Community Concepts, Incorporated and its Affiliates

CONSOLIDATED FINANCIAL STATEMENTS

with

SUPPLEMENTARY INFORMATION

and

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

September 30, 2023 and 2022

With Independent Auditor's Report

COMMUNITY CONCEPTS, INCORPORATED AND ITS AFFILIATES

Year Ended September 30, 2023

TABLE OF CONTENTS

BerryDunn

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Community Concepts, Incorporated and its Affiliates

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Community Concepts, Incorporated and its Affiliates (the Organization), which comprise the consolidated statements of financial position as of September 30, 2023 and 2022, 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.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of September 30, 2023 and 2022, and the consolidated changes in their net assets and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles (U.S. GAAP).

Basis for Opinion

We conducted our audits in accordance with U.S. generally accepted auditing standards (U.S. GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, the Organization adopted Financial Accounting Standards Board Accounting Standards Codification Topic 842, *Leases*, during the year ended September 30, 2023. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. GAAP, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with U.S. GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with U.S. GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

The Board of Directors
Community Concepts, Incorporated and its Affiliates

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position and consolidating statement of activities are 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 are 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 consolidated financial statements themselves, and other additional procedures in accordance with U.S. GAAS. 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 April 19, 2024 on our consideration of the Organization's 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 the Organization's 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 the Organization's internal control over financial reporting and compliance.

Berry Dunn McNeil & Parker, LLC

Bangor, Maine
April 19, 2024

COMMUNITY CONCEPTS, INCORPORATED
AND ITS AFFILIATES

Consolidated Statements of Financial Position

September 30, 2023 and 2022

ASSETS

	2023	2022
Continuing operations		
Current assets		
Cash and cash equivalents	**$ 10,155,904**	$ 8,714,331
Accounts and grants receivable	**2,537,595**	3,643,104
Loans receivable, current portion	**1,494,237**	1,197,354
Prepaid expenses	**328,951**	154,592
Inventories - real estate for resale	**522,890**	498,978
Total current assets - continuing operations	**15,039,577**	14,208,359
Property and equipment		
Land	**1,979,364**	2,134,879
Buildings and improvements	**18,565,292**	15,935,654
Equipment	**1,798,957**	1,766,533
Vehicles	**1,027,111**	821,338
	23,370,724	20,658,404
Less accumulated depreciation	**(12,177,762)**	(10,851,779)
Net property and equipment - continuing operations	**11,192,962**	9,806,625
Other assets		
Restricted cash and cash equivalents	**2,488,903**	4,109,046
Loans receivable, noncurrent portion, net of allowance	**6,482,928**	5,464,287
Other assets	**1,243,674**	232,049
Deferred loans receivable	**187,368**	187,368
Development fees receivable	**-**	59,847
Right-of-use assets, net - finance leases	**65,994**	-
Right-of-use assets, net - operating leases	**307,624**	-
Investment in limited partnerships	**307,869**	433,426
Total other assets - continuing operations	**11,084,360**	10,486,023
Total assets - continuing operations	**37,316,899**	34,501,007
Discontinued operations		
Total assets	**-**	211,421
Total assets	**$ 37,316,899**	$ 34,712,428

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

LIABILITIES AND NET ASSETS

	2023	2022
Continuing operations		
Current liabilities		
Current portion of long-term debt	**$ 2,744,245**	$ 3,426,305
Current portion of lease liabilities - finance	**29,677**	-
Current portion of lease liabilities - operating	**94,396**	-
Accounts payable	**608,087**	570,476
Accrued expenses	**2,286,043**	2,311,136
Deferred revenue	**4,056,654**	6,443,579
Security deposits and other reserves	**116,046**	106,751
Total current liabilities - continuing operations	**9,935,148**	12,858,247
Noncurrent liabilities		
Long-term debt, net of current portion and deferred financing fees	**11,160,705**	9,277,737
Lease liabilities - finance, net of current portion	**35,728**	-
Lease liabilities - operating, net of current portion	**214,007**	-
Other long-term liabilities	**2,100,000**	2,100,000
Accrued long-term reserves and losses	**3,396**	3,396
Total noncurrent liabilities - continuing operations	**13,513,836**	11,381,133
Total liabilities - continuing operations	**23,448,984**	24,239,380
Discontinued operations		
Total liabilities - discontinued operations	**-**	33,744
Total liabilities	**23,448,984**	24,273,124
Net assets		
Without donor restrictions		
Undesignated	**6,236,474**	2,798,063
Net investment in property and equipment	**2,608,716**	2,452,134
Total net assets without donor restrictions	**8,845,190**	5,250,197
With donor restrictions	**5,022,725**	5,189,107
Total net assets	**13,867,915**	10,439,304
Total liabilities and net assets	**$ 37,316,899**	$ 34,712,428

COMMUNITY CONCEPTS, INCORPORATED
AND ITS AFFILIATES

Consolidated Statements of Activities

Years Ended September 30, 2023 and 2022

	2023	2022
Net assets without donor restrictions		
Support, revenue, and net assets released - continuing operations		
Grants and contracts	**$ 24,048,661**	$ 50,908,941
Fees	**2,367,192**	3,083,955
Rental income	**1,199,105**	1,164,536
Interest income	**648,405**	378,335
In-kind contributions	**1,292,002**	966,902
Contribution of affiliate	**2,111,608**	-
Employee retention tax credit	**2,308,424**	-
Other income	**1,342,989**	592,971
Net assets released from restrictions	**307,144**	239,870
Total support, revenue, and net assets released - continuing operations	**35,625,530**	57,335,510
Expenses - continuing operations		
Program services		
Housing and energy	**9,705,256**	10,084,553
Customer service	**777,398**	812,556
Children's services	**7,670,686**	7,207,023
Family services	**1,524,423**	1,928,195
Finance corporation	**1,861,391**	1,802,360
Property management	**2,116,134**	1,485,628
COVID and other	**5,766,557**	32,464,504
Total program services - continuing operations	**29,421,845**	55,784,819
Management and general	**2,436,098**	1,644,635
Fundraising	**172,594**	47,071
Total expenses - continuing operations	**32,030,537**	57,476,525
Change in net assets from operating activities - continuing operations	**3,594,993**	(141,015)
Loss from discontinued operations	**-**	(27,694)
Change in net assets without donor restrictions	**3,594,993**	(168,709)
Net assets with donor restrictions		
Contributions	**56,788**	188,720
Interest income	**83,974**	90,510
Net assets released from restrictions	**(307,144)**	(239,870)
Change in net assets with donor restrictions	**(166,382)**	39,360
Change in net assets	**3,428,611**	(129,349)
Net assets at beginning of year	**10,439,304**	10,568,653
Net assets at end of year	**$ 13,867,915**	$ 10,439,304

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, 2023

	Program Services											
	Housing and Energy	Customer Service	Children's Services	Family Services	Finance Corporation	Property Management	Partnership Property Management	COVID and Other	Total Program Services	Management and General	Fundraising	Total
Salaries and wages	$ 1,606,526	$ 371,451	$ 3,656,391	$ 910,570	$ 753,277	$ 343,602	$ 112,642	$ 988,790	$ 8,743,249	$ 1,311,475	$ 90,464	$ 10,145,188
Payroll taxes and benefits	526,060	126,887	1,271,379	338,581	251,838	116,252	30,977	292,088	2,954,062	352,833	16,196	3,323,091
Total personnel expenses	2,132,586	498,338	4,927,770	1,249,151	1,005,115	459,854	143,619	1,280,878	11,697,311	1,664,308	106,660	13,468,279
Direct client benefits	6,891,218	44,368	331,982	29,205	224,778	227,208	17,824	3,208,108	10,974,691	306	521	10,975,518
Contractual consultants	24,907	5,489	41,401	371	27,564	89	194,241	395,871	689,933	54,765	-	744,698
Travel	11,635	9,173	54,088	46,271	7,975	239	269	18,136	147,786	23,193	923	171,902
Occupancy	-	-	14,226	6,107	175	163,633	869,095	293,277	1,346,513	-	-	1,346,513
Supplies	9,664	1,329	5,384	12,405	7,979	194	23,741	121,608	182,304	12,340	962	195,606
Information technology and communication	229,831	158,038	294,464	93,298	142,431	8,397	5,975	69,251	1,001,685	175,143	15,395	1,192,223
Equipment expense	15,422	1,860	18,496	-	49,423	-	-	7,051	92,252	2,144	190	94,586
Vehicle operations	91,548	443	7,964	-	-	71,731	-	2,278	173,964	68	-	174,032
Other services	31,202	22,083	261,152	55,288	86,156	7,202	133,596	138,420	735,099	124,028	5,376	864,503
Insurance	8,749	-	3,817	-	1,126	51,314	-	-	65,006	118,574	-	183,580
Dues and subscriptions	1,400	600	5,234	737	3,585	299	-	1,336	13,191	30,410	5,079	48,680
Employee training and education	19,098	3,728	82,320	7,119	4,067	4,935	699	8,517	130,483	24,476	599	155,558
Interest expense	8,457	-	-	-	224,407	129,406	20,736	4,726	387,732	-	-	387,732
Donated services	638	-	1,188,808	-	3,549	-	7,844	89,884	1,290,723	-	1,278	1,292,001
Advertising	-	-	1,057	100	5,778	-	-	-	6,935	8,980	11,073	26,988
Allocated property management	172,123	31,671	426,285	19,966	57,634	(934,034)	-	46,363	(179,992)	167,289	12,703	-
Miscellaneous	9,756	278	6,238	4,405	9,649	374	3,022	19,841	53,563	30,074	11,835	95,472
Depreciation	47,022	-	-	-	-	151,158	353,474	61,012	612,666	-	-	612,666
Total expenses	9,705,256	777,398	7,670,686	1,524,423	1,861,391	341,999	1,774,135	5,766,557	29,421,845	2,436,098	172,594	32,030,537
Indirect costs allocated to programs	324,135	82,833	694,755	168,959	158,636	22,133	4,185	218,673	1,674,309	(1,693,547)	19,238	-
Total expenses after indirect cost allocations	$ 10,029,391	$ 860,231	$ 8,365,441	$ 1,693,382	$ 2,020,027	$ 364,132	$ 1,778,320	$ 5,985,230	$ 31,096,154	$ 742,551	$ 191,832	$ 32,030,537

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, 2022

	Program Services											
	Housing and Energy	Customer Service	Children's Services	Family Services	Finance Corporation	Property Management	Partnership Property Management	COVID and Other	Total Program Services	Management and General	Fundraising	Total - Continuing Operations
Salaries and wages	$ 1,280,572	$ 451,452	$ 3,532,404	$ 1,118,701	$ 799,283	$ 276,514	$ 62,324	$ 2,166,379	$ 9,687,629	$ 995,734	$ -	$ 10,683,363
Payroll taxes and benefits	407,494	146,224	1,216,824	385,424	169,385	101,008	23,615	609,523	3,059,497	257,096	-	3,316,593
Total personnel expenses	1,688,066	597,676	4,749,228	1,504,125	968,668	377,522	85,939	2,775,902	12,747,126	1,252,830	-	13,999,956
Direct client benefits	7,715,239	2,510	330,752	23,326	225,420	112,194	5,458	26,774,728	35,189,627	1,799	-	35,191,426
Contractual consultants	34,738	8,619	35,127	140	92,108	85	267,324	43,417	481,558	158,023	-	639,581
Travel	5,370	11,025	35,547	36,532	3,999	124	-	17,412	110,009	11,450	922	122,381
Occupancy	-	170	22,486	2,361	-	142,342	536,180	2,052,887	2,756,426	-	-	2,756,426
Supplies	16,128	3,175	101,210	22,819	11,504	1,432	10,249	102,674	269,191	20,586	1,703	291,480
Information technology and communication	219,834	114,723	265,820	173,181	114,550	3,643	1,252	184,642	1,077,645	111,461	7,524	1,196,630
Equipment expense	41,828	-	31,618	-	26,719	774	-	149,093	250,032	5,788	-	255,820
Vehicle operations	89,392	50	1,083	-	136	32,700	-	281	123,642	-	-	123,642
Other services	60,644	37,852	201,001	58,142	53,901	43,272	118,476	137,947	711,235	128,300	-	839,535
Insurance	16,197	-	3,630	-	-	47,530	52,701	3,469	123,527	105,176	-	228,703
Dues and subscriptions	3,048	500	3,175	857	6,846	844	-	8,030	23,300	19,459	5,178	47,937
Employee training and education	4,930	1,446	56,273	8,865	2,871	3,525	-	10,193	88,103	14,464	435	103,002
Interest expense	-	-	-	-	214,230	131,914	-	-	346,144	-	-	346,144
Donated services	-	-	964,114	-	-	-	-	2,788	966,902	-	-	966,902
Advertising	338	-	969	50	1,120	46	-	162	2,685	2,673	21,530	26,888
Allocated property management	142,139	34,370	400,035	93,344	49,755	(936,489)	-	81,158	(135,688)	135,688	-	-
Miscellaneous, net of indirect cost rate recovery	6,500	440	4,955	4,453	30,533	(18,169)	58,563	61,625	148,900	(323,062)	9,779	(164,383)
Depreciation	40,162	-	-	-	-	143,131	263,066	58,096	504,455	-	-	504,455
Total expenses	10,084,553	812,556	7,207,023	1,928,195	1,802,360	86,420	1,399,208	32,464,504	55,784,819	1,644,635	47,071	57,476,525
Indirect costs allocated to programs	237,592	137,931	590,330	190,467	135,292	8,263	-	344,760	1,644,635	(1,644,635)	-	-
Total expenses after indirect cost allocations	$ 10,322,145	$ 950,487	$ 7,797,353	$ 2,118,662	$ 1,937,652	$ 94,683	$ 1,399,208	$ 32,809,264	$ 57,429,454	$ -	$ 47,071	$ 57,476,525

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, 2023 and 2022

	2023	2022
Cash flows from operating activities		
Change in net assets	**$ 3,428,611**	$ (129,349)
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities		
Contributions with long-term donor restrictions	**-**	(108,000)
Depreciation	**612,666**	504,455
Cash acquired in acquisition of affiliate	**(1,777,418)**	-
Investment loss from limited partnerships	**125,557**	419
Provision for loan losses	**116,338**	116,338
Amortization of right-of-use assets - operating leases	**779**	-
Amortization of right-of-use assets - finance leases	**32,208**	-
Loss from discontinued operations	**-**	27,694
Noncash contributions of affiliate	**(334,190)**	-
(Increase) decrease in		
Accounts and grants receivable	**1,105,509**	(446,241)
Prepaid expenses	**(174,359)**	(43,140)
Inventories - real estate for resale	**(23,912)**	224,776
Development fees receivable	**59,847**	-
Other assets	**(714,542)**	(151,814)
Increase (decrease) in		
Accounts payable	**(359,496)**	(227,045)
Accrued expenses	**(25,093)**	(303,287)
Deferred revenue	**(2,386,925)**	1,066,408
Security deposits and other reserves	**9,295**	13,730
Net cash (used) provided by operating activities from continuing operations	**(305,125)**	544,944
Net cash provided (used) by operating activities from discontinued operations	**177,677**	(52,669)
Net cash (used) provided by operating activities	**(127,448)**	492,275
Cash flows from investing activities		
Cash acquired in acquisition of affiliate	**1,777,418**	-
Revolving loans disbursed	**(2,640,768)**	(1,742,256)
Revolving loans repaid	**1,208,906**	2,176,742
Deferred loans repaid	**-**	37,245
Proceeds from sale of property and equipment	**195,465**	-
Redemption of investment securities	**22,738**	24,380
Purchases of property and equipment	**(162,468)**	(660,319)
Net cash provided (used) by investing activities	**401,291**	(164,208)
Cash flows from financing activities		
Contributions with long-term donor restrictions	**-**	108,000
Proceeds from issuance of long-term debt	**1,926,804**	289,688
Repayment of long-term debt	**(2,346,420)**	(838,981)
Principal payments on lease liabilities - finance	**(32,797)**	-
Net cash used by financing activities	**(452,413)**	(441,293)
Net decrease in cash and cash equivalents	**(178,570)**	(113,226)
Cash and cash equivalents, beginning of year	**12,823,377**	12,936,603
Cash and cash equivalents, end of year	**$ 12,644,807**	$ 12,823,377
Composition of cash and cash equivalents		
Unrestricted cash and cash equivalents	**$ 10,155,904**	$ 8,714,331
Restricted cash and cash equivalents	**2,488,903**	4,109,046
Cash and cash equivalents, end of year	**$ 12,644,807**	$ 12,823,377
Supplemental cash flow disclosures:		
Cash paid for interest	**$ 262,673**	$ 245,725

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 the 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 heating repair and replacement programs, lead inspection and construction services, several energy saving programs to include weatherization and indoor air quality programs. Additionally, the program has helped over 380 new homeowners build and own their homes through the Self-Help Housing program.

This program also 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.

Customer Service

Customer Service is instrumental in driving a positive customer experience through all client interactions with department staff. This work includes intake for the HEAP program, providing client wrap around supports through whole family coaching supports, as well as fuel assistance.

Children's Services

This program serves preschool 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 (SBA) 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.

COVID and Other

This functional area includes various services funded via municipal and county funding as well as certain services paid for via the American Rescue Plan Act (ARPA), Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act, and the Coronavirus Aid, Relief and Economic Security (CARES) Act. Also included here are community education activities provided through the Organization's corporate advancement office. Additionally, this functional area includes funds received for pandemic relief, including rent relief programs.

2. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated 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, whereby 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.

Consolidated Financial Statements

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 (LPs) formed in 2003 and beyond.

- Community Concepts Housing Corporation (CCHC) is a for-profit corporation formed to serve as a general partner in an LP 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.

For 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. Transactions and balances among the various entities have been eliminated in the consolidated financial statements.

In addition to the affiliated entities previously mentioned, LACH formed a separate corporate entity in 2007, 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. has been consolidated within the financial position, results of operations, and cash flows reported for LACH within the consolidated financial statements.

During the year ended September 30, 2023, the Organization became the sole member of Oxford County Mental Health (OCMH). OCMH has been consolidated within the financial position, results of operations, and cash flows reported for CCI within the consolidated financial statements. The net impact of the contribution of OCMH is presented as contribution of affiliate on the consolidated statement of activities for the year ended September 30, 2023.

Income Taxes

CCI, CCFC, CCDC, OCMH, and LACH are each exempt from 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 private foundations 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. A provision will be made for such income taxes should taxable income exceed an immaterial amount. 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 (ASC) Topic 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, 2020 through 2023.

<u>Use of Estimates</u>

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.

<u>Revenue Recognition</u>

A portion of the Organization's revenue is derived from cost reimbursable federal and state contracts and grants, which are conditional upon the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the consolidated statements of financial position. The Organization received cost reimbursable grants of $4,056,654, $6,443,579, and $5,377,170 that had not been recognized at September 30, 2023, 2022, and 2021, respectively, because qualifying expenditures had not yet been incurred. This revenue stream is not subject to FASB ASC Topic 606, *Revenue from Contracts with Customers* (Topic 606).

The Organization also purchases and resells property to clients. This revenue is recognized at a point in time at the date of the sale.

Under the Organization's contractual arrangements with the Maine Department of Health and Human Services (DHHS), the Organization provides services to clients for an agreed upon fee. The Organization recognizes revenue for client services in accordance with the provisions of Topic 606.

Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for performance obligations satisfied over time is recognized based on actual services rendered. Generally, performance obligations are satisfied over time when services are provided. The Organization measures the performance obligation from when the Organization begins to provide services to a client to the point when they are no longer required to provide services to that client, which is generally at the time of DHHS notification to the Organization.

Each performance obligation is separately identifiable from other promises in the contract with the client and DHHS. As the performance obligations are met (i.e., day of services), revenue is recognized based on allocated transaction price. The transaction price is allocated to separate performance obligations based upon the relative standalone selling price.

Because all of its performance obligations relate to short-term contracts, the Organization has elected to apply the optional exemption provided in Topic 606, and therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

Program service fee revenue by payor is as follows:

	2023	2022
Clients through sale of property	**$ 1,571,400**	$ 2,461,650
Private fees	**398,981**	417,101
Other	**396,811**	205,204
Net program service fee revenue	**$ 2,367,192**	$ 3,083,955

Accounts and grants receivable related to exchange transactions were $119,144, $118,347, and $174,283 as of September 30, 2023, 2022, and 2021, respectively.

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, the Organization considers 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 and from clients. 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, as a result of collateral obtained through foreclosure. Real estate held for resale is valued at the lower of cost or net realizable value, 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.

Right-of-Use Assets and Lease Liabilities

Effective October 1, 2022, the Organization adopted FASB ASC Topic 842, *Leases* (Topic 842). The Organization determines if an arrangement is a lease or contains a lease at inception of a contract. A contract is determined to be or contain a lease if the contract conveys the right to control the use of identified property, plant, or equipment (an identified asset) in exchange for consideration. The Organization determines these assets are leased because the Organization has the right to obtain substantially all of the economic benefit from and the right to direct the use of the identified asset. Assets in which the supplier or lessor has the practical ability and right to substitute alternative assets for the identified asset and would benefit economically from the exercise of its right to substitute the asset are not considered to be or contain a lease because the Organization determines it does not have the right to control and direct the use of the identified asset. The Organization’s lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating its contracts, the Organization separately identifies lease and non-lease components, such as common area and other maintenance costs, in calculating the right-of-use (ROU) assets and lease liabilities for its office buildings and other assets. The Organization has elected the practical expedient to not separate lease and non-lease components and classifies the contract as a lease if consideration in the contract allocated to the lease component is greater than the consideration allocated to the non-lease agreement.

Leases result in the recognition of ROU assets and lease liabilities on the consolidated statement of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Organization determines lease classification as operating or finance at the lease commencement date.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. Topic 842 requires the use of the implicit rate in the lease when readily determinable. As most of the leases do not provide an implicit rate, the Organization uses the treasury bill rate for a term comparable to the life of the lease based on the information available at the commencement date to determine the present value of lease payments. This rate represents one which would be incurred to borrow, on a collateralized basis, over a similar term, an amount equal to the lease payments over a similar term.

The lease term may include options to extend or to terminate the lease that the Organization is reasonably certain to exercise. Lease expense for operating leases is recognized on a straight-line basis over the lease term.

The Organization has elected not to record leases with an initial term of 12 months or less on the consolidated statement of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Upon adoption of Topic 842, the Organization elected the package of practical expedients permitted under the transition guidance within the new standard which includes the following: relief from determination of lease contracts included in existing or expiring leases at the point of adoption, relief from having to reevaluate the classification of leases in effect at the point of adoption, and relief from reevaluation of existing leases that have initial direct costs associated with the execution of the lease contract.

Fixed, or in-substance fixed, payments on finance leases are recognized using the effective interest method. Variable lease expenses that are not considered fixed, or in-substance fixed, are recognized as incurred. Finance lease right-of-use asset amortization and interest costs are recorded within depreciation and amortization and interest, respectively, in the consolidated statement of activities.

The adoption of Topic 842 resulted in the recognition of the below assets and liabilities on October 1, 2022:

	Operating	Finance
Right-of-use assets	$ 95,312	$ 38,466
Current portion of lease liabilities	$ 12,829	19,217
Lease liabilities, net of current portion	82,483	19,249
Total lease liabilities	$ 95,312	$ 38,466

Results for the period prior to October 1, 2022 continue to be reported in accordance with the Organization's historical accounting treatment for leases.

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 (ALL). 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 are considered for nonaccrual when they are 90 days past due, based upon management's assessment of risk of loss. During this time, loan collection efforts continue per the Organization guidelines and management attempts to work with the borrower to resolve the situation. Once held as a nonaccruing asset, interest is no longer accrued for that particular loan. The loan is then on a cash basis so that interest is booked only when payment is made. A loan may be taken off nonaccrual status 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 status of $1,342,416 and $713,809 at September 30, 2023 and 2022, respectively.

ALL

The ALL is established as losses are estimated to occur through a provision for loan losses charged to earnings. Loan losses are charged against the ALL when management and the Organization's Board of Directors determine the loss is confirmed. Subsequent recoveries, if any, are credited to the ALL. The ALL 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 ALL based on management’s evaluation of their collectibility. During 2023 and 2022, the average balance of impaired loans was $7,894,000 and $7,399,000, respectively.

Methodology

The ALL is based on historical loss ratios adjusted for qualitative factors stratified by the following portfolio segments: mortgage loans and commercial loans. Management uses a range of qualitative 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 Note 4. Once a loan has been moved to the “Loss” ranking, the ALL is based on the calculated risk of loss.

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

Governmental grants are provided to support specific programs and are subject to various budgetary restrictions. Grants received are required to be expended within the time stated in the guidelines of the grant. 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, 2023 and 2022, certain services and the use of certain facilities were donated to the Organization. The estimated fair value of these items totaled $1,292,002 and $966,902 for the years ended September 30, 2023 and 2022, 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. In addition, 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, 2023 and 2022, the estimated value of these services totaled $349,491 and $600,119, 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 functions. 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 consolidated financial statements report certain categories of expenses that are attributable to more than one program or supporting function 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 across the agency based on the number of IT tickets and calls to the helpdesk.

Reclassifications

Certain balances in the prior year consolidated financial statements have been reclassified for comparative purposes to conform with the current year presentation. Such reclassifications had no impact on the results of operations as previously reported.

Subsequent Events

In accordance with FASB ASC 855-10, *Subsequent Events,* management has evaluated subsequent events for possible recognition or disclosure through April 19, 2024, which is the date these consolidated financial statements were available to be issued.

In June 2016, FASB issued Accounting Standards Update (ASU) No. 2016-13, *Measurement of Credit Losses on Financial Instruments*. The ASU requires entities to measure credit losses on loans receivable using a current expected credit loss model, instead of the incurred loss model used in current accounting principles. ASU 2019-10, *Financial Instruments-Credit Losses (*Topic 326*), Derivatives and Hedging (*Topic 815*), and Leases (*Topic 842), delays the effective date of ASU 2016-13 to fiscal years beginning after December 15, 2022, and interim periods within those fiscal years. Upon implementation on October 1, 2023, the Organization will reevaluate the ALL and related processes, procedures and policies will be updated.

Forgiveness of Paycheck Protection Program Loan

The Organization received an advance through the Payroll Protection Program provisions of the Coronavirus Aid, Relief, and Economic Security Act. In 2021, the SBA informed the Organization that the $1,759,738 advance was forgiven. The Organization recognized this forgiveness in the year ended September 30, 2020. The PPP loan forgiveness is subject to SBA review for six years from the date of loan forgiveness.

3. Discontinued Operations

During the year ended September 30, 2022, the Organization divested itself of its Transportation program. This decision was made based on continued operating losses and cash demands caused by that program. Assets and liabilities related to discontinued operations, were as follows as of September 30, 2022:

Accounts receivable	$ 209,416
Fixed assets, net of depreciation	2,005
Total assets - discontinued operations	211,421
Accounts payable and accrued expenses	$ 33,744
Total liabilities - discontinued operations	$ 33,744

The operating results of Transportation were as follows for the year ended September 30, 2022:

Grants and contracts	$ 733,958
Fees	360,290
Other income	108,947
Total revenue	1,203,195
Salaries and benefits	(433,478)
Travel expenses	(664,011)
General and administrative	(133,400)
Total expenses	(1,230,889)
Loss from discontinued operations	$ (27,694)

4. Loans Receivable and Restricted Cash and Cash Equivalents

Loans receivable (excluding forgivable loans) 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 loans 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, 2023 and 2022, management established an ALL in the amount of $629,530 and $519,946, respectively. This allowance has been netted against loans receivable within the consolidated statements of financial position.

Under the requirements of the SBA Microloan Program, the Organization is mandated to establish and maintain a loan loss reserve depository account to cover potential losses in the Microloan Program. 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 the SBA Microloan Program are processed and held. Another government funded lending program, the USDA 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, which consists of the following at September 30:

	2023	2022
Loan loss reserve - SBA Microloan Program	**$ 293,330**	$ 380,879
Operating account - SBA Microloan Program	**671,396**	708,711
Loan loss reserve - USDA RMAP	**25,186**	25,161
Operating account - USDA RMAP	**239,245**	190,228
Residential lending - U.S. Department of Housing and Urban Development (HUD)	**-**	25,019
Business lending - various	**712,972**	2,123,461
Restricted by donors	**546,774**	655,587
Total restricted cash and cash equivalents	**$ 2,488,903**	$ 4,109,046

The components of net loans receivable at September 30 are as follows:

	2023	2022
Mortgage loans	**$ 3,438,650**	$ 2,376,511
Commercial loans	**5,168,045**	4,805,076
Subtotal	**8,606,695**	7,181,587
ALL	**(629,530)**	(519,946)
Loans receivable, net of ALL	**$ 7,977,165**	$ 6,661,641

Activity in the ALL was as follows for the year ended September 30, 2023:

	Mortgage Loans	**Commercial Loans**	**Total**
Allowances, beginning of year	**$ 123,949**	**$ 395,997**	**$ 519,946**
Provision for (reduction in) loan losses	**134,602**	**(18,264)**	**116,338**
Charge offs	**-**	**(6,754)**	**(6,754)**
Allowances, end of year	**$ 258,551**	**$ 370,979**	**$ 629,530**

Activity in the ALL was as follows for the year ended September 30, 2022:

	Mortgage Loans	Commercial Loans	Total
Allowances, beginning of year	$ 110,048	$ 293,560	$ 403,608
Provision for loan losses	13,901	102,437	116,338
Allowances, end of year	$ 123,949	$ 395,997	$ 519,946

The following table presents an aging analysis of loans as of September 30, 2023:

	Mortgage Loans	**Commercial Loans**	**Total**
31-60 days past due	**$ 352,479**	**$ -**	**$ 352,479**
61-90 days past due	**-**	**-**	**-**
91+ days past due	**588,848**	**753,568**	**1,342,416**
Total past due loans	**941,327**	**753,568**	**1,694,895**
Current	**2,497,323**	**4,414,477**	**6,911,800**
Total loans	**$ 3,438,650**	**$ 5,168,045**	**$ 8,606,695**

The following table presents an aging analysis of loans as of September 30, 2022:

	Mortgage Loans	Commercial Loans	Total
31-60 days past due	$ 285,519	$ -	$ 285,519
61-90 days past due	5,892	-	5,892
91+ days past due	50,352	663,457	713,809
Total past due loans	341,763	663,457	1,005,220
Current	2,034,748	4,141,619	6,176,367
Total loans	$ 2,376,511	$ 4,805,076	$ 7,181,587

There were no loans 91+ days past due that are still accruing interest as of September 30, 2023 and 2022.

The Organization classifies loans in each loan category by credit risk exposure. The following tables present the credit risk profile by credit-worthiness category as of September 30, 2023 and 2022. 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 watch 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, 2023:

	Mortgage Loans	Commercial Loans	Total
Low	$ 966,593	$ 991,382	$ 1,957,975
Medium	140,282	1,702,652	1,842,934
Satisfactory	724,251	1,462,000	2,186,251
Watch	1,217,554	18,430	1,235,984
Doubtful	157,605	993,581	1,151,186
Loss	232,365	-	232,365
Total loans	$ 3,438,650	$ 5,168,045	$ 8,606,695

The following table presents an analysis of loans by risk rating (excluding forgivable loans) as of September 30, 2022:

	Mortgage Loans	Commercial Loans	Total
Low	$ 913,530	$ 1,047,772	$ 1,961,302
Medium	215,880	1,722,100	1,937,980
Satisfactory	741,986	1,115,627	1,857,613
Watch	462,264	170,839	633,103
Doubtful	-	663,457	663,457
Loss	42,851	85,281	128,132
Total loans	$ 2,376,511	$ 4,805,076	$ 7,181,587

There were no loans committed, but not yet disbursed, at September 30, 2023 and 2022.

5. 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 $187,368 at September 30, 2023 and 2022, respectively. Relative to these loans, the Organization has established an ALL of $22,000 at September 30, 2023 and 2022. 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 $400,093 and $596,390 at September 30, 2023 and 2022, respectively.

6. Investment in LPs and Acquisition of Subsidiaries

The Organization has invested in an LP, in the role of general partner. The purpose of this partnership is to construct and operate residential housing units in Oxford, Androscoggin, and Franklin Counties. The Organization has the following ownership interests in this partnership, accounted for under the equity method:

Partnership Name	General Partner Entity	Ownership %	**Capital Balance 2023**	Capital Balance 2022
Court Street Senior Housing Associates, LP (Court Street Senior Housing)	CCI	1.00 %	**$ 307,869**	$ 308,244

The Organization acts as the general partner for the partnership. In that capacity, the Organization could be liable for any unpaid debts should the partnership 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. The information below is for the LP's most recently audited fiscal year-ends, December 31, 2022 and 2021.

	2022	2021
Current assets	$ 49,563	$ 11,025
Other assets	91,112	82,055
Property and equipment, net	162,349	167,275
Total assets	$ 303,024	$ 260,355
Current liabilities	$ 20,918	$ 20,788
Long-term debt	1,479,768	1,399,681
Total liabilities	1,500,686	1,420,469
Partners' (deficit) capital	(1,197,662)	(1,160,114)
Total liabilities and (deficit) capital	$ 303,024	$ 260,355
Revenue	$ 253,336	$ 234,613
Expenses	290,884	274,671
Partnership net loss	$ (37,548)	$ (40,058)
General partner's share of net loss	$ (375)	$ (401)

Investment in LP consists of the Organization's portion of partner's deficit.

Acquisition of LP

During the year ended September 30, 2023, CCDC acquired 100% ownership interest in Bates Street Senior Housing. Bates Street Senior Housing is a Maine State Housing Authority project and must comply with special requirements and regulations as required by Maine State Housing Authority. CCDC acquired all assets of this entity in exchange for assumption of its liabilities and consideration of $1. The difference between the fair value and the consideration was considered a contribution from the unrelated former partner in this entity.

The fair values of assets acquired and liabilities assumed and recorded using the acquisition method of accounting as of the date of acquisition were:

Cash and cash equivalents – unrestricted	$ 7,063
Cash and cash equivalents – restricted	442,062
Property and equipment	1,600,000
Other assets	16,826
Prior year investment	(125,392)
Accounts payable and accrued expenses	(63,382)
Long-term debt	(1,515,618)
Excess of fair value of net assets over consideration in acquisition of Bates Street Senior Housing	$ 361,559

During the year ended September 30, 2023, CCI acquired 100% ownership interest in OCMH. CCI acquired all assets of OCMH in exchange for assumption of its liabilities. The difference between the fair value and the consideration was considered a contribution. The fair values of assets acquired and liabilities assumed and recorded using the acquisition method of accounting as of the date of acquisition were:

Cash and cash equivalents – unrestricted	$ 1,328,293
Property and equipment	432,000
Other assets	428,387
Accounts payable and accrued expenses	(354,461)
Long-term debt	(84,170)
Excess of fair value of net assets over consideration in acquisition of OCMH	$ 1,750,049

7. Investments in Securities

FASB ASC Topic 820, *Fair Value Measurement*, 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 following table sets forth by level, within the fair value hierarchy, the Organization's investment assets at fair value as of September 30, 2023:

	Level 1	**Level 2**	**Level 3**	**Total**
U.S. government agency securities	**$ 41,138**	**$ -**	**$ -**	**$ 41,138**
Totals	**$ 41,138**	**$ -**	**$ -**	**$ 41,138**

Investment assets at fair value as of September 30, 2022:

	Level 1	Level 2	Level 3	Total
U.S. government agency securities	$ 42,917	$ -	$ -	$ 42,917
Totals	$ 42,917	$ -	$ -	$ 42,917

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

8. 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 date of the consolidated statement of financial position. Amounts due from such partnerships were $37,896 and $97,743 in September 30, 2023 and 2022, and are included in other assets in the consolidated statements of financial position.

9. Borrowings

Long-term debt consisted of the following at September 30:

	2023	2022
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
Working capital line of credit with a bank with a borrowing limit of $1,500,000; bearing interest at prime plus 0.5% (9% at September 30, 2023), expiring July 31, 2024 unless renewed.	**191,303**	-
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.	**316,990**	324,200
Note payable to USDA Rural Development in the amount of $2,555,000 payable in monthly installments of $11,483, including interest at a fixed rate of 4.5%, due in full May 2051; collateralized by real property located in Lewiston, Maine.	**2,176,743**	2,215,807
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.	**229,469**	238,096
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% through September 2050; collateralized by property located in Wilton, Maine.	**186,007**	189,777
Note payable to a bank payable in monthly installments of $489, including interest at 6.95%, through May 2035. The note is secured by property located in Rumford, ME.	**24,739**	-
Note payable to a bank payable in monthly installments of $845, including interest at 6.95%, through June 2031. The note is secured by property located in Rumford, ME.	**59,431**	-
Subtotal CCI	**3,184,682**	3,153,380

	2023	2022
CCFC		
Note payable to William Caspar Graustain Memorial Fund in the amount of $100,000, interest of 2%, due in a single balloon payment on August 31, 2023.	**$ 100,000**	$ 100,000
Notes 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 March 2024 unless renewed.	**170,840**	177,830
Note payable to USDA Rural Business-Cooperative Service, paid in full during 2023.	**-**	124,462
Note payable to USDA Rural Business-Cooperative Service, paid in full during 2023.	**-**	164,034
Note payable to USDA Rural Business-Cooperative Service, paid in full during 2023.	**-**	257,402
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.	**61,094**	67,823
Revolving loan payable to a bank, borrowing limit of $2,000,000 interest at the Federal Home Loan Bank of Boston (FHLBB) amortizing rate plus 2.5%, with a floor of 4% (7.24% at September 30, 2023), monthly payments of principal and interest tied to repayment of certain notes receivable; collateralized by loan pool assets, expiring April 30, 2024 unless renewed.	**839,587**	153,510
Revolving loan payable to a bank, borrowing limit of $500,000, interest at the FHLBB amortizing rate plus 2.5%, with a floor of 4% (7.24% at September 30, 2023, monthly payments of principal and interest tied to repayment of certain notes receivable; collateralized by loan pool assets, expired in 2023.	**-**	28,555
Note payable to a bank, interest at 2%, due in full June 25, 2025; 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.	**263,181**	286,720

	2023	2022
Notes payable to a not-for-profit organization in the amount of $75,000 and $70,000, fixed interest rate of 2.5%, all principal of the notes shall be due and payable in full in December 2024; collateralized by notes receivable.	**$ 145,000**	$ 145,000
Note payable to 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.	**98,743**	216,689
Line of credit to establish a lending pool with a bank in the amount of $500,000, bearing interest at the FHLBB five-year classic rate plus 2%. Repayment terms based on repayment of underlying notes receivable. The line expired on April 4, 2023.	**-**	228,788
Line of credit to establish a lending pool with a bank in the amount of $3,500,000, bearing interest at the FHLBB amortized 5/20 Community Development Advance (CDA) rate, plus 2% (6.74% as of September 30, 2023). Repayment terms based on repayment of underlying notes receivable. The line expires on July 10, 2025; collateralized by notes receivable.	**1,695,566**	850,438
Note payable to the FHLBB, 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**	36,190
Note payable to the FHLBB, 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.	**74,398**	77,462
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.	**354,414**	443,346
Revolving loan payable to a bank, interest at the fixed rate of 4%, due in full in March 2024 unless renewed; collateralized by assignment of certain loans and guaranteed by CCI.	**159,394**	180,611

	2023	2022
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% (6.27% as of September 30, 2023). Monthly payments of interest only, principal due in full in March 2024 unless renewed; collateralized by certain notes receivable and guaranteed by CCI.	**$ 75,949**	$ 78,586
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 was paid in full; guaranteed by CCI.	**-**	71,016
Note payable to the Sandy River Charitable Foundation in the amount of $250,000, interest at 2%, unsecured note, originally due in full in May 2023. Interest-only payments are to be made annually on the anniversary date of the note. The Organization has received a temporary waiver of repayment and is negotiating an extension. No penalties or interest are being charged for the period subject to the original due date.	**250,000**	250,000
Note payable to establish a lending pool with a bank, bearing interest at the FHLBB community development rate, plus 2% (6.74% as of September 30, 2023). Repayment terms based on repayment of underlying notes receivable. Collateralized by notes receivable.	**231,066**	534,987
Note payable to SBA, interest at the fixed rate of 0.5%, due in monthly installments of principal and interest totaling $9,259 commencing January 2021 through March 2030, at which date the loan is due in full; collateralized by notes receivable.	**715,282**	826,102
Subtotal CCFC	**5,320,704**	5,349,551
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**	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**	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**	57,337

	2023	2022
Note payable to Maine State Housing Authority, non-interest bearing; collateralized by real estate and personal property. The note is a deferred forgivable note and is due and payable on July 6, 2027	**$ 34,710**	$ 7,366
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**	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**	392,982
Deferred payment promissory note payable to Maine State Housing Authority; 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**	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.	**537,632**	514,087
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.	**250,207**	239,249
Mortgage note payable to Maine State Housing Authority collateralized 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**	107,521
Mortgage note payable to Maine State Housing Authority collateralized by the real estate and personal property. The note is non-interest bearing and all payments are deferred until January 20, 2036 when all outstanding principal is due in full.	**1,073,544**	1,073,544
Mortgage note payable with an original balance of $600,000 to Maine State Housing Authority collateralized by the real estate and personal property. The note bears interest at a rate of 4.4% compounded annually. All payments are deferred until the earlier of default or April 3, 2038 when all outstanding principal is due in full. Deferred interest at September 30, 2023 was $576,354	**1,176,354**	-

	2023	2022
Mortgage note payable to the City of Lewiston collateralized by the real estate and personal property. The note is non-interest bearing and all payments are deferred until May 1, 2038 when all outstanding principal is due in full.	**$ 360,000**	$ -
Mortgage note payable to Norway Savings Bank collateralized 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	**5,402,287**	4,204,086
CCHC		
Non-interest bearing note payable to CCI in the amount of $500,000, deferred until April 7, 2052. Secured by certain CCHC property.	**500,000**	-
Non-interest bearing note payable to CCI in the amount of $650,000, deferred until default or sale of the property. Secured by certain CCHC property.	**650,000**	-
Subtotal CCHC	**1,150,000**	-
	15,057,673	12,707,017
Less eliminated intercompany notes payable	**(1,150,000)**	-
Long-term debt	**13,907,673**	12,707,017
Less deferred financing fees	**(2,723)**	(2,975)
Less current portion	**(2,744,245)**	(3,426,305)
Long-term debt, net of current portion and deferred financing fees	**$ 11,160,705**	$ 9,277,737

Maturities on long-term debt are as follows:

2024	$ 2,744,245
2025	2,068,390
2026	212,905
2027	1,198,938
2028	136,967
Thereafter	7,546,228
Total	$ 13,907,673

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

	2023	2022
Property and equipment (CCI)	**$ 3,184,682**	$ 3,153,380
Lending pools (CCFC)	**5,320,704**	5,349,551
Intercompany housing notes (CCHC)	**1,150,000**	-
Low-income housing (CCDC)	**5,402,287**	4,204,086
Totals	**$ 15,057,673**	$ 12,707,017

10. Leases

The Organization has entered into finance lease agreements for information technology infrastructure upgrades, computers, and copier machines with monthly lease payments ranging from $305 to $1,685 per month. Leases expire on various dates through 2026. The assets are depreciated over the lesser of their related lease terms or their estimated useful lives. Depreciation of assets under finance leases is included in occupancy expense and was $31,429 and $71,540 for 2023 and 2022, respectively.

The following is a summary of equipment held under finance leases at September 30, 2023:

Buildings	$ 97,423
Less accumulated depreciation	(31,429)
Net equipment held under finance leases	$ 65,994

The Organization leases various office space under operating leases with current lease and related maintenance payments ranging from $459 to $2,800 per month, with expiration dates through 2030.

Approximate future minimum payments under the leases having initial or remaining terms in excess of one year as of September 30, 2023 are as follows:

	Operating	Finance
2024	$ 104,647	$ 31,601
2025	104,971	26,166
2026	51,495	10,512
2027	40,819	-
2028	7,743	-
Thereafter	23,210	-
Total future undiscounted lease payments	332,885	68,279
Less present value discount	(24,482)	(2,874)
Total lease liability	308,403	65,405
Less current portion	(94,396)	(29,677)
Lease liability, net of current portion	$ 214,007	$ 35,728

Required quantitative disclosures for the year ended September 30, 2023 are as follows:

Lease cost	
Finance lease cost:	
Amortization of right-of-use assets	$ 31,429
Interest on lease liabilities	2,464
Operating lease cost	23,621
Short-term lease cost	3,352
Total lease cost	$ 60,866
Other information:	
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from finance leases	$ 2,464
Operating leases	22,841
Financing cash flows from finance leases	30,333
Right-of-use assets obtained in exchange for new finance lease liabilities	58,957
Weighted-average remaining lease term - finance leases	2.3 years
Weighted-average remaining lease term - operating leases	4.7 years
Weighted-average discount rate - finance leases	4.0 %
Weighted-average discount rate - operating leases	3.9 %

11. 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% (6.25% at September 30, 2023), to a fixed interest rate equal to the FHLBB Classic Advance Rate, plus 1% at the time of the advance. The variable rate applies to $2,000,000 of the liability. 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 noncurrent liabilities within the consolidated statements of financial position. The balance is due in full on September 24, 2025. Such balances amounted to $2,100,000 at September 30, 2023 and 2022.

12. 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, 2023 and 2022 totaled $432,546 and $424,583, respectively.

13. 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, 2023 and 2022 in the amount of $71,600 and $123,900, 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 an LP 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.

Contingency

The Organization may be involved in various claims or legal actions arising in the ordinary course of business. The ultimate disposition of any such matters is indeterminable, but in the opinion of management, the amount of any potential liabilities would not have a significant impact on the Organization’s financial condition.

14. Donor Restrictions and Limitations of Net Asset Balances

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

	2023	2022
Subject to expenditure for specific purpose:		
Revolving and expendable lending pools and programs	**$ 3,870,521**	$ 3,859,465
Nonlending program purposes and activities	**668,325**	845,763
Total net assets subject to expenditure for specific purpose	**4,538,846**	4,705,228
Not subject to expenditure:		
Perpetually restricted capital project funds	**245,000**	245,000
Perpetual revolving small business and other lending pools	**238,879**	238,879
Total net assets not subject to expenditure	**483,879**	483,879
Total net assets with donor restrictions	**$ 5,022,725**	$ 5,189,107

15. 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:

	2023	2022
Cash and cash equivalents	**$ 10,155,904**	$ 8,714,331
Accounts and grants receivable, net	**2,537,595**	3,643,104
Less donor restricted funds in excess of restricted cash and cash equivalents	**(121,551)**	(190,176)
Total financial assets available at year end for current use for general expenditure	**$ 12,571,948**	$ 12,167,259

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, 2023 and 2022, the level of liquidity and reserves was managed within the policy requirements.

16. Employee Retention Tax Credit

During the year ended September 30, 2023, the Organization applied for the Employee Retention Tax Credit (ERTC). The ERTC is a refundable tax credit created by the CARES Act for eligible employers. During the year ended September 30, 2023, the Organization recognized $2,308,424 of revenue in the consolidated statement of activities related to this credit. The Organization did not recognize retention credit revenue for the portion of the credit received related to employee expenditures that were reimbursed by federal contracts. This balance has been included in deferred revenue on the statement of financial position. The ERTC is subject to audit by the Internal Revenue Service (IRS) for up to three years for all but the third quarter of 2021, which is subject to audit for up to five years from the filing date of the relevant tax return. Due to the complexity of the reporting requirements, there is at least a reasonable possibility the amount of income recognized may change by a material amount. Any difference between amounts previously estimated and amounts subsequently determined to be recoverable or payable will be included in income in the year that such amounts become known.

17. Financial Instruments with Off-Statement of Financial Position Risk

The Organization is a party to credit-related financial instruments with off-statement of financial position risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and lines of credit. Such commitments involve, to varying degrees, elements of credit, and interest rate risk in excess of the amount recognized in the consolidated statements of financial position.

The Organization's exposure to credit loss is represented by the contractual amount of these commitments. The Organization follows the same credit policies in making commitments as it does for on-statement of financial position instruments.

The following financial instruments were outstanding whose contract amounts represent credit risk at September 30:

	2023	2022
Unadvanced commitments under letters of credit	**$ 100,000**	$ 100,000

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. The commitments for equity lines of credit may expire without being drawn upon. Therefore, the total commitment amounts do not necessarily represent future cash requirements. The amount of collateral obtained, if it is deemed necessary by the Organization, is based on management's credit evaluation of the customer.

18. Contributed Nonfinancial Assets

Contributed nonfinancial assets recognized within the consolidated statements of activities included the following for the years ended September 30:

	2023	2022
Professional services	**$ 103,194**	$ 86,230
Supplies	**881,903**	596,260
Use of buildings	**306,905**	284,412
Total contributed nonfinancial assets	**$ 1,292,002**	$ 966,902

Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions. The Organization does not monetize contributed nonfinancial assets.

Contributed professional services consist primarily of discounts from professional organizations providing services to the Organization. Professional services are valued and reported at their estimated fair value based on current rates for similar services.

The donations of supplies include a variety of books, food for families, supplies for classrooms and discounts on subscriptions. Donations are valued and reported at their estimated fair value based on current rates for similar items.

The contributed use of buildings are used for general and administrative activities. In valuing the contributed buildings, which include various locations in Oxford, Franklin, and Androscoggin counties, the Organization estimated the fair value on the basis of recent comparable sales rentals in Maine's real estate market.

SUPPLEMENTARY INFORMATION

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

Consolidating Statement of Financial Position

September 30, 2023

ASSETS	Community Concepts, Inc.	Community Concepts Finance Corp.	Community Concepts Development Corp.	Community Concepts Housing Corp.	Lewiston Auburn Community Housing	Eliminations	Total
Current assets							
Cash and cash equivalents	$ 6,354,430	$ 1,750,228	$ 1,944,168	$ 105,665	$ 1,413	$ -	$ 10,155,904
Accounts and grants receivable	2,011,946	545,077	33,293	-	-	(52,721)	2,537,595
Loans receivable, current portion	-	1,494,237	-	-	-	-	1,494,237
Due from affiliate	2,118,313	-	-	852	-	(2,119,165)	-
Prepaid expenses	103,445	-	224,055	1,451	-	-	328,951
Inventories - real estate for resale	454,906	67,984	-	-	-	-	522,890
Total current assets	11,043,040	3,857,526	2,201,516	107,968	1,413	(2,171,886)	15,039,577
Property and equipment							
Land	1,110,438	-	868,926	-	-	-	1,979,364
Buildings and improvements	6,446,645	-	12,118,647	-	-	-	18,565,292
Equipment	1,752,308	46,649	-	-	-	-	1,798,957
Vehicles	1,027,111	-	-	-	-	-	1,027,111
	10,336,502	46,649	12,987,573	-	-	-	23,370,724
Less accumulated depreciation	(5,259,243)	(46,649)	(6,871,870)	-	-	-	(12,177,762)
Net property and equipment	5,077,259	-	6,115,703	-	-	-	11,192,962
Other assets							
Restricted cash and cash equivalents	547,774	1,941,129	-	-	-	-	2,488,903
Notes receivable, noncurrent portion, net of allowance	-	6,482,928	-	-	-	-	6,482,928
Other assets	1,263,223	41,138	-	-	-	(60,687)	1,243,674
Deferred loans receivable	-	187,368	-	-	-	-	187,368
Notes receivable from affiliates	-	-	-	1,150,000	-	(1,150,000)	-
Investment in limited partnerships	307,869	-	-	-	-	-	307,869
Right-of-use assets, net - finance leases	65,994	-	-	-	-	-	65,994
Right-of-use assets, net - operating leases	307,624	-	-	-	-	-	307,624
Total other assets	2,492,484	8,652,563	-	1,150,000	-	(1,210,687)	11,084,360
Total assets	$ 18,612,783	$ 12,510,089	$ 8,317,219	$ 1,257,968	$ 1,413	$ (3,382,573)	$ 37,316,899

COMMUNITY CONCEPTS, INCORPORATED AND ITS AFFILIATES

Schedule 1
(Concluded)

Consolidating Statement of Financial Position

September 30, 2023

LIABILITIES AND NET ASSETS (DEFICIT)	Community Concepts, Inc.	Community Concepts Finance Corp.	Community Concepts Development Corp.	Community Concepts Housing Corp.	Lewiston Auburn Community Housing	Eliminations	Total
Current liabilities							
Current portion of long-term debt	$ 253,763	$ 2,490,482	$ -	$ -	$ -	$ -	$ 2,744,245
Current portion of lease liabilities - finance	29,677	-	-	-	-	-	29,677
Current portion of lease liabilities - operating	94,396	-	-	-	-	-	94,396
Accounts payable	398,712	66,783	256,000	-	-	(113,408)	608,087
Accrued expenses	1,836,300	89,994	359,749	-	-	-	2,286,043
Due to affiliate	-	453,075	1,664,853	-	1,237	(2,119,165)	-
Deferred revenue	3,830,864	75,790	150,000	-	-	-	4,056,654
Security deposits and other reserves	1,127	30,759	84,160	-	-	-	116,046
Total current liabilities	6,444,839	3,206,883	2,514,762	-	1,237	(2,232,573)	9,935,148
Noncurrent liabilities							
Long-term debt, net of current portion and deferred financing fees	2,930,919	2,830,222	5,399,564	1,150,000	-	(1,150,000)	11,160,705
Lease liabilities - finance, net of current portion	35,728	-	-	-	-	-	35,728
Lease liabilities - operating, net of current portion	214,007	-	-	-	-	-	214,007
Other long-term liabilities	-	2,100,000	-	-	-	-	2,100,000
Accrued long-term reserves and losses	3,396	-	-	-	-	-	3,396
Total noncurrent liabilities	3,184,050	4,930,222	5,399,564	1,150,000	-	(1,150,000)	13,513,836
Total liabilities	9,628,889	8,137,105	7,914,326	1,150,000	1,237	(3,382,573)	23,448,984
Net assets (deficit)							
Without donor restriction undesignated	6,530,882	(89,306)	(313,246)	107,968	176	-	6,236,474
Net investment in property and equipment	1,892,577	-	716,139	-	-	-	2,608,716
Total without donor restriction	8,423,459	(89,306)	402,893	107,968	176	-	8,845,190
With donor restrictions	560,435	4,462,290	-	-	-	-	5,022,725
Total net assets	8,983,894	4,372,984	402,893	107,968	176	-	13,867,915
Total liabilities and net assets	$ 18,612,783	$ 12,510,089	$ 8,317,219	$ 1,257,968	$ 1,413	$ (3,382,573)	$ 37,316,899

COMMUNITY CONCEPTS, INCORPORATED AND ITS AFFILIATES **Schedule 2**

Consolidating Statement of Activities

Year Ended September 30, 2023

	Community Concepts, Inc.	Community Concepts Finance Corp.	Community Concepts Development Corp.	Community Concepts Housing Corp.	Lewiston Auburn Community Housing	Total
Net assets without donor restrictions						
Support, revenue, and net assets released						
Grants and contracts	$ 22,838,071	$ 1,210,590	$ -	$ -	$ -	$ 24,048,661
Fees	2,220,371	146,821	-	-	-	2,367,192
Rental income	69,838	-	1,129,267	-	-	1,199,105
Interest income	105,668	539,372	3,365	-	-	648,405
In-kind contributions	1,281,887	-	7,844	2,271	-	1,292,002
Contribution of affiliate	1,750,049	-	486,721	(125,231)	69	2,111,608
Employee retention tax credit	2,308,424	-	-	-	-	2,308,424
Other income	722,913	75,087	525,553	19,436	-	1,342,989
Net assets released from restrictions	287,772	19,372	-	-	-	307,144
Total support, revenue, and net assets released	31,584,993	1,991,242	2,152,750	(103,524)	69	35,625,530
Expenses						
Program services						
Housing and energy	9,705,256	-	-	-	-	9,705,256
Customer Service	777,398	-	-	-	-	777,398
Children's services	7,670,686	-	-	-	-	7,670,686
Family services	1,523,184	-	-	-	1,239	1,524,423
Finance corporation	4,894	1,844,116	-	12,381	-	1,861,391
Property management	337,451	-	1,778,683	-	-	2,116,134
COVID and other	5,766,547	-	-	-	10	5,766,557
Total program services	25,785,416	1,844,116	1,778,683	12,381	1,249	29,421,845
Management and general	2,273,533	157,098	4,185	1,142	140	2,436,098
Fundraising	172,594	-	-	-	-	172,594
Total expenses	28,231,543	2,001,214	1,782,868	13,523	1,389	32,030,537
Change in net assets without donor restrictions	3,353,450	(9,972)	369,882	(117,047)	(1,320)	3,594,993
Net assets with donor restrictions						
Contributions	56,788	-	-	-	-	56,788
Interest income	-	83,974	-	-	-	83,974
Net assets released from restrictions	(287,772)	(19,372)	-	-	-	(307,144)
Change in net assets with donor restrictions	(230,984)	64,602	-	-	-	(166,382)
Total change in net assets	3,122,466	54,630	369,882	(117,047)	(1,320)	3,428,611
Net assets at beginning of year	5,861,428	4,318,354	33,011	225,015	1,496	10,439,304
Net assets at end of year	$ 8,983,894	$ 4,372,984	$ 402,893	$ 107,968	$ 176	$ 13,867,915

COMMUNITY CONCEPTS, INCORPORATED AND ITS AFFILIATES

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2023

Federal grantor/pass-through grantor/program title	Federal AL Number	Pass-through Number	Federal Expenditures
U.S. Department of Agriculture			
Direct Programs:			
Rural Self-Help Housing Technical Assistance	10.420	N/A	$ 432,366
Intermediary Relending Program (a)	10.767	N/A	545,898
Rural Microentrepreneur Assistance Program	10.870	N/A	33,988
Rural Microentrepreneur Assistance Program (a)	10.870	N/A	286,720
Total AL Number 10.870:			320,708
Passed through: Maine Department of Education			
Child and Adult Care Food Program	10.558	CF-23-429	158,772
Child and Adult Care Food Program	10.558	FP-23-429	202,367
Total AL Number 10.558:			361,139
Total U.S. Department of Agriculture:			1,660,111
U.S. Department of Energy			
Passed through: Maine State Housing Authority			
Weatherization Assistance for Low-Income Persons	81.042	N/A	690,926
Total U.S. Department of Energy:			690,926
U.S. Department of Health and Human Services			
CCDF Cluster			
Direct Programs:			
Child Care and Development Block Grant	93.575	N/A	619,404
Total CCDF Cluster:			619,404
Head Start Cluster			
Direct Programs:			
Head Start	93.600	N/A	6,232,474
Total Head Start Cluster:			6,232,474
Direct Programs:			
COVID-19 Provider Relief Fund	93.498	N/A	108,973

(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, 2023

Federal grantor/pass-through grantor/program title	Federal AL Number	Pass-through Number	Federal Expenditures
Passed through: Maine Department of Health and Human Services			
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	COM-22-6003	14,609
Title IV-E Prevention and Family Services and Programs (A)	93.472	CDO-23-4230	91,421
Temporary Assistance for Needy Families	93.558	CDO-23-4230	815,242
Temporary Assistance for Needy Families	93.558	CFS-22-1405	43,295
Temporary Assistance for Needy Families	93.558	CFS-24-1405	15,682
Temporary Assistance for Needy Families	93.558	OFI-22-401	163,662
Temporary Assistance for Needy Families	93.558	OFI-24-401	59,971
Total AL Number 93.558:			1,097,852
Passed through: Maine State Housing Authority			
Low-Income Home Energy Assistance	93.568	N/A	4,245,466
Passed through: Maine Department of Health and Human Services			
Community Services Block Grant	93.569	CFS-23-7003	433,766
Passed through: Maine Children's Trust			
Community-Based Child Abuse Prevention Grants	93.590	N/A	14,470
Passed through: Maine Community Action Partnership			
Social Services Research and Demonstration	93.647	90XP0450-01-00	14,409
Passed through: Maine Department of Health and Human Services			
Social Services Block Grant	93.667	CFS-23-4011	162
Maternal, Infant and Early Childhood Home Visiting Grant	93.870	CDO-23-4230	265,891
Total U.S. Department of Health and Human Services:			13,138,897

(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, 2023

Federal grantor/pass-through grantor/program title	Federal AL Number	Pass-through Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
CDBG - Entitlement Grants Cluster			
Passed through: City of Rockland, Maine			
Community Development Block Grants/Entitlement Grants	14.218	N/A	213,870
Total CDBG - Entitlement Grants Cluster:			213,870
Direct Programs:			
Housing Counseling Assistance Program	14.169	N/A	34,285
Passed through: Maine State Housing Authority			
Home Investment Partnerships Program	14.239	N/A	38,983
Passed through: City of Biddeford			
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	MELHB0717-19	14,670
Passed through: City of Lewiston, Maine			
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	N/A	89,605
Passed through: City of Portland			
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	N/A	11,075
Passed through: Maine State Housing Authority			
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	MELHD0298-16	177,017
Total AL Number 14.900:			292,367
Older Adults Home Modification Grant Program	14.921	N/A	11,726
Total U.S. Department of Housing and Urban Development:			591,231
U.S. Department of Labor			
Workforce Innovation and Opportunity Act (WIOA) Cluster			
Passed through: Eastern Maine Development Corp.			
Workforce Innovation Act (WIA) Adult Program	17.258	AA-33233-19-55-A-2#	41,717
WIA Youth Activities	17.259	AA-33233-19-55-A-2#	60,830
WIA Dislocated Worker Formula Grants	17.278	AA-33233-19-55-A-2#	33,388
Total WIOA Cluster:			135,935

(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, 2023

Federal grantor/pass-through grantor/program title	Federal AL Number	Pass-through Number	Federal Expenditures
Passed through: Eastern Maine Development Corp.			
Workforce Investment Act (WIA) National Emergency Grants	17.277	DW-34480-20-60-A-23	15,963
Total U.S. Department of Labor:			151,898
U.S. Department of Treasury			
Passed through: NeighborWorks America			
Neighborworks	21.000	G-SIF-2019-53633	10,598
Neighborworks	21.000	G-SUPINT-2020-60841	6,140
Neighborworks	21.000	N/A	427,350
Total AL Number 21.000:			444,088
Passed through: Maine State Housing Authority			
COVID-19 Emergency Rental Assistance Program	21.023	N/A	3,899,297
COVID-19 Homeowner Assistance Fund	21.026	N/A	85,728
Passed through: County of Androscoggin			
COVID-19 Coronavirus State and Local Fiscal Recovery Fun	21.027	N/A	247,788
Total U.S. Department of Treasury:			4,676,901
U.S. Election Assistance Commission			
Direct Programs:			
Northern Border Regional Development	90.601	N/A	188,388
Total U.S. Election Assistance Commission:			188,388
U.S. Small Business Administration			
Direct Programs:			
Microloan Program (a)	59.046	N/A	1,486,137
Microloan Program	59.046	N/A	369,938
Total AL Number 59.046:			1,856,075
Total U.S. Small Business Administration:			1,856,075
Total Expenditures of Federal Awards:			$ 22,954,427

(a) Outstanding loan, balances include beginning of year outstanding balances and current year disbursements
See accompanying notes to schedule of expenditures of federal awards

Notes to Schedule of Expenditures of Federal Awards

Year Ended September 30, 2023

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, 2023. 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 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 are as follows at September 30, 2023:

Rural Microentrepreneur Assistance Program	$ 263,181
Microloan Program	1,168,439
	$ 1,431,620

Community Concepts, Incorporated and its Affiliates
Schedule of Expenditures of Department Agreements
Year Ended September 30, 2023

	Department Office	Agreement Number	Agreement Amount	Agreement Period	Agreement Service	Agreement Status	Federal Expense	State Expense	Total Department Expense
	DHHS								
	CDM	CDM-23-5351	$ 266,744	7/1/2022-6/30/2023	Lead Inspection	Final	$ -	$ 73,000	$ 73,000
	CDM	CDM-24-5351	546,272	7/1/2023-6/30/2025	Lead Inspection	Interim	-	105,209	105,209
	CFS	CFS-22-1405	878,558	7/1/2021-6/30/2023	Early Head Start	Final	43,295	320,257	363,552
	CFS	CFS-23-4011	925,243	7/1/2022-6/30/2023	Transportation	Final	162	2,707	2,869
*	CFS	CFS-23-7003	433,766	10/1/2022-9/30/2023	Community Services Block Grant	Final	433,766	-	433,766
	CFS	CFS-24-1405	888,860	7/1/2023-6/30/2025	Early Head Start	Interim	15,682	108,703	124,385
	COM	COM-22-6003	151,514	1/1/2022-12/31/2022	COVID-19 Social Supports	Final	14,609	-	14,609
	OFI	OFI-22-401	300,000	7/1/2021-6/30/2023	Whole Family Services	Final	163,662	-	163,662
	OFI	OFI-24-401	317,888	7/1/2023-6/30/2025	Whole Family Services	Interim	59,971	-	59,971
							731,147	609,876	1,341,023
	DHHS Indirect								
*	Maine Children's Trust	CDO-23-4230	3,131,696	10/1/2022-9/30/2024	Maine Families	Interim	1,172,554	295,699	1,468,253
	Maine Children's Trust	CFS-23-1600	174,000	7/1/2022-6/30/2023	Androscoggin Child Abuse & Neglect	Final	-	154,875	154,875
	Maine Children's Trust	CFS-23-1600A	174,000	7/1/2023-6/30/2024	Androscoggin Child Abuse & Neglect	Interim	-	38,226	38,226
							1,172,554	488,800	1,661,354
							$ 1,903,701	$ 1,098,676	$ 3,002,377

* Department agreement tested as major

The accompanying notes are an integral part of this schedule.

COMMUNITY CONCEPTS, INCORPORATED AND ITS AFFILIATES

Notes to Schedule of Expenditures of Department Agreements

Year Ended September 30, 2023

1. Basis of Presentation

The accompanying schedule of expenditures of Department agreements (SEDA) 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, 2023. The information in the SEDA is presented in accordance with requirements of *Maine Uniform Accounting and Auditing Practices for Community Agencies* (MAAP). Because the SEDA 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 Department Agreement Expenditures

Expenditures reported on the SEDA consist of direct and indirect costs which are recognized as incurred using the accrual method of accounting. Such expenditures are recognized following 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: 63%

BerryDunn

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
Community Concepts, Incorporated and its Affiliates

We have audited, in accordance with U.S. generally accepted auditing standards (U.S. GAAS) 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, 2023, 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 April 19, 2024.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 or significant deficiencies may exist that were not identified.

Report on 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 consolidated financial statements. 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*.

The Board of Directors
Community Concepts, Incorporated and its Affiliates

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

Bangor, Maine
April 19, 2024

BerryDunn

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
Community Concepts, Incorporated and its Affiliates

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Community Concepts, Incorporated and its Affiliates' (the Organization) compliance with the types of compliance requirements identified as subject to audit 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, 2023. 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.

In our opinion, the Organization complied, in all material respects, with the 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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards (U.S. GAAS); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization’s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with U.S. GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with U.S. GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The Board of Directors
Community Concepts, Incorporated and its Affiliates

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Bangor, Maine
April 19, 2024

COMMUNITY CONCEPTS, INCORPORATED AND ITS AFFILIATES

Schedule of Findings and Questioned Costs Related to Federal Awards

Year Ended September 30, 2023

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

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:

AL Number(s)	Name of Federal Program or Cluster
21.023	COVID-19 Emergency Rental Assistance Program
93.558	Temporary Assistance for Needy Families
93.569	Community Services Block Grant

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

Not applicable.

Section III. Federal Award Findings and Questioned Costs

Not applicable.

BerryDunn

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR DEPARTMENT AGREEMENT AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH *MAINE UNIFORM ACCOUNTING AND AUDITING PRACTICES FOR COMMUNITY AGENCIES*

The Board of Directors
Community Concepts, Incorporated and its Affiliates

Report on Compliance for Each Major Department Agreement

Opinion on Each Major Department Agreement

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, 2023. The Organization's major Department agreements are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs related to Department agreements.

In our opinion, the Organization complied, in all material respects, with the 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, 2023.

Basis for Opinion on Each Major Department Agreement

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards (U.S. GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and MAAP. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major Department agreement. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's Department agreements.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization’s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with U.S. GAAS, *Government Auditing Standards*, and MAAP will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization’s compliance with the requirements of each major Department agreement as a whole.

In performing an audit in accordance with U.S. GAAS, *Government Auditing Standards*, and MAAP, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization’s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Organization’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Organization’s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not 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 MAAP. Accordingly, this report is not suitable for any other purpose.

Berry Dunn McNeil & Parker, LLC

Bangor, Maine
April 19, 2024

COMMUNITY CONCEPTS, INCORPORATED AND ITS AFFILIATES

Schedule of Findings and Questioned Costs Related to Department Agreements

Year Ended September 30, 2023

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

Department Agreements

Internal control over major Department agreements:				
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 major Department agreements tested:

CDO-23-4230	Maine Families
CFS-23-7003	Community Services Block Grant

Section II. Financial Statement Findings

Not applicable.

Section III. Department Findings

Not applicable.

Summary Schedule of Prior Year Findings and Questioned Costs Related to Department Agreements

Year Ended September 30, 2023

Finding 2022-001

Programs Affected

Maine Department of Health and Human Services; Contract No. CFS-22/23-4011 Transportation

Criteria

The contract requires that “No child under the age of sixteen (16) shall be transported without an adult, except when: i. The Provider is in possession of the consent form... signed by the legal parent or guardian of the child, authorizing the Provider to provide transportation to the unaccompanied minor; or ii. The minor is able to request transportation to a service without parental consent, only if allowed by state or federal law."

Condition and Context

In our nonstatistical sample of forty trips provided by the Organization, we observed that the Organization was not able to locate a signed parental consent form for one of the six minors included in that sample.

Cause and Effect

The Organization closed the Transportation program and transferred the related files to storage. The Organization was not able to locate the required form in the storage facility. Therefore, the Organization is not in compliance with the contractual requirement to maintain parental consent forms for every minor served.

Prior Year Recommendation

The Organization should ensure that all contractually required forms are properly obtained and maintained.

Status

Resolved.