



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

We have audited the consolidated financial statements of Community Concepts, Incorporated and its Affiliates (the Organization) for the year ended September 30, 2022, and have issued our report thereon dated March 10, 2023. Professional standards require that we communicate to you the following information related to our audit.

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

As stated in our engagement letter dated November 11, 2022, our responsibility, as described by professional standards, is to express an opinion about whether the consolidated financial statements (the financial statements) prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles (U.S. GAAP). Our audit of the financial statements does not relieve you or management of your responsibilities.

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

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

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

Significant Risks

In our engagement letter, we identified the risks we expected would meet the definition of “significant risks” pursuant to U.S. generally accepted auditing standards, which are risks toward the upper end of the risk spectrum based on their likelihood and potential magnitude. Through conclusion of our audit of the financial statements, we have identified financial reporting relating to debt service covenants, grant compliance, and existence, disclosure and valuation of notes receivable as additional significant risks.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Organization are described in Note 2 to the financial statements.

As discussed in Note 1 to the financial statements, during the year ended September 30, 2022, the Organization adopted new accounting guidance, Financial Accounting Standards Board Accounting Standards Update 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The adoption had no effect on the Organization’s consolidated net assets as of September 30, 2022 or the change in consolidated net assets and consolidated statement of cash flows for the year then ended.

The application of existing policies was not otherwise changed during the year ended September 30, 2022. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

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

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

- Note 2 – Summary of Significant Accounting Policies;
 - Revenue Recognition
 - Loans Receivable
 - Allowance for Loan Losses
 - Donated Services and In-Kind Contributions
- Note 3 – Discontinued Operations ;
- Note 4 – Loans Receivable and Restricted Cash and Cash Equivalents;
- Note 13 – Commitments and Contingencies; and
- Note 15 – Liquidity and Availability of Financial Assets.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 10, 2023.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization’s auditor. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Internal Control Matters

In planning and performing our audit of the financial statements of the Organization as of and for the year ended September 30, 2022, in accordance with U.S. generally accepted auditing standards, we considered the Organization’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization’s financial statements will not be prevented, or detected and corrected, on a timely basis.

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

Compliance Audits

In addition to our financial statement audit, we also performed federal and state compliance audits in accordance with the Uniform Guidance and MAAP. The results relating to grant compliance during the year ended September 30, 2022 can be found in our compliance reports.

* * * * *

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

The Board of Directors
Community Concepts, Incorporated, and its Affiliates
Page 5

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

Berry Dunn McNeil & Parker, LLC

Bangor, Maine
March 10, 2023