855 at September 30, 2018. Relative to these loans, the Organization has established an allowance for loan loss of $22,000 at September 30, 2019 and 2018. Additionally, the Organization is party to certain second mortgages issued to eligible homeowners. Under these agreements, repayment by the homeowner occurs only upon the non-fulfillment of certain restrictions in the future. Furthermore, any such repayments received by the Organization are immediately repayable to the funder who initially provided these monies. Accordingly, as the Organization is the administrative agency, no assets or liabilities associated with these instruments are presented within the Organization's consolidated financial statements. The balances of such deferred second mortgages amounted to $966,938 and $1,126,806 at September 30, 2019 and 2018, respectively.

5. Investment in Limited Partnerships

The Organization has invested in limited partnerships, in the role of general partner. The purpose of these partnerships is to construct and operate residential housing units in Oxford, Androscoggin and Franklin Counties. Three of these limited partnerships, Norway Housing Associates, LP, Western Hills Housing Associates, LP, and Maple Street Housing Associates, LP, were contributed to CCDC on September 30, 2019 and therefore have no capital balance shown as of that date but are included in CCDC in the accompanying consolidated financial statements. The Organization has the following ownership interests in these partnerships, accounted for under the equity method:

Partnership Name	General Partner Entity	Ownership %	**Capital Balance 2019**	Capital Balance 2018
Court Street Senior Housing Associates, LP (Court Street Senior Housing)	CCI	1.00 %	**$ 310,712**	$ 311,137
Norway Housing Associates, LP (Norway Housing)	CCDC		**-**	114,401
Western Hills Housing Associates, LP (Western Hills Housing)	CCDC		**-**	203,701
Farmington Hills Housing Associates, LP (Farmington Hills Housing)	CCDC	0.01 %	**18,698**	18,702
Maple Street Housing Associates, LP (Maple Street Housing)	CCDC		**-**	337,443
Bates Street Senior Housing Associates, LP (Bates Street Senior Housing)	CCHC and LACH Development, Inc.	0.01 %	**125,234**	125,248
Totals			**$ 454,644**	$ 1,110,632

The Organization acts as the general partner for each of the partnerships with a capital balance. In that capacity, the Organization could be liable for any unpaid debts should one of the partnerships financially fail. Although financial reserves are maintained should such an event occur, any amounts above those reserves would become the responsibility of the Organization.

The following is a summary of the most recent financial position and results of operations of Court Street Senior Housing, Farmington Hills Housing, and Bates Street Senior Housing. The information below is for the limited partnerships' most recently audited fiscal year-end, December 31, 2018.

	Court Street Senior Housing	Farmington Hills Housing	Bates Street Senior Housing
Current assets	$ 137,181	$ 106,396	$ 26,352
Other assets	-	400	520,194
Property and equipment, net	170,487	1,048,646	3,728,047
Total assets	$ 307,668	$ 1,155,442	$ 4,274,593
Current liabilities	$ 27,574	$ 40,699	$ 9,922
Long-term debt	1,146,258	1,071,237	1,391,991
Total liabilities	1,173,832	1,111,936	1,401,913
Partners' (deficit) capital	(866,164)	43,506	2,872,680
Total liabilities and (deficit) capital	$ 307,668	$ 1,155,442	$ 4,274,593
Revenue	$ 213,146	$ 81,488	$ 225,723
Expenses	239,186	127,750	374,225
Partnership net loss	$ (26,040)	$ (46,262)	$ (148,502)
General partner's share of net loss	$ (260)	$ (5)	$ (15)
Distributions to general partner	$ 198	$ -	$ -

The information below is for the limited partnerships held at September 30, 2018, for the limited partnerships' fiscal year ended December 31, 2017.

	Court Street Senior Housing	Norway Housing	Western Hills Housing	Farmington Hills Housing	Maple Street Housing	Bates Street Senior Housing
Current assets	$ 111,957	$ 184,553	$ 94,445	$ 97,331	$ 127,584	$ 68,104
Other assets	-	-	132	600	378	514,687
Property and equipment, net	175,649	1,606,623	1,715,108	1,097,929	2,127,277	3,855,673
Total assets	$ 287,606	$ 1,791,176	$ 1,809,685	$ 1,195,860	$ 2,255,239	$ 4,438,464
Current liabilities	$ 18,798	$ 22,226	$ 57,117	$ 34,991	$ 27,872	$ 28,059
Long-term debt	1,089,179	442,982	595,761	1,071,101	1,036,512	1,389,223
Total liabilities	1,107,977	465,208	652,878	1,106,092	1,064,384	1,417,282
Partners' (deficit) capital	(820,371)	1,325,968	1,156,807	89,768	1,190,855	3,021,182
Total liabilities and (deficit) capital	$ 287,606	$ 1,791,176	$ 1,809,685	$ 1,195,860	$ 2,255,239	$ 4,438,464
Revenue	$ 199,526	$ 151,834	$ 129,247	$ 74,260	$ 171,857	$ 228,792
Expenses	215,761	170,147	170,788	142,371	251,993	370,415
Partnership net loss	$ (16,235)	$ (18,313)	$ (41,541)	$ (68,111)	$ (80,136)	$ (141,623)
General partners' share of net loss	$ (162)	$ (2)	$ (4)	$ (7)	$ (8)	$ (14)
Distributions to general partner	$ 177	$ -	$ -	$ -	$ -	$ -

Investment in Limited Partnerships consists of the Organization's portion of partner's (deficit) capital plus additional capital contributions made by the Organization.

Acquisition of Limited Partnerships

Norway Housing, Western Hills Housing, and Maple Street Housing are limited partnerships acquired by CCDC. These are HUD projects and must comply with special requirements and regulations as required by HUD. As of September 30, 2018, CCDC held 0.01% ownership share in these entities. On September 30, 2019, CCDC acquired all assets of these entities in exchange for assumption of their liabilities and consideration of $1. The difference between the fair value above the consideration was considered a contribution from or to the unrelated former partner in these entities. The fair values of assets acquired and liabilities assumed and recorded using the acquisition method of accounting as of September 30, 2019 were:

	Norway Housing	Western Hills Housing	Maple Street Housing
Cash - unrestricted	$ 24,889	$ 4,552	$ 33,311
Cash - restricted	126,570	86,678	127,888
Property and equipment	976,222	684,445	848,820
Other assets	10,327	7,986	9,721
Accounts payable and other liabilities	(24,068)	(40,792)	(22,132)
Long-term debt	(978,632)	(505,966)	(392,982)
Excess of fair value of net assets over consideration in acquisition of LP's	135,308	236,903	604,626
CCDC's forgone partnership interest in the LP's	(114,393)	(203,701)	(337,436)
Forgiveness of amounts loaned to the LP's by CCI	(50,000)	(122,610)	(100,000)
Contribution of limited partnerships	**$ (29,085)**	**$ (89,408)**	**$ 167,190**

SHA and WMHA are limited partnerships acquired by CCDC. These are HUD projects and must comply with special requirements and regulations as required by HUD. As of September 30, 2018, CCDC held 1% and 0.1% ownership share in these entities, respectively, and CCI held 99% and 99.9% ownership share in these entities, respectively. On September 30, 2019, CCDC acquired all assets of these entities in exchange for assumption of their liabilities and consideration of $1. This transfer is not considered an arms length transaction and therefore is not subject to the acquisition method of accounting. The net assets transferred were considered a contribution between entities and are eliminated in the consolidated financial statements.

6. Investments in Other Securities

Fair Value Measurements

The Organization has adopted FASB ASC 820, *Fair Value Measurement*, which establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs of valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The valuation methodologies used for investment assets measured at fair value were considered Level 1: valued at the closing price reported on the active market on which the individual securities are traded.

The following table sets forth by level, within the fair value hierarchy, the Organization's investment assets at fair value as of September 30, 2019:

	Level 1	**Level 2**	**Level 3**	**Total**
U.S. government agency securities	**$ 225,695**	**$ -**	**$ -**	**$ 225,695**
Totals	**$ 225,695**	**$ -**	**$ -**	**$ 225,695**

Investment assets at fair value as of September 30, 2018:

	Level 1	Level 2	Level 3	Total
U.S. government agency securities	$ 277,962	$ -	$ -	$ 277,962
Totals	$ 277,962	$ -	$ -	$ 277,962

The U.S. government agency securities are included with other assets in the consolidated statements of financial position.

7. Advances to Partnerships

From time-to-time, the Organization has advanced funds to the various partnerships in which it has ownership interests. Receivables related to these advances have arisen primarily as the result of developer fees associated with certain real estate development projects undertaken by the partnerships. Per the terms of the related agreements, such receivables are either repayable to the Organization in cash or convertible to residual equity interests, with such repayment or conversion slated to take place more than one year from the balance sheet date. Amounts due from such partnerships were $116,494 and $338,055 at September 30, 2019 and 2018, respectively, and are included in other assets and development fees receivable in the consolidated statements of financial position.

8. Borrowings

At September 30, 2019 and 2018, long-term debt consisted of the following:

	2019	2018
CCI		
Note payable to Maine State Housing Authority, interest at 3% is deferred until the earlier of June 1, 2024, or the sale or change in use of the subject property, at which time the principal is payable in full, along with all such interest. The note is collateralized by land and improvements subject to a lease for such land located on Court Street in Auburn, Maine.	**$ 185,500**	$ 185,500
Note payable to USDA Rural Development in the amount of $400,000, payable in monthly installments of $1,709 including interest at a fixed rate of 4.125% through July 2048; collateralized by property located in Farmington, Maine.	**344,131**	350,242
Note payable to USDA Rural Development in the amount of $2,555,000 payable in monthly installments of principal and interest at 4.5%, due in full May 2051; collateralized by real property located in Lewiston, Maine.	**2,322,981**	2,355,622
Note payable to a bank in the amount of $300,000 payable in monthly installments of principal and interest at 5.55%, due in full May 2041; collateralized by real property located in Lewiston, Maine.	**259,633**	265,536
Note payable to USDA Rural Development in the amount of $225,000 payable in monthly installments of $941 including interest at a fixed rate of 4.0% through September 2050; collateralized by property located in Wilton, Maine.	**200,221**	203,434
Subtotal CCI (excluding $41,000 related to current portion of special financing in 2019 and 2018)	**3,312,466**	3,360,334

	2019	2018
CCFC		
Note payable to a bank, interest rates ranging from 5.14% to 5.93%, payable in installments of interest and principal tied to repayment of certain notes receivable; collateralized by loan pool assets, expiring December 2020 and May 2020 unless renewed.	**198,728**	204,115
Note payable to USDA Rural Business-Cooperative Service, payable in monthly installments of principal and interest at 1%; collateralized by loan pool assets, due in full October 2024.	**245,646**	285,244
Note payable to USDA Rural Business-Cooperative Service, interest at 1%, payable in monthly principal and interest payments of $3,780 through December 2025; collateralized by loan pool assets.	**284,055**	323,272
Note payable to USDA Rural Business-Cooperative Service, interest at 1%, payable in monthly principal and interest payments of $1,826 through December 2034; collateralized by loan pool assets.	**312,254**	330,178
Note payable to a bank, floating interest based on lender's mortgage portfolio rate as adjusted from time-to-time, payable in installments of principal and interest tied to repayment of certain notes receivable; collateralized by loan pool assets, to be renewed annually.	**213,500**	227,490
Note payable to a bank, interest at 4.00%; collateralized by loan pool assets, periodic payments of principal and interest to be made from loan pool repayments. Expires September 30, 2020 unless renewed.	**336,165**	362,546
Revolving loan payable to a bank, borrowing limit of $500,000, interest at 4.25%, monthly payments of principal and interest tied to repayment of certain notes receivable; collateralized by loan pool assets, expiring September 30, 2020 unless renewed.	**134,335**	66,499
Note payable to a bank, interest at 2.00%, due in full June 25, 2022; collateralized by loan pool assets. Interest only payments are to be made annually on the anniversary date of the note.	**50,000**	50,000
Note payable to USDA RMAP, borrowing limit of $500,000. Interest at 2% per annum from the date funds are advanced; collateralized by deposits and notes receivable. Principal and interest payments of $2,808 beginning in March 2014, for 217 consecutive monthly payments, with any remaining balance due in March 2032.	**371,638**	397,782
Note payable to SBA in the amount of $500,000, payable in monthly installments of $4,800 including interest at a fixed rate of 2.375% through June 2020; collateralized by deposits and notes receivable. During 2014, this note was assigned and delegated by CCI to CCFC.	**43,652**	101,270

	2019	2018
Notes payable to a not-for-profit organization in the amount of $75,000 and $70,000, fixed interest rate of 2.50%, all principal of the notes shall be due and payable in full in December 2024; collateralized by notes receivable.	**145,000**	145,000
Note payable to a not-for-profit organization in the amount of $125,000, fixed interest rate of 2.50%, all principal of the note paid in full in December 2019; collateralized by notes receivable.	**125,000**	125,000
Note payable to SBA in the amount of $1,000,000, payable with interest at 1.625% maturing August 2024 in monthly installments of $9,800, including principal and interest; collateralized by deposits and notes receivable.	**567,892**	684,071
Line of credit to establish a lending pool with a bank in the amount of $500,000 bearing interest at the Federal Home Loan Bank of Boston five-year classic rate plus 2% (4.00% as of September 30, 2019). Repayment terms based on repayment of underlying notes receivable. The line expires on April 4, 2020 unless renewed; collateralized by deposits and notes receivable.	**368,722**	399,348
Line of credit to establish a lending pool with a bank in the amount of $4,000,000, bearing interest at the Federal Home Loan Bank of Boston community development rate plus 2.5% (4.50% as of September 30, 2019). Repayment terms based on repayment of underlying notes receivable. The line expires on May 2021 unless renewed; collateralized by notes receivable.	**834,001**	426,055
Note payable to the Federal Home Loan Bank of Boston, interest at 3.23%, payable in monthly principal and interest payments of $167 through December 1, 2036 at which date the remaining principal balance shall become due in full.	**36,190**	37,777
Note payable to the Federal Home Loan Bank of Boston, interest at 3.36%, payable in monthly principal and interest payments of $403 through February 2, 2037 at which date the remaining principal balance shall become due in full.	**86,072**	87,176
Revolving loan payable to USDA, interest at the fixed rate of 1%, due in annual installments of principal and interest totaling $63,675 through March 15, 2025; collateralized by deposits and notes receivable.	**358,476**	417,971
Note payable to SBA, interest at the fixed rate of 2% less a buy down of 1.25% through the twelfth month at which point interest is re-evaluated, due in monthly installments of principal and interest totaling $7,407 commencing August 2018 through August 2027 at which date the loan is due in full; collateralized by notes receivable.	**706,193**	792,469

	2019	2018
Revolving loan payable to a bank, interest at the fixed rate of 4%, due in full in December 2020; collateralized by assignment of certain loans and guaranteed by CCI.	**293,319**	408,000
Revolving loan payable to a bank, interest at the fixed rate of 4% for 12 months. Thereafter, the loan shall be fixed in successive 12-month intervals at the FHLBB 5-year advance rate plus 1.5% (3.5% as of September 30, 2019). Monthly payments of interest only, principal due in full in December 2020 unless renewed; collaterlized by certain notes receivable and guaranteed by CCI.	**83,783**	87,600
Revolving loan payable to a bank, interest at the rate of 4.06%, due in monthly installments of principal and interest totaling $1,218 through February 2023 at which date the remaining principal balance shall be due in full; guaranteed by CCI.	**104,080**	114,245
Note payable to the Maine Community Foundation, fixed interest rate of 2%; interest outstanding shall be due in May of each year. All principal under the unsecured note shall be due and payable in full in December 2020.	**250,000**	250,000
Note payable to the Sandy River Charitable Foundation in the amount of $250,000, interest at 2%, unsecured note, due in full in May 2023. Interest only payments are to be made annually on the anniversary date of the note.	**250,000**	250,000
Line of credit to establish a lending pool with a bank in the amount of $1,000,000, bearing interest at the Federal Home Loan Bank of Boston community development rate plus 2% (4% as of September 30, 2019). Repayment terms based on repayment of underlying notes receivable. The line expires on May 2020 unless renewed; collateralized by notes receivable.	**592,565**	-
Subtotal CCFC	**6,991,266**	6,573,108
CCDC		
Mortgage note payable to Maine State Housing Authority, non-interest bearing; collateralized by real estate and personal property, due in full June 25, 2027.	**342,000**	-
Mortgage note payable to Maine State Housing Authority, non-interest bearing; collateralized by real estate and personal property, due in full June 25, 2027.	**350,000**	-
Note payable to Maine State Housing Authority, non-interest bearing; collateralized by real estate and personal property, due in full December 9, 2044.	**57,337**	-

	2019	2018
Note payable to Maine State Housing Authority, non-interest bearing; collateralized by real estate and personal property. The note is due and payable on May 11, 2029.	**400,000**	-
Note payable to Maine State Housing Authority, non-interest bearing; collateralized by real estate and personal property. The note is due and payable on December 23, 2032.	**392,982**	-
Deferred payment promissory note payable to MaineHousing; non-interest bearing and payable on or before the earlier of (1) the default of the Mortgage and Security Agreement, or (2) December 31, 2033. Collateralized by underlying real estate.	**320,000**	-
Mortgage note payable to the City of Lewiston in the amount of $214,875. This note bears interest at 4.58%, compounded annually, and is payable on or before the earlier of (1) a default of the Mortgage and Security Agreement given as a security for the note, or (2) December 31, 2033. Includes accumulated deferred interest payable. Collateralized by underlying real estate.	**449,460**	-
Mortgage note payable to the Lewiston Housing Authority in the amount of $100,000. The mortgage note bears interest at 4.58%, compounded annually, and is payable on December 31, 2034. Includes accumulated deferred interest payable. Collateralized by underlying real estate.	**209,173**	-
Mortgage note payable to MaineHousing and is collaterlized by the real estate and personal property. The note is non-interest bearing and all payments are deferred until February 28, 2033 when all outstanding principal is due in full.	**107,521**	-
Mortgage note payable to Norway Savings Bank and is collaterlized by the real estate and personal property. The note is non-interest bearing and all payments are deferred until March 13, 2032 when all outstanding principal is due in full.	**400,000**	-
Subtotal CCDC	**3,028,473**	-
SHA		
Mortgage note payable to Maine State Housing Authority, non-interest bearing; collateralized by real estate and personal property, due in full June 25, 2027. Transferred to CCDC during 2019.	**-**	342,000
Mortgage note payable to Maine State Housing Authority, non-interest bearing; collateralized by real estate and personal property, due in full June 25, 2027. Transferred to CCDC during 2019.	**-**	350,000

	2019	2018
Note payable to Maine State Housing Authority, non-interest bearing; collateralized by real estate and personal property, due in full December 9, 2044. Transferred to CCDC during 2019.	**-**	57,337
Subtotal SHA	**-**	749,337
WMHA		
Note payable to Maine State Housing Authority, non-interest bearing; collateralized by real estate and personal property. The note is due and payable on May 11, 2029. Transferred to CCDC during 2019.	**-**	400,000
Note payable to CCI, non-interest bearing, due and payable on December 31, 2034. Transferred to CCDC during 2019.	**-**	56,000
Note payable to bank; collateralized by real estate and personal property, expiring March 31, 2029. The note bears interest at 5% per annum. Transferred to CCDC during 2019.	**-**	94,041
Subtotal WMHA	**-**	550,041
LACH		
Note payable due to Genesis Fund. Interest rate of 5.75%, due in full January 2024. Interest only payments are to be made annually on the anniversary date of the note.	**75,000**	-
Note payable due to Genesis Fund. Interest rate of 5.2%, due in full July 2024. Interest only payments are to be made annually on the anniversary date of the note.	**620,885**	-
Note payable due to Genesis Fund. Interest rate of 5.2%, due in full July 2023. Interest only payments are to be made annually on the anniversary date of the note.	**604,183**	-
Subtotal LACH	**1,300,068**	-
	14,632,273	11,232,820
Less related party debt, eliminated	**-**	(56,000)
Less deferred financing fees	**(45,371)**	-
Less current portion (excluding $41,000 related to special financing)	**1,718,449**	(820,257)
Long-term debt, net of current portion	**$ 16,305,351**	$ 10,356,563

Maturities on long-term debt are as follows:

2020	$ (1,718,449)
2021	1,107,655
2022	929,095
2023	1,210,708
2024	874,544
Thereafter	12,228,720
Total	$ 14,632,273

Additionally, the Organization has three working capital lines of credit with a bank with borrowing limits of $1,500,000, $300,000 and $750,000, respectively; each bearing interest at prime plus 0.5%, expiring May 31, 2020 unless renewed. There were no balances outstanding on these lines of credit at September 30, 2019 and 2018.

Total outstanding long-term debt noted above was used by the Organization to finance the following activities:

	2019	2018
Property and equipment (CCI)	**$ 3,312,466**	$ 3,360,334
Lending pools (CCFC)	**6,991,266**	6,573,108
Low-income housing (CCDC, LACH, WMHA and SHA)	**4,328,541**	1,299,378
Totals	**$ 14,632,273**	$ 11,232,820

9. Other Long-Term Liabilities and Special Financing

Other long-term liabilities consist of funds provided to the Organization under the terms of several "equity-equivalent" (so-called "EQ2") agreements from local banks. Such instruments possess characteristics both of equity as well as of debt, and have been provided to the Organization as a means of funding current and future lending activities. While such instruments are evidenced by agreements calling for the repayment of advanced funds to the issuer and bear interest at varying rates, the Organization's repayment obligations are deeply subordinated to substantially all other obligations it carries. Rates vary from a variable interest rate equal to Prime less 1.25% (3.5% at September 30, 2019) to a fixed interest rate equal to the FHLBB Classic Advance Rate plus 1% at the time of the advance. Moreover, these agreements provide for indefinite or rolling maturities, thus rendering them similar in some respects to equity financing. Accordingly, the Organization has recorded its current outstanding balances provided under these arrangements as a separate component of non-current liabilities within the consolidated statements of financial position. Such balances amounted to $2,100,000 at September 30, 2019 and 2018.

In connection with the Bates Street housing project, the Organization has agreed to reimburse the City of Lewiston an aggregate of $615,000 for certain land improvement costs incurred by the City in preparation for commencement of this project. The Organization's obligation is to make such reimbursements in 15 annual installments of $41,000 each. The amount outstanding per this non-interest bearing special financing was $41,000 and $82,000 as of September 30, 2019 and 2018, respectively.

10. Operating Leases

The Organization leases office space, office equipment, and a telephone system under the terms of various long-term non-cancelable operating leases expiring at various dates through 2024. Future minimum payments under these leases are as follows:

2020	$ 106,576
2021	84,530
2022	72,027
2023	48,643
2024	7,102
Total	$ 318,878

Rent expense paid under all operating leases totaled $107,419 and $73,109 for the years ended September 30, 2019 and 2018, respectively.

11. Retirement Plan

The Organization participates in a defined contribution retirement plan as authorized by Code Section 403(b). The Organization contributes an amount equal to 2% of the employee's compensation after the completion of two years of continuous service. A year of service for the purpose of eligibility to participate in the plan is the 12-month period beginning on the employee's date of employment and the 12-month period beginning on the anniversary date of the employee's employment, in which the employee is credited with at least 1,000 hours of service. The Organization also matches dollar-for-dollar the amount of voluntary contributions employees make to the plan, on a monthly basis, up to an additional 4% of the employee's compensation, after completion of two years of service. Employees are eligible to participate in the plan when they reach 21 years of age. Additionally, employees are vested 100% upon becoming a participant of the plan. Retirement plan expense for the years ended September 30, 2019 and 2018 totaled $322,550 and $262,238, respectively. The plan is fully funded on a current basis.

12. Commitments and Contingencies

Government Grants

The Organization participates in various governmental grant programs which may be subject to future program compliance audits by grantors or their representatives. Accordingly, the Organization's compliance with applicable program grant requirements may be established at some future date. The amount, if any, of liabilities arising from disallowance of expenditures or ineligibility of grant revenues cannot be determined at this time.

Forgivable Debt

According to the terms of a loan agreement with the Housing Assistance Council (HAC), the Organization has a contingent liability at September 30, 2019 and 2018 in the amount of $74,900 and $215,400, respectively, which is not included as a note payable within the consolidated statements of financial position. This amount represents the portion due to be forgiven by HAC upon final certification by HUD of grant compliance on the part of HAC.

Concentrations of Credit Risk Arising From Uninsured Cash Deposits

The Organization maintains its cash balances in bank deposit accounts that, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk from cash and cash equivalents.

Land Subject to Ground Lease

The Organization is a general partner in a limited partnership and leases land and land improvements to the partnership. The asset is reported at $185,500 and is included in land in the consolidated statements of financial position. The lease payments are receivable at the end of a 30-year period expiring in June 2024. Due to uncertainty as to eventual receipt of such lease payments, no lease receivable has been recorded.

13. Donor Restrictions and Limitations of Net Asset Balances

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

	2019	2018
Subject to expenditure for specific purpose:		
Revolving and expendable lending pools and programs	**$ 3,560,880**	$ 3,486,469
Non-lending program purposes and activities	**794,163**	848,575
Total net assets subject to expenditure for specific purpose	**4,355,043**	4,335,044
Not subject to expenditure:		
Perpetually restricted capital project funds	**576,000**	576,000
Perpetual revolving small business and other lending pools	**553,205**	553,205
Total net assets not subject to expenditure	**1,129,205**	1,129,205
Total net assets with donor restrictions	**$ 5,484,248**	$ 5,464,249

14. Liquidity and Availability of Financial Assets

Financial assets and liquid resources available within one year for general expenditure, such as operating expenses, scheduled principal payments on debt, and capital construction costs not financed with debt, were as follows as of September 30, 2019:

Cash and cash equivalents	$ 3,254,133
Accounts and grants receivable, net	3,222,138
Total financial assets available at year end for current use	$ 6,476,271

The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

The Organization has a liquidity policy that maintains current financial assets less current liabilities at a minimum of 30 days operating expenses. The Organization has a policy to target a year-end balance of reserves of unrestricted, undesignated net assets to meet 15 to 30 days of expected expenditures. To achieve these targets, the entity forecasts its future cash flows and monitors its liquidity quarterly, and monitors its reserves annually. During the years ended September 30, 2019 and 2018, the level of liquidity and reserves was managed within the policy requirements.

COMMUNITY CONCEPTS, INCORPORATED AND ITS AFFILIATES **Schedule 1**

Consolidating Statement of Financial Position

September 30, 2019

ASSETS	Community Concepts, Inc.	Community Concepts Financial Corp.	Community Concepts Development Corp.	Community Concepts Housing Corp.	Lewiston Auburn Community Housing	Subtotal	Eliminations	Total
Current assets								
Cash and cash equivalents	$ 1,292,142	$ 1,219,197	$ 604,404	$ -	$ 138,390	$ 3,254,133	$ -	$ 3,254,133
Accounts and grants receivable	3,038,283	223,132	32,697	-	737	3,294,849	(72,711)	3,222,138
Notes receivable, current portion	-	1,144,704	-	-	-	1,144,704	-	1,144,704
Due from affiliate	1,141,796	-	-	89,678	-	1,231,474	(1,231,474)	-
Prepaid expenses	13,541	1,875	26,352	-	11,617	53,385	-	53,385
Inventories - real estate for resale	648,245	-	-	-	1,155,640	1,803,885	-	1,803,885
Total current assets	6,134,007	2,588,908	663,453	89,678	1,306,384	10,782,430	(1,304,185)	9,478,245
Property and equipment								
Land	1,295,938	-	721,679	-	-	2,017,617	-	2,017,617
Buildings and improvements	5,450,252	-	8,855,913	-	-	14,306,165	-	14,306,165
Equipment	1,385,251	53,798	532,045	-	-	1,971,094	-	1,971,094
Vehicles	697,584	-	-	-	-	697,584	-	697,584
	8,829,025	53,798	10,109,637	-	-	18,992,460	-	18,992,460
Less accumulated depreciation	(4,109,455)	(51,758)	(5,895,484)	-	-	(10,056,697)	-	(10,056,697)
Net property and equipment	4,719,570	2,040	4,214,153	-	-	8,935,763	-	8,935,763
Other assets								
Restricted cash and cash equivalents	731,538	2,643,195	-	-	-	3,374,733	-	3,374,733
Notes receivable, noncurrent portion, net of allowance	-	8,563,306	-	-	-	8,563,306	-	8,563,306
Other assets	41,685	225,695	-	-	-	267,380	-	267,380
Deferred loans receivable	-	241,855	-	-	-	241,855	-	241,855
Development fees receivable	78,598	-	-	-	-	78,598	-	78,598
Investment in limited partnerships	310,679	-	18,698	125,267	-	454,644	-	454,644
Total other assets	1,162,500	11,674,051	18,698	125,267	-	12,980,516	-	12,980,516
Total assets	$ 12,016,077	$ 14,264,999	$ 4,896,304	$ 214,945	$ 1,306,384	$ 32,698,709	$ (1,304,185)	$ 31,394,524
LIABILITIES AND NET ASSETS (DEFICIT)								
Current liabilities								
Current portion of long-term debt	$ 87,845	$ 766,057	$ -	$ -	$ 68,016	$ 921,918	$ -	$ 921,918
Accounts payable	563,962	67,504	105,333	-	3,832	740,631	(72,711)	667,920
Accrued expenses	2,169,909	73,239	64,446	-	2,308	2,309,902	-	2,309,902
Due to affiliate	-	473,096	711,116	-	47,262	1,231,474	(1,231,474)	-
Deferred revenue	710,951	6,342	-	-	-	717,293	-	717,293
Security deposits and other reserves	1,335	35,224	54,595	-	1,905	93,059	-	93,059
Total current liabilities	3,534,002	1,421,462	935,490	-	123,323	6,014,277	(1,304,185)	4,710,092
Noncurrent liabilities								
Long-term debt, net of current portion	3,265,621	6,225,209	3,026,918	-	1,188,236	13,705,984	-	13,705,984
Other long-term liabilities	-	2,100,000	-	-	-	2,100,000	-	2,100,000
Accrued long-term reserves and losses	3,396	-	-	-	-	3,396	-	3,396
Total noncurrent liabilities	3,269,017	8,325,209	3,026,918	-	1,188,236	15,809,380	-	15,809,380
Total liabilities	6,803,019	9,746,671	3,962,408	-	1,311,559	21,823,657	(1,304,185)	20,519,472
Net assets (deficit)								
Without donor restriction								
Undesignated	2,661,846	217,148	(253,339)	214,945	(5,175)	2,835,425	-	2,835,425
Net investment in property and equipment	1,366,104	2,040	1,187,235	-	-	2,555,379	-	2,555,379
Total unrestricted	4,027,950	219,188	933,896	214,945	(5,175)	5,390,804	-	5,390,804
With donor restrictions	1,185,108	4,299,140	-	-	-	5,484,248	-	5,484,248
Total net assets (deficit)	5,213,058	4,518,328	933,896	214,945	(5,175)	10,875,052	-	10,875,052
Total liabilities and net assets (deficit)	$ 12,016,077	$ 14,264,999	$ 4,896,304	$ 214,945	$ 1,306,384	$ 32,698,709	$ (1,304,185)	$ 31,394,524

COMMUNITY CONCEPTS, INCORPORATED AND ITS AFFILIATES

Consolidating Statement of Activities

Year Ended September 30, 2019

	Community Concepts, Inc.	Community Concepts Financial Corp.	Community Concepts Development Corp.	Community Concepts Housing Corp.	Lewiston Auburn Community Housing	Supportive Housing Associates, LP	Western Maine Housing Associates, LP	Subtotal	Eliminations	Total
Net assets without donor restrictions										
Support, revenue, and net assets released										
Grants and contracts	$ 16,064,498	$ 458,762	$ -	$ -	$ -	$ -	$ -	$ 16,523,260	$ -	$ 16,523,260
Fees	4,189,054	164,883	-	-	-	-	-	4,353,937	-	4,353,937
Rental income	135,839	5,720	-	-	40,350	222,322	246,891	651,122	-	651,122
Interest income	457	598,368	-	-	-	111	1,578	600,514	-	600,514
In-kind contributions	723,176	-	-	-	-	-	-	723,176	-	723,176
Other income	59,794	119,069	(224)	(3)	-	39,015	9,807	227,458	81,104	308,562
Net assets released from restrictions	850,074	120,477	-	-	-	-	-	970,551	-	970,551
Total support, revenue, and net assets released	22,022,892	1,467,279	(224)	(3)	40,350	261,448	258,276	24,050,018	81,104	24,131,122
Expenses										
Program services										
Housing and energy	7,130,400	-	-	-	-	-	-	7,130,400	-	7,130,400
Transportation	2,847,417	-	-	-	-	-	-	2,847,417	-	2,847,417
Children's services	6,341,323	-	-	-	-	-	-	6,341,323	-	6,341,323
Family services	2,300,123	-	-	-	42,976	-	-	2,343,099	-	2,343,099
Finance corporation	13,968	1,420,390	-	107	-	-	-	1,434,465	-	1,434,465
Property management	756,864	-	-	-	-	299,839	300,991	1,357,694	-	1,357,694
Community services	713,236	-	-	-	-	-	-	713,236	-	713,236
Other	630,796	-	31,587	-	-	-	-	662,383	-	662,383
Total program services	20,734,127	1,420,390	31,587	107	42,976	299,839	300,991	22,830,017	-	22,830,017
Management and general	1,327,183	104,868	491	-	1,868	-	-	1,434,410	-	1,434,410
Fundraising	14,496	-	-	-	-	-	-	14,496	-	14,496
Total expenses	22,075,806	1,525,258	32,078	107	44,844	299,839	300,991	24,278,923	-	24,278,923
Change in net assets from operating activities	(52,914)	(57,979)	(32,302)	(110)	(4,494)	(38,391)	(42,715)	(228,905)	81,104	(147,801)
Nonoperating activities										
Contributions of limited partnerships	(604,506)	-	653,203	-	-	98,303	(528,150)	(381,150)	429,847	48,697
Change in net assets without donor restrictions	(657,420)	(57,979)	620,901	(110)	(4,494)	59,912	(570,865)	(610,055)	510,951	(99,104)
Net assets with donor restrictions										
Contributions	642,065	130,000	-	-	-	-	-	772,065	-	772,065
Interest income	-	218,485	-	-	-	-	-	218,485	-	218,485
Net assets released from restrictions	(850,074)	(120,477)	-	-	-	-	-	(970,551)	-	(970,551)
Change in net assets with donor restrictions	(208,009)	228,008	-	-	-	-	-	19,999	-	19,999
Total change in net assets	(865,429)	170,029	620,901	(110)	(4,494)	59,912	(570,865)	(590,056)	510,951	(79,105)
Net assets (deficit) at beginning of year	6,078,487	4,348,299	312,995	215,055	(681)	(59,912)	570,865	11,465,108	(510,951)	10,954,157
Net assets (deficit) at end of year	$ 5,213,058	$ 4,518,328	$ 933,896	$ 214,945	$ (5,175)	$ -	$ -	$ 10,875,052	$ -	$ 10,875,052

SUPPLEMENTARY INFORMATION

COMMUNITY CONCEPTS, INCORPORATED AND ITS AFFILIATES

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2019

Federal grantor/pass-through grantor/program title	Federal CFDA Number	Pass-through Number	Federal Expenditures
U.S. Department of Agriculture			
Direct Programs:			
Rural Self-Help Housing Technical Assistance	10.420	N/A	$ 376,760
Intermediary Relending Program (a)	10.767	N/A	1,356,665
Rural Microentrepreneur Assistance Program	10.870	N/A	26,777
Rural Microentrepreneur Assistance Program (a)	10.870	N/A	397,782
Total CFDA Number 10.870:			424,559
Passed through: State of Maine Department of Education			
Child and Adult Care Food Program	10.558	FP-19-429	349,476
Total U.S. Department of Agriculture:			2,507,460
U.S. Department of Energy			
Passed through: Maine State Housing Authority			
Weatherization Assistance for Low-Income Persons	81.042	N/A	530,745
Total U.S. Department of Energy:			530,745
U.S. Department of Health And Human Services			
TANF Cluster			
Passed through: State of Maine Department of Health and Human Services			
Temporary Assistance for Needy Families	93.558	CFS-19-1405	40,408
Temporary Assistance for Needy Families	93.558	CFS-19-1601C	103,353
Temporary Assistance for Needy Families	93.558	CFS-19-4011A	180,529
Temporary Assistance for Needy Families	93.558	CFS-19-8601C	501,016
Temporary Assistance for Needy Families	93.558	CFS-20-1405	13,068
Total TANF Cluster:			838,374
Direct Programs:			
Head Start	93.600	N/A	846,245
Head Start	93.600	N/A	4,483,316
Total CFDA Number 93.600:			5,329,561
Passed through: Maine State Housing Authority			
Low-Income Home Energy Assistance	93.568	N/A	2,064,520

(a) Outstanding loan, balances include beginning of year outstanding balances and current year disbursements

See accompanying notes to schedule of expenditures of federal awards

COMMUNITY CONCEPTS, INCORPORATED AND ITS AFFILIATES

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2019

Federal grantor/pass-through grantor/program title	Federal CFDA Number	Pass-through Number	Federal Expenditures
Passed through: State of Maine Department of Health and Human Services			
Community Services Block Grant	93.569	CFS-19-7003A	396,155
Stephanie Tubbs Jones Child Welfare Services Program	93.645	CFS-19-8601C	14,658
Social Services Block Grant	93.667	CFS-19-4011A	128,153
Maternal, Infant and Early Childhood Home Visiting Grant Program	93.870	CFS-19-1601C	679,029
Total U.S. Department of Health And Human Services:			9,450,450
U.S. Department of Housing And Urban Development			
CDBG - Entitlement Grants Cluster			
Passed through: City of Auburn, Maine			
Community Development Block Grants/Entitlement Grants	14.218	N/A	29,568
Passed through: City of Lewiston, Maine			
Community Development Block Grants/Entitlement Grants	14.218	MELHD0306-17	244,175
Community Development Block Grants/Entitlement Grants	14.218	N/A	17,551
Passed through: City of Rockland, Maine			
Community Development Block Grants/Entitlement Grants	14.218	N/A	353,832
Total CDBG - Entitlement Grants Cluster:			645,126
Passed through: Citizen's Housing and Planning Association			
Housing Counseling Assistance Program	14.169	81580	48,000
Passed through: City of Lewiston, Maine			
Choice Neighborhoods Planning Grants	14.892	FR-6100-N-38	37,012
Passed through: Maine State Housing Authority			
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	N/A	688,477
Total U.S. Department of Housing And Urban Development:			1,418,615

(a) Outstanding loan, balances include beginning of year outstanding balances and current year disbursements

See accompanying notes to schedule of expenditures of federal awards

COMMUNITY CONCEPTS, INCORPORATED AND ITS AFFILIATES

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2019

Federal grantor/pass-through grantor/program title	Federal CFDA Number	Pass-through Number	Federal Expenditures
U.S. Department of Treasury			
Passed through: NeighborWorks America			
Neighborworks	21.000	Loan Pool	125,000
Neighborworks	21.000	N/A	153,936
Neighborworks	21.000	NW 2019-52032	6,960
Neighborworks	21.000	NW 2019-55234	1,590
Neighborworks	21.000	NW G-NFC-2019-51932	9,500
Total CFDA Number 21.000:			296,986
Total U.S. Department of Treasury:			296,986
U.S. Small Business Administration			
Direct Programs:			
Microloan Program (a)	59.046	N/A	1,577,808
Microloan Program	59.046	N/A	163,415
Microloan Program	59.046	N/A	23,062
Total CFDA Number 59.046:			1,764,285
Total U.S. Small Business Administration:			1,764,285
Total Expenditures of Federal Awards:			$ 15,968,541

(a) Outstanding loan, balances include beginning of year outstanding balances and current year disbursements

See accompanying notes to schedule of expenditures of federal awards

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of Community Concepts, Incorporated and its Affiliates (the Organization) under programs of the federal government for the year ended September 30, 2019. The information in the schedule is presented in accordance with 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 assets or cash flows of the Organization.

2. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in Office of Management and Budget Circular A-122, *Cost Principles for Non-Profit Organizations*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

3. Indirect Cost Rate

The Organization has elected not to use the 10% de minimis indirect cost rate.

4. Lending Programs

The balance of loans with continuing compliance requirements is $2,889,806 at September 30, 2019.

5. Prior Year Cost Classifications

The prior year schedule included $194,110 in the TANF cluster which should have been excluded from federal funds as it originated from the Maine Department of Health and Human Services. A change would not have resulted in a different risk-based analysis of the programs, a change in the programs tested, or additional testing.

Community Concepts, Incorporated and its Affiliates
Schedule of Expenditures of Department Agreements
Fiscal Year Ended September 30, 2019

	Department Office	Agreement Number	Agreement Amount	Agreement Period	Agreement Service	Agreement Status	Federal Expense	State Expense	Total Department Expense
	DHHS Direct:								
*	CDM	CDM-19-5351	$ 140,000	7/1/2018-6/30/2019	Lead Inspection	Final	$ -	$ 90,700	$ 90,700
*	CDM	CDM-20-5351	222,932	7/1/2019-6/30/2020	Lead Inspection	Interim	-	29,600	29,600
	CFS	CFS-18-8204C	587,951	10/1/2017-6/30/2019	Community Partnership for Protecting Children	Final	-	193,180	193,180
*	CFS	CFS-19-1405	439,279	7/1/2018-6/30/2019	Head Start	Final	40,408	300,002	340,410
*	CFS	CFS-19-1601C	916,114	10/1/2018-9/30/2019	Maine Families	Final	782,382	115,067	897,449
*	CFS	CFS-19-4011A	1,694,782	7/1/2018-6/30/2020	Transportation	Interim	308,682	479,799	788,481
	CFS	CFS-19-7003A	396,155	10/1/2018-9/30/2019	Community Service Block Grant	Final	396,155	-	396,155
*	CFS	CFS-19-8601C	1,625,554	7/1/2018-6/30/2020	Family Support	Interim	515,674	202,487	718,161
*	CFS	CFS-20-1405	878,558	7/1/2019-6/30/2021	Head Start	Interim	13,068	87,113	100,181
	CFS	CFS-20-8204	335,972	7/1/2019-6/30/2020	Community Partnership for Protecting Children	Interim	-	76,474	76,474
							2,056,369	1,574,422	3,630,791
	DHHS Indirect:								
*	Maine Children's Trust	CFS-19-1600	64,775	1/2/2019-6/30/2019	Androscoggin Child Abuse & Neglect	Final	-	56,101	56,101
*	Maine Children's Trust	CFS-19-1600	174,000	7/1/2019-6/30/2020	Androscoggin Child Abuse & Neglect	Interim	-	28,500	28,500
*	Maine Children's Trust	CFS-19-1600	5,966	3/15/2019-9/30/2019	Androscoggin Child Abuse & Neglect	Final	-	5,966	5,966
	Maine Children's Trust	MCT-19-1600	32,000	7/1/2018-6/30/2019	Oxford Child Abuse & Neglect	Final	-	27,639	27,639
							-	118,206	118,206
							$ 2,056,369	$ 1,692,628	$ 3,748,997

* Department agreement tested as major

The accompanying notes are an integral part of this schedule.

1. Basis of Presentation

The accompanying schedule of expenditures of Department agreements (the schedule) includes the Department agreement activity of Community Concepts, Incorporated and its Affiliates (the Organization) under programs of the Department for the year ended September 30, 2019. The information in the schedule is presented in accordance with requirements of *Maine Uniform Accounting and Auditing Practices for Community Agencies* (MAAP). 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 assets or cash flows of the Organization.

Basis of Settlement

Grants which are cost settled include an estimated settlement of state funds based upon the available grant revenue and other revenue based upon allowable costs.

2. Summary of Significant Accounting Policies for State Agreement Expenditures

Expenditures reported on the schedule consist of direct and indirect costs which are recognized as incurred using the accrual method of accounting. Such expenditures are recognized following, as applicable, the cost principles contained in Office of Management and Budget Circular A-122, *Cost Principles for Non-Profit Organizations*, or the cost principles contained in Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and MAAP. Under those cost principles, certain types of expenditures are not allowable or are limited as to reimbursement.

3. Other Disclosures

Is your Agency required to have a federal Uniform Guidance audit? ___X____yes _________no

Percentage of major agreements tested in relation to total Department expenses: 82%

4. Prior Year Cost Classifications

The prior year schedule included $194,110 of federal dollars in the TANF cluster which should have been categorized as state funds as it originated from the Maine Department of Health and Human Services. A change would not have resulted in a different risk-based analysis of the programs, a change in the programs tested, or additional testing.

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*

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

We have audited, in accordance with U.S. generally accepted auditing standards 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 Community Concepts, Incorporated (a nonprofit organization) and its Affiliates (the Organization), which comprise the consolidated statement of financial position as of September 30, 2019, and the related consolidated statements of activities, 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 February 11, 2020.

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 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 the 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.

Berry Dunn McNeil & Parker, LLC

Portland, Maine
February 11, 2020

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

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

Report on Compliance for Each Major Federal Program

We have audited the compliance of Community Concepts, Incorporated and its Affiliates (the Organization) with the types of compliance requirements described in the Office of Management and Budget *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended September 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 related to federal awards.

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 U.S. generally accepted auditing standards; 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, the Organization 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 September 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 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 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.

Berry Dunn McNeil & Parker, LLC

Portland, Maine
February 11, 2020

COMMUNITY CONCEPTS, INCORPORATED AND ITS AFFILIATES

Schedule of Findings and Questioned Costs Related to Federal Awards

Year Ended September 30, 2019

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:			Unmodified	
Material weakness(es) identified?	☐	Yes	☑	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	☐	Yes	☑	None reported
Noncompliance material to financial statements noted?	☐	Yes	☑	No

Federal Awards

Internal control over major programs:

Material weakness(es) identified:	☐	Yes	☑	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	☐	Yes	☑	None reported
Type of auditor's report issued on compliance for major programs:			Unmodified	
Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?	☐	Yes	☑	No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
93.558	TANF Cluster
93.600	Head Start
93.568	Low-Income Home Energy Assistance
93.870	Maternal, Infant and Early Childhood Home Visiting Grant Program
14.900	Lead-Based Paint Hazard Control in Privately-Owned Housing

Dollar threshold used to distinguish between Type A and Type B programs:			$750,000	
Auditee qualified as low-risk auditee?	☐	Yes	☑	No

Section II. Financial Statement Findings

None

Section III. Federal Award Findings and Questioned Costs

None

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH *MAINE UNIFORM ACCOUNTING AND AUDITING PRACTICES FOR COMMUNITY AGENCIES*

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

Report on Compliance for Each Major Department Program

We have audited Community Concepts, Incorporated and its Affiliates' (the Organization) compliance with the types of compliance requirements described in the *Maine Uniform Accounting and Auditing Practices for Community Agencies* (MAAP), and with the requirements identified in the Contract Compliance Riders of the Organization's agreements with the Maine Department of Health and Human Services (the Department) that could have a direct and material effect on each of the Organization's major Department agreements for the year ended September 30, 2019. The Organization's major Department agreements are identified in the accompanying schedule of findings and questioned costs related to Department agreements.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its Department agreements.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major Department agreements based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and MAAP. Those standards 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 Department agreement 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 Department agreement. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Department Agreement

In our opinion, the Organization 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 Department agreements for the year ended September 30, 2019.

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

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 Department agreement to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major Department agreement and to test and report on internal control over compliance in accordance with MAAP, 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 Department agreement 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 Department agreement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Department agreement 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 MAAP. Accordingly, this report is not suitable for any other purpose.

Berry Dunn McNeil & Parker, LLC

Portland, Maine
February 11, 2020

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:			Unmodified	
Internal control over financial reporting:				
Material weakness(es) identified?	☐	Yes	☑	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	☐	Yes	☑	None reported
Noncompliance material to financial statements noted?	☐	Yes	☑	No

State Agreements

Internal control over programs tested:				
Material weakness(es) identified:	☐	Yes	☑	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	☐	Yes	☑	None reported
Type of auditor's report issued on compliance for programs tested:			Unmodified	
Any audit findings disclosed that are required to be reported in accordance with MAAP regulations?	☐	Yes	☑	No

Identification of programs tested:

CFS-19-5351/CFS-20-5351	Lead Inspection
CFS-19-1405/CFS-20-1405	Early Head Start
CFS-19-1600	Androscoggin Child Abuse & Neglect
CFS-19-1601C	Maine Families
CFS-19-4011A	Transportation
CFS-19-8601C	Family Support

Section II. Financial Statement Findings

None.

Section III. Department Findings

None

COMMUNITY CONCEPTS, INCORPORATED AND ITS AFFILIATES

Summary Schedule of Prior Year Findings Related to Department Agreements

Year Ended September 30, 2019

Finding 2018-001

Programs Affected

U.S. Department of Health and Human Services (DHHS) - CFDA No. 93.667 - Social Services Block Grant (SSBG); Maine Department of Health and Human Services CFS-18-4001C/CFS-19-4001 Transportation, grant period 7/1/2017-6/30/2019

Condition and Context

The contract specifies "the Provider is mandated to verify each individual's income via third-party documentation at least once per year and have the income verification available upon request by the Department."

Three out of forty clients tested using a nonstatistical sample did not have documentation of income verification. The eligibility of these clients to receive benefits could not be adequately tested due to missing documentation.

Prior Year Recommendation

We recommend that the Organization implement internal controls to help ensure document retention is in line with the applicable policies.

Status

Resolved

COMMUNITY CONCEPTS, INCORPORATED AND ITS AFFILIATES

Summary Schedule of Prior Year Findings Related to Federal Awards

Year Ended September 30, 2019

Status of Prior Year Audit Findings and Questioned Costs for Federal Awards

Finding 2018-001

Condition and Context

The contract specifies "the Provider is mandated to verify each individual's income via third party documentation at least once per year and have the income verification available upon request by the Department." Three out of forty clients tested using a nonstatistical sample did not have documentation of income verification. The eligibility of these clients to receive benefits could not be adequately tested due to missing documentation.

Prior Year Recommendation

We recommend that the Organization implement internal controls to help ensure document retention is in line with the applicable policies.

Status

Resolved