

AROOSTOOK COUNTY ACTION PROGRAM, INC.

FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

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Chester M. Kearney

Certified Public Accountants

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To the Board of Directors of
Aroostook County Action Program, Inc.

INDEPENDENT AUDITORS' REPORT

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of Aroostook County Action Program, Inc. (a Maine nonprofit corporation), which comprise the statements of financial position as of September 30, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Aroostook County Action Program, Inc. as of September 30, 2023 and 2022 and the changes in net its assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Aroostook County Action Program, Inc. and to meet our other ethical responsibilities, in accordance with the 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 audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 generally accepted auditing standards 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards 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 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 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 Aroostook County Action Program, Inc.'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Aroostook County Action Program, Inc.'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards as required by *Title 2 U.S. Code of Federal Regulations (CFR) 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 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2024 on our consideration of Aroostook County Action Program, Inc.'s internal control over financial reporting and on our tests of its 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 Aroostook County Action Program, Inc.'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 Aroostook County Action Program, Inc.'s internal control over financial reporting and compliance.

Chester M. Kearney

Presque Isle, Maine
June 10, 2024

AROOSTOOK COUNTY ACTION PROGRAM, INC.

STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
CURRENT ASSETS		
Cash and equivalents	4,264,511	3,364,562
Accounts receivable, net	1,509,881	2,130,483
Investments	1,287,027	1,234,663
Weatherization and CHIP work in process	208,892	129,171
Prepaid expenses	54,136	70,559
	<u>7,324,447</u>	<u>6,929,438</u>
FIXED ASSETS		
Land, buildings and improvements	6,206,532	6,206,532
Vehicles and equipment	1,527,210	1,462,038
	<u>7,733,742</u>	<u>7,668,570</u>
Less: Accumulated depreciation	(4,011,066)	(3,739,082)
	<u>3,722,676</u>	<u>3,929,488</u>
OTHER ASSETS		
Construction in progress	1,101,116	
Right of use asset	362,518	
Other long-term assets		119,368
	<u>1,463,634</u>	<u>119,368</u>
TOTAL ASSETS	<u>12,510,757</u>	<u>10,978,294</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	769,081	672,825
Accrued expenses	645,040	662,488
Current portion of lease liabilities	144,782	
Grant funds received in advance	1,122,958	1,452,380
TOTAL CURRENT LIABILITIES	<u>2,681,861</u>	<u>2,787,693</u>
LONG-TERM LIABILITIES		
Lease liabilities, net of current portion	217,736	
Notes payable, net of current portion		700,000
TOTAL LONG-TERM LIABILITIES	<u>217,736</u>	<u>700,000</u>
TOTAL LIABILITIES	<u>2,899,597</u>	<u>3,487,693</u>
NET ASSETS		
Without donor restrictions	8,656,975	7,034,993
With donor restrictions	954,185	455,608
TOTAL NET ASSETS	<u>9,611,160</u>	<u>7,490,601</u>
TOTAL LIABILITIES AND NET ASSETS	<u>12,510,757</u>	<u>10,978,294</u>

See accompanying notes to financial statements

AROOSTOOK COUNTY ACTION PROGRAM, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Government grants and contracts	17,657,293		17,657,293
Program fees	713,507		713,507
Contributions	250,316	900,000	1,150,316
Investment income	112,824		112,824
Other income	1,232,766		1,232,766
In-kind	126,757		126,757
	<u>20,093,463</u>	<u>900,000</u>	<u>20,993,463</u>
EXPENSES			
PROGRAM SERVICE EXPENSES			
Workforce development	2,553,481		2,553,481
Energy and housing services	7,368,879		7,368,879
Community health	2,046,992		2,046,992
Early care and education	6,672,975		6,672,975
TOTAL PROGRAM SERVICE EXPENSES	<u>18,642,327</u>		<u>18,642,327</u>
ADMINISTRATION AND GENERAL AND FUND RAISING	<u>1,422,954</u>		<u>1,422,954</u>
	<u>20,065,281</u>		<u>20,065,281</u>
INCREASE IN NET ASSETS FROM OPERATIONS	<u>28,182</u>	<u>900,000</u>	<u>928,182</u>
OTHER REVENUE (EXPENSE)			
Maine State Housing Authority Loan Forgiveness	700,000		700,000
Grant funds for equipment/renovations purchased	738,475		738,475
Loss on disposal of assets	(1,440)		(1,440)
Depreciation on assets purchased with grant funds	(244,658)		(244,658)
	<u>1,192,377</u>		<u>1,192,377</u>
NET ASSETS TRANSFERRED TO (FROM) UNRESTRICTED FUNDS	<u>401,423</u>	<u>(401,423)</u>	<u>-</u>
INCREASE IN NET ASSETS	<u>1,621,982</u>	<u>498,577</u>	<u>2,120,559</u>
NET ASSETS AT BEGINNING OF YEAR	<u>7,034,993</u>	<u>455,608</u>	<u>7,490,601</u>
NET ASSETS AT END OF YEAR	<u>8,656,975</u>	<u>954,185</u>	<u>9,611,160</u>

See notes to financial statements

AROOSTOOK COUNTY ACTION PROGRAM, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Government grants and contracts	30,463,527		30,463,527
Program fees	589,801		589,801
Contributions	291,130	400,000	691,130
Investment income (loss)	(214,586)		(214,586)
Other income	739,747	55,608	795,355
In-kind	384,221		384,221
	<u>32,253,840</u>	<u>455,608</u>	<u>32,709,448</u>
EXPENSES			
PROGRAM SERVICE EXPENSES			
Workforce development	2,089,272		2,089,272
Energy and housing services	19,541,686		19,541,686
Community health	1,844,781		1,844,781
Early care and education	7,214,349		7,214,349
TOTAL PROGRAM SERVICE EXPENSES	<u>30,690,088</u>		<u>30,690,088</u>
ADMINISTRATION AND GENERAL AND FUND RAISING	<u>1,199,919</u>		<u>1,199,919</u>
	<u>31,890,007</u>		<u>31,890,007</u>
INCREASE IN NET ASSETS FROM OPERATIONS	<u>363,833</u>	<u>455,608</u>	<u>819,441</u>
OTHER REVENUE (EXPENSE)			
PPP loan forgiveness	1,546,928		1,546,928
Grant funds for equipment/renovations purchased	550,528		550,528
Depreciation on assets purchased with grant funds	(220,124)		(220,124)
	<u>1,877,332</u>		<u>1,877,332</u>
INCREASE IN NET ASSETS	<u>2,241,165</u>	<u>455,608</u>	<u>2,696,773</u>
NET ASSETS AT BEGINNING OF YEAR	<u>4,793,828</u>	<u>-</u>	<u>4,793,828</u>
NET ASSETS AT END OF YEAR	<u><u>7,034,993</u></u>	<u><u>455,608</u></u>	<u><u>7,490,601</u></u>

See accompanying notes to financial statements

AROOSTOOK COUNTY ACTION PROGRAM, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2023

	PROGRAM SERVICES				Total Program Services	Administration and General	Total
	Workforce Development	Energy and Housing Services	Community Health	Early Care and Education			
Personnel	1,360,406	2,243,552	748,119	5,078,464	9,430,541	887,089	10,317,630
Travel and vehicle operation	59,281	48,991	29,214	128,132	265,618	16,670	282,288
Occupancy costs	77,925	111,524	73,089	553,023	815,561	65,418	880,979
Consumable supplies	99,138	37,450	67,026	143,808	347,422	74,598	422,020
Minor equipment	156,397	-	-	13,765	170,162	70	170,232
Direct client benefits	333,034	4,276,281	919,561	528,161	6,057,037	4,302	6,061,339
Consultants and contractual services	382,838	591,170	105,201	45,483	1,124,692	300,727	1,425,419
Other	50,812	59,911	58,961	134,853	304,537	74,080	378,617
In-kind	33,650	-	45,821	47,286	126,757	-	126,757
Total expenses including grant funded equipment	2,553,481	7,368,879	2,046,992	6,672,975	18,642,327	1,422,954	20,065,281

See accompanying notes to financial statements

Chester M. Kearney, Certified Public Accountants

AROOSTOOK COUNTY ACTION PROGRAM, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2022

	PROGRAM SERVICES				Total Program Services	Administration and General	SUPPORTING SERVICES	Total
	Workforce Development	Energy and Housing Services	Community Health	Early Care and Education				
Personnel	1,180,788	2,316,102	763,895	5,013,985	9,274,770	841,905	10,116,675	
Travel and vehicle operation	45,921	43,601	25,771	68,925	184,218	13,366	197,584	
Occupancy costs	65,371	143,912	80,909	702,171	992,363	27,489	1,019,852	
Consumable supplies	149,330	61,130	60,218	201,174	471,852	26,130	497,982	
Minor equipment	454	-	-	70	524	3,800	4,324	
Direct client benefits	289,622	16,186,186	751,068	544,778	17,771,654	4,768	17,776,422	
Consultants and contractual services	247,206	658,073	41,832	59,371	1,006,482	213,215	1,219,697	
Other	110,356	132,682	111,260	249,706	604,004	69,246	673,250	
In-kind	224	-	9,828	374,169	384,221	-	384,221	
Total expenses including grant funded equipment	2,089,272	19,541,686	1,844,781	7,214,349	30,690,088	1,199,919	31,890,007	

See accompanying notes to financial statements

Chester M. Kearney, Certified Public Accountants

AROOSTOOK COUNTY ACTION PROGRAM, INC.

STATEMENTS OF CASH FLOWS

YEAR ENDED SEPTEMBER 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from user fees	1,334,109	85,321
Cash received from grants and contracts	17,443,278	30,281,292
Cash received from donors	250,316	645,607
Cash received from other sources	1,232,766	761,379
Cash paid to suppliers and employees	(19,765,856)	(31,603,740)
Interest and dividends received	38,962	33,976
Net cash provided by operating activities	<u>533,575</u>	<u>203,835</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash provided by sale of investments	140,866	-
Cash provided by capital grants and donations	1,523,068	-
Purchase of property and equipment	(1,297,560)	(606,844)
Net cash used in investing activities	<u>366,374</u>	<u>(606,844)</u>
NET INCREASE / (DECREASE) IN CASH AND EQUIVALENTS	899,949	(403,009)
CASH, RESTRICTED CASH AND EQUIVALENTS AT BEGINNING OF YEAR	<u>3,364,562</u>	<u>3,767,571</u>
CASH, RESTRICTED CASH AND EQUIVALENTS AT END OF YEAR	<u>4,264,511</u>	<u>3,364,562</u>
RECONCILIATION OF CHANGE IN NET ASSETS		
TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Increase in net assets	<u>2,120,559</u>	<u>2,696,773</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	401,816	370,148
Change in partnership equity interest	-	10,167
Unrealized (gain) loss on investments	(73,862)	251,202
PPP and other loan forgiveness	(700,000)	(1,546,928)
Capital grants and donations	(1,523,068)	-
Non-cash donations received	-	(50,882)
Investment earnings reinvested	-	(41,424)
Loss on disposition of assets	1,440	-
Changes in assets and liabilities		
Accounts receivable	620,602	(504,480)
Weatherization and CHIP work in process	(79,721)	(92,450)
Prepaid expenses	16,423	108,146
Accounts payable and accrued expenses	96,256	(277,152)
Accrued compensation	(17,448)	13,478
Grant funds received in advance	(329,422)	(732,763)
	<u>(1,586,984)</u>	<u>(2,492,938)</u>
Net cash provided by operating activities	<u>533,575</u>	<u>203,835</u>
SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES		
Capital expenditures funded by long-term borrowing	<u>-</u>	<u>700,000</u>
Long-term debt reduced by debt forgiveness	<u>700,000</u>	<u>-</u>

See accompanying notes to financial statements

AROOSTOOK COUNTY ACTION PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations - Aroostook County Action Program, Inc. ("ACAP") is organized as a nonprofit Maine corporation to enable the people of Aroostook County to achieve greater economic independence and dignity and provide leadership to the community in responding to human needs. The accounting practices of ACAP are designed primarily to demonstrate stewardship of the funds entrusted to it, compliance with prescribed grant conditions, and other special requirements, including the furnishing of certain amounts of cash or noncash contributions to programs from nonfederal sources.

Approximately 88% and 93% of ACAP's support for the year ended September 30, 2023 and 2022, respectively, came from grants, contracts, and fees from the federal and state governments.

A basic description of the programs is as follows:

Workforce Development – Workforce Development offers services to assist people who are seeking employment as well as businesses seeking employees. Services offered include Workforce Innovation and Opportunity Act (WIOA) services, other jobs training opportunities and programs, as well as Case Management.

Energy and Housing Services - Energy and Housing Services include energy assistance, such as Low-Income Home Energy Assistance (LIHEAP), Energy Crisis Intervention (ECIP), Low-Income Assistance (LIAP), Rental assistance, affordable housing repair and replacement program, lead hazard control program, home ownership education, weatherization, home ownership support counseling, family development accounts, micro business loans, above ground storage tank and central heating improvement programs.

Community Health - Community health operates the supplemental food program for Women, Infants, and Children (WIC); and provides community oral health education and dental services.

Early Care and Education – Early Care and Education provides Head Start, Child Care, and Child Care Food programs.

Fund-raising and Management and General – Fund raising and management and general includes the functions necessary to maintain programs and consists of those activities that are not identifiable with a single program; ensures an adequate working environment; provides coordination and articulation of ACAP's program strategy; secures proper administrative functioning of the Board of Directors; maintains competent legal services for the program administration of ACAP; and manages the financial and budgetary responsibilities of ACAP.

Basis of Accounting - The financial statements of Aroostook County Action Program, Inc. are prepared on the accrual basis of accounting. Under the accrual basis of accounting, revenue is recognized when earned and expenses are recognized when incurred.

AROOSTOOK COUNTY ACTION PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

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

Financial Statement Presentation - Aroostook County Action Program, Inc follows FASB Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit*. The Organization reports contributions received as support with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Grants, investment income, and contributions are reported as support with donor restrictions and are then reclassified to net assets without donor restrictions upon expiration of the time restriction.

Revenue Recognition - The Organization follows ASC 606, Revenue From Contracts With Customers which replaced numerous revenue recognition requirements in GAAP, including industry-specific requirements, and provides Organizations with a single revenue recognition model for recognizing revenue from contracts with Customers. The Revenue Standard establishes a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied in an amount that reflects the consideration the Organization expects to receive in exchange for satisfaction of those performance obligations, or service fee. Topic 606 also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

The majority of the Organization's revenues are derived from government grants and contracts and donations which are non-exchange transactions. Revenues that do contain a performance obligation typically consist of a single performance obligation which is typically satisfied at the conclusion of the consumer encounter. Revenue is measured based on a consideration specified in a contract with a consumer, and excludes any amounts collected on behalf of third parties.

Contributions are recognized when the donor makes a promise to give to ACAP that is, in substance, unconditional. Contributions received are recorded as with or without donor restrictions. When a restriction expires, net assets are reclassified as without donor restrictions and reported in the statements of activities as released from restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Program fees and other revenue are recognized when earned.

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

Grant awards that are contributions - Grants that qualify as contributions are recorded when invoices are sent to the funding sources. Revenue is recognized in the accounting period when the related expenses are incurred. Amounts received in excess of expenses are reflected as grant funds received in advance.

AROOSTOOK COUNTY ACTION PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

Grant awards that are exchange transactions - Exchange transactions are reimbursed based on a predetermined rate for services performed. The revenue is recognized in the period the service is performed.

Cash and Temporary Investments - ACAP considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. ACAP includes money market investments as cash and cash equivalents.

Accounts Receivable - Accounts receivable represent amounts due from various entities for services performed. Accounts receivable are stated at the amount management expects to collect on balances outstanding at year end. Based on history with customers having outstanding balances and current relationships with them, management has concluded that realization losses on balances outstanding at year end will be immaterial and no allowance has been recorded.

Investments - Investments include certificates of deposit, mutual funds, and common stock and are reported at their fair values as determined in an active market. Investment return is included in the statements of activities in investment income. Any investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met either by passage of time or by use in the reporting period in which the income and gains are recognized.

Fixed Assets - Property and equipment are capitalized at cost or, if donated, at fair value on the date of donation. Depreciation is provided for using the straight-line method over the estimated useful life of the asset. Leasehold improvements are recorded at cost and amortized using the straight-line method over the shorter of the useful life or the associated lease term. ACAP considers items with a cost greater than \$5,000 and a useful life greater than one year to be property and equipment.

Property and equipment purchased with grant funds are owned by ACAP while used in the program for which they were purchased or in other future authorized programs. However, the various funding sources have a reversionary interest in the property and equipment purchased with grant funds. Its disposition, as well as the ownership of any proceeds therefrom, is subject to funding source regulations. The net book value of grant property and equipment included on the statement of financial position is \$1,819,351 and \$1,918,601 on September 30, 2023 and 2022 respectively.

Fair Value Measurements - Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. A three-tier hierarchy prioritizes the inputs used in measuring fair value. These tiers include Level 1, defined as observable inputs such as quoted market prices in active markets; Level 2, defined as inputs other than quoted market prices in active markets that are directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore, requiring an entity to develop its own assumptions. The asset's or liability's fair value measurement within the hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

AROOSTOOK COUNTY ACTION PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

In-Kind Contributions - In-kind contributions for supplies and professional services are recorded in the statement of activities as revenue and expenses in the period they are received. During the years ended September 30, 2023 and 2022, ACAP received \$126,757 and \$384,221 of such contributions, primarily for its community health and early care and education programs. In addition, ACAP received contributions of nonprofessional volunteer services during the years ended September 30, 2023 and 2022, of \$73,358 and \$325,648 for its early care and education programs. The nonprofessional volunteer services are not reported in the statements of activities as they do not meet the criteria to be recorded under accounting principles generally accepted in the United States.

Functional Allocation of Expenses - The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Personnel costs are allocated based on time and effort reporting. Other operating costs are allocated based on utilization.

Indirect Cost Rate - Joint costs are allocated to benefiting programs using an indirect cost rate. Joint costs are those incurred for the common benefit of ACAP's programs that cannot be readily identified with a final cost objective. A fixed rate has been approved by the Department of Health and Human Services (DHHS). The fixed rate of 23% is based upon direct salaries and wages excluding all fringe benefits was approved and in effect from October 1, 2021 to September 30, 2023. The fixed rate decreased to 17% October 1, 2023 through September 30, 2026.

Federal Income Tax - The Organization is classified as an exempt Organization for federal income taxes under Internal Revenue Code Section 501(c)(3).

The Organization has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Management believes there were no activities subject to tax on unrelated business income.

The Organization's tax returns are subject to review and examination by federal and state authorities. No examinations have been conducted by the Federal or State taxing authorities and no correspondence has been received from these authorities.

Recent Accounting Pronouncements - Leasing - In February 2016, FASB issued ASU 2016-02, Leases. The standard provides users of the financial statements with a more accurate picture of the assets and the long-term financial obligations of entities that lease. The proposal is for a dual-model approach; a lessee would account for most existing capital leases as Type A leases, and most existing operating leases as Type B leases. Both would be reported on the balance sheet of an entity for leases with a term exceeding 12 months. Lessors will see some changes too, largely made to align with the revised lease model. The Organization has adopted the standard for the year ending September 30, 2023. See note #8.

AROOSTOOK COUNTY ACTION PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

Government Assistance - In November 2021, the FASB issued ASU No. 2021-10, Government Assistance (Topic 832): Disclosures by Business Entities about Government Assistance. The ASU added Topic 832 to increase transparency of government assistance including the disclosure of (1) the types of assistance, (2) and entity's accounting for the assistance, and (3) the effect of the assistance on an entity's financial statements. The standard was adopted for the year ending September 30, 2023. See note #20.

(2) CONCENTRATION OF RISK

ACAP maintains cash balances, consisting of checking, savings accounts, money market accounts, and certificates of deposits at several financial institutions located in Aroostook County. Cash balances at Katahdin Trust Company in excess of FDIC limits are collateralized by pledged securities. As of September 30, 2023 and 2022 the amounts exceeding FDIC limits at Katahdin Trust Company were \$3,178,906 and \$2,483,597 respectively. All other accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times during the year, balances in these accounts may exceed the insurance limits. Management believes the financial institutions have strong credit ratings and credit risk related to these deposits is minimal.

(3) INVESTMENTS

ACAP's investments as of September 30, consist of the following:

	<u>2023</u>	<u>2022</u>
Certificates of deposit	\$ 354,314	\$ 346,671
Mutual funds	810,389	766,072
Common stocks	<u>122,324</u>	<u>121,920</u>
Total	<u>\$ 1,287,027</u>	<u>\$ 1,234,663</u>

Investment income for ACAP on the above investments is summarized as follows:

	<u>2023</u>	<u>2022</u>
Realized and unrealized gain (loss)	\$73,862	\$(251,202)
Interest and dividend income	<u>38,962</u>	<u>36,616</u>
Total	<u>\$112,824</u>	<u>\$(214,586)</u>

(4) FAIR VALUE MEASUREMENTS

The following is a description of the valuation methodologies used for assets measured at fair value.

Common stocks and mutual funds are valued at quoted market prices. Certificates of deposit are valued at quoted prices for similar assets in active markets.

AROOSTOOK COUNTY ACTION PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(4) FAIR VALUE MEASUREMENTS (cont'd.)

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair value. Furthermore, while ACAP believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables present the balances of assets measured at fair value on a recurring basis by level within the fair value hierarchy as of September 30, 2023 and 2022:

	Fair Value Measurements Using			Fair Value
	Level 1	Level 2	Level 3	
Certificates of deposit		\$ 354,314		\$ 354,314
Mutual funds	\$ 810,389			810,389
Common stocks	<u>122,324</u>			<u>122,324</u>
Total	<u>\$ 932,713</u>	<u>\$ 354,314</u>	<u>None</u>	<u>\$ 1,287,027</u>

	Fair Value Measurements Using			Fair Value
	Level 1	Level 2	Level 3	
Certificates of deposit		\$ 346,671		\$ 346,671
Mutual funds	\$ 766,072			766,072
Common stocks	<u>121,920</u>			<u>121,920</u>
Total	<u>\$ 887,992</u>	<u>\$ 346,671</u>	<u>None</u>	<u>\$ 1,234,663</u>

As of September 30, 2023 or 2022, ACAP does not have any liabilities that are measured at fair value on a recurring basis, nor are there assets or liabilities measured on a nonrecurring basis.

(5) GRANTS AND ACCOUNTS RECEIVABLE

The grants and accounts receivable balance on September 30 represent amounts due from the various funding sources and unrelated third parties as follows:

	2023	2022
Federal programs	\$ 1,115,713	\$ 1,611,787
State and other programs	<u>394,168</u>	<u>518,696</u>
Sub-total	\$ 1,509,881	\$ 2,130,483
Less: Allowance for doubtful accounts	<u>\$ 0</u>	<u>\$ 0</u>
Total	<u>\$ 1,509,881</u>	<u>\$ 2,130,483</u>

AROOSTOOK COUNTY ACTION PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(6) FIXED ASSETS

The costs and related accumulated depreciation of fixed assets consists of the following:

	September <u>30, 2022</u>	<u>Additions</u>	<u>Retired</u>	September <u>30, 2023</u>
Land, buildings and improvements	\$ 6,206,532			\$ 6,206,532
Vehicles and equipment	<u>1,462,038</u>	<u>196,444</u>	<u>131,272</u>	<u>1,527,210</u>
	<u>7,668,570</u>	<u>196,444</u>	<u>131,272</u>	<u>7,733,742</u>
Less: Accumulated depreciation	<u>3,739,082</u>	<u>401,816</u>	<u>129,832</u>	<u>4,011,066</u>
Net property and equipment	\$ <u>3,929,488</u>	\$ <u>(205,372)</u>	\$ <u>1,440</u>	\$ <u>3,722,676</u>

Construction in progress – The Organization is currently renovating a building on Edgemont drive in Presque Isle, Maine which will convert the building from office space to affordable housing. As of September 30, 2023 \$1,101,116 had been expended on the project. It has been financed with a Maine State Housing Authority (MSHA) forgivable loan and donations from the Rodney and Mary Smith Family Foundation. MSHA has also committed \$1,894,739 of CDBG grant funding toward the project. Other local funds will be raised to complete the project which is expected to be completed in 2024.

(7) LONG-TERM DEBT

Long-term debt consists of the following:

	<u>2023</u>	<u>2022</u>
3.0% note payable to Maine State Housing Authority (MSHA), payable in monthly installments of interest only commencing on June 1, 2022 through May 1, 2024 with the outstanding balance due at that time. Secured by real estate. The note was refinanced with proceeds from a MSHA forgivable loan in April 2023.		\$ 700,000
Less current portion		-
		<u>\$ 700,000</u>

(8) LEASES

The determination of whether an arrangement is a lease is made at the lease's inception. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Operating leases are included in operating lease right-of-use ("ROU") assets, other current liabilities, and operating lease liabilities in our balance sheets. Finance leases are included in property and equipment, other current liabilities, and other long-term liabilities in our balance sheets.

AROOSTOOK COUNTY ACTION PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(8) LEASES (cont'd.)

ROU assets represent our right to use an underlying asset for the lease term, and lease liabilities represent our obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Organization uses the implicit rate when it is readily determinable. Since most of the Organization's leases do not provide an implicit rate, to determine the present value of lease payments, management uses the Organization incremental borrowing rate based on the information available at lease commencement. Operating lease ROU assets also includes any lease payments made and excludes any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise the option.

The Organization has elected not to apply the recognition requirements of ASC 842 to lease transactions of buildings and equipment that have a lease term of 12 months or less.

The Organization leases space at various locations under long-term lease agreements expiring on various dates. Many of the agreements contain renewal options for additional periods and provisions for adjustments due to increases in heat, real estate taxes and other costs. The options were not considered in assessing the value of the right-of-use asset because the Organization has not made a determination as to whether to exercise the options.

The following summarizes the line items in the balance sheet which include amounts for operating leases as of September 30, 2023:

Operating Leases:	
Operating lease right-of-use assets	<u>\$362,518</u>
Current portion of operating lease liabilities	144,782
Operating lease liabilities, net of current portion	<u>217,736</u>
	<u>\$362,518</u>

The following summarizes the weighted average remaining lease term and discount rate as of September 30, 2023:

Weighted average remaining lease term	
Operating leases	4 years
Weighted average discount rate	
Operating leases	6.50%

As the leases do not provide an implicit rate, the Organization uses its incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments.

AROOSTOOK COUNTY ACTION PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(8) LEASES (cont'd.)

Lease liabilities mature as follows as of September 30, 2023:

2024	\$ 144,782
2025	142,793
2026	<u>74,943</u>
Total lease payments	362,518
Less interest	<u>30,586</u>
Present value of lease liabilities	\$ <u>331,932</u>

The Organization also has lease commitments for office equipment that are not included in the lease liability above because they are for leases of 12 months or less or are considered low value by management.

Lease expense for the years ended September 30, 2023 and 2022 was \$565,383 and \$512,951 respectively.

The Organization adopted ASC 842 October 1, 2022, and elected to apply the provisions of the standard to the beginning of the period of adoption. There was no impact to net assets previously reported upon adoption.

(9) LINE OF CREDIT

ACAP has a line-of-credit agreement of \$500,000 with a local bank, which expires June 30, 2024, and is secured by all accounts, contract rights, unrestricted equipment, unrestricted furniture and fixtures, and bears interest at the *Wall Street Journal* Prime Rate (8.50% as of September 30, 2023). There was no outstanding balance as of September 30, 2023 or 2022. It is expected that the line will be renewed upon expiration in June 2024.

(10) EMPLOYEE BENEFITS

ACAP has established a defined contribution plan for the benefit of its employees under Internal Revenue Code, Sections 403(b)(1) and 403(b)(7). The plan is contributory and covers all employees reaching certain age and length of service requirements. The employer's contributions are at various rates depending on the number of years of employment. The employee may contribute any amount to the plan provided that the contribution does not exceed the maximum allowable under the Internal Revenue Code. For the years ended September 30, 2023 and 2022, the employer contributions to the plan amounted to \$204,981 and \$177,994 respectively.

(11) ACCRUED EXPENSES

As of September 30 accrued expenses consist of the following:

	<u>2023</u>	<u>2022</u>
Accrued payroll	\$167,749	\$180,208
Accrued vacation	<u>477,291</u>	<u>482,280</u>
	<u>\$645,040</u>	<u>\$662,488</u>

AROOSTOOK COUNTY ACTION PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(12) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist primarily of revolving loan funds available to loan out. The loan funds are restricted by various grantors for the intended purpose of the specific grant.

As of September 30, 2023 Net Assets with Donor Restrictions consisted of:

	<u>2023</u>	<u>2022</u>
Edgemont Drive renovation project	\$ 954,185	\$ 400,000
CCDF/ARPA funding	<u>-</u>	<u>55,608</u>
	<u>\$ 954,185</u>	<u>\$ 455,608</u>

(13) COMMITMENTS AND CONTINGENCIES

ACAP participates in various governmental grant programs, which may be subject to future program compliance audits by grantors or their representatives. Accordingly, ACAP'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 revenue cannot be determined at this time. On September 30, 2023 and 2022, there were no known unrecorded contingent liabilities relating to compliance with the rules and regulations governing the funds, that management is aware of.

(14) RELATED PARTIES

ACAP was 50% owner in MoM CAP, LLC. The principal purpose of MoM CAP, LLC was to provide access to software support services and maintenance. ACAP recorded this investment using the equity method. On September 30, 2023 and 2022, the investment in MoM CAP, LLC was \$0 and \$119,368 respectively, and is included in other long-term assets on the statement of financial position.

The terms of the LLC operating agreement provided that either party can withdraw from the LLC provided that either party gives notice within 90 days of MoM CAP's September year end. On March 7, 2022 Penquis CAP, the other 50% owner, gave notice of its intention to withdraw and dissolve the Organization. ACAP was paid its full equity interest upon dissolution of the LLC in the year ended September 30, 2023.

(15) GRANT AWARDS

As of September 30, 2023, ACAP has received future funding commitments under various grants. These commitments are not recognized in the accompanying financial statements as they are conditional awards.

(16) GRANT FUNDS RECEIVED IN ADVANCE

Occasionally, The Organization receives grant awards in advance of the funds being expended. When this is the case the recognition of revenue from the grants is deferred until it is expended toward its specified purpose. As of September 30, 2023 and 2022 deferred grant revenues totaled \$1,122,958 and \$1,452,380 respectively.

AROOSTOOK COUNTY ACTION PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(17) LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions or designations limiting their use, within twelve months of the statement of financial position date, are comprised of the following as of September 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 4,264,511	\$ 3,364,562
Accounts and grants receivable, to be collected in less than one year	1,509,881	2,130,483
Investments	<u>1,287,027</u>	<u>1,234,663</u>
	\$ <u>7,061,419</u>	\$ <u>6,729,708</u>
Less amounts not available to be used within one year:		
Grant funds received in advance, included in cash and cash equivalents	\$ 1,122,958	\$ 1,452,380
Accounts payable and accrued expenses	1,414,121	1,335,313
Net assets with donor restrictions included in cash and cash equivalents	<u>954,185</u>	<u>455,609</u>
	\$ <u>3,491,264</u>	\$ <u>3,243,302</u>
Financial assets available to meet general expenditures over the next twelve months	\$ <u>3,570,155</u>	\$ <u>3,486,406</u>

ACAP does not have a formal liquidity policy but generally maintains financial assets in liquid form such as cash and cash equivalents for approximately 1-2 months of operating expenses. ACAP can rely on a lower cash balance as it is primarily funded with cost reimbursement grants. Under cost reimbursement grants, once expenses are incurred, an organization can request reimbursement from the funding source.

(18) SUBSEQUENT EVENTS

Management has considered subsequent events occurring through June 10, 2024, the date the financial statements were available to be issued and determined that no additional adjustments or disclosures are required for the financial statements to be fairly stated.

(19) PAYROLL PROTECTION LOAN

The Organization received a loan from Katahdin Trust Company totaling \$1,546,928 under the Payroll Protection Program established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loan was subject to a note dated January 1, 2021. The Organization applied for, and was notified on March 24, 2022 that, \$1,546,928 in eligible expenditures for payroll expenses described in the CARES Act had been forgiven.

AROOSTOOK COUNTY ACTION PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(20) GOVERNMENT ASSISTANCE

Income from grants is recognized in the period during which the related specified expenses are incurred, provided that the conditions under which the grants were provided have been met. The Organization has received operating grants and various industry specific grants directly from federal agencies and also state agencies which provide federal and state funds to the Organization in support of its various programs.

SUPPLEMENTARY INFORMATION

AROSTOOK COUNTY ACTION PROGRAM, INC.
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED SEPTEMBER 30, 2023

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	PROGRAM PERIOD	FEDERAL ASSISTANCE LISTING NUMBER	GRANTOR NUMBER	PASSED THROUGH TO SUBRECIPIENTS	EXPENDITURES RECOGNIZED
<i>U.S. Department of Agriculture</i>					
Pass through from Maine Department of Health and Human Services					
Special Supplemental Nutrition Program for Women, Infants and Children (WIC)	10/01/22-09/30/23	10.557	CD8-23-4651	-	308,321
Special Supplemental Nutrition Program for Women, Infants and Children (WIC)	10/01/22-09/30/23	10.557	N/A	-	874,432
Total Federal Expenditures Federal Assistance Listing #10.557				-	1,182,753
Pass through from Maine Department of Health and Human Services					
WIC - Farmer's Market Nutrition Program	10/01/22-09/30/23	10.572	CD8-23-4651	-	9,575
Total Federal Expenditures Federal Assistance Listing #10.572				-	9,575
Pass through from Maine Department of Education					
Child & Adult Care Food Program	10/01/22-09/30/23	10.558	FP-20-405	-	550,072
Total Federal Expenditures - Federal Assistance Listing #10.558				-	550,072
SNAP Cluster					
Pass through from Maine Department of Health and Human Services					
Supplemental Nutrition Assistance Program	05/01/21-09/30/22	10.561	OFI-25-014X	-	3,331
Pass through from University of New England					
Supplemental Nutrition Assistance Program	10/01/22-09/30/23	10.561	OFI-22-351	-	93,078
Total Federal Expenditures - SNAP Cluster - Federal Assistance Listing #10.561				-	96,409
<i>Total U.S. Department of Agriculture</i>					
<i>U.S. Department of Housing and Urban Development</i>					
CDBG - Entitlement Grants Cluster					
Pass through from Maine Department of Economic and Community Development and the City of Rockland, Maine					
Community Development Block Grant	04/01/22-03/31/23	14.218	None	-	53,373
Community Development Block Grant	04/01/22-03/31/23	14.218	None	-	90,419
Total Federal Expenditures CDBG Entitlement Grants Cluster Federal Assistance Listing #14.218				-	143,792
Pass through from Maine State Housing Authority					
COVID-19 Community Development Block Grant - State Formula	N/A	14.228	None	-	718,683
Pass through from the City of Presque Isle, Maine					
COVID-19 Community Development Block Grant - State Formula	N/A	14.228	None	-	500,000
Total Federal Expenditures Federal Assistance Listing #14.228				-	1,238,683
Pass through from Shaw House					
Continuum of Care Program	12/01/21-11/30/23	14.267	ME0134Y1T00180	-	116,400
Total Federal Expenditures Federal Assistance Listing #14.267				-	116,400
Pass through from Maine State Housing Authority					
Housing Trust Fund	N/A	14.275	None	-	84,383
Total Federal Expenditures Federal Assistance Listing #14.275				-	84,383
Pass through from Maine State Housing Authority					
Lead Hazard Reduction Demonstration Grant	02/03/20-08/31/23	14.305	None	-	1,470
Total Federal Expenditures Federal Assistance Listing #14.305				-	1,470
Pass through from Maine State Housing Authority					
Older Adults Home Modification Grant Program	01/01/22-12/31/22	14.921	None	-	6,106
Older Adults Home Modification Grant Program	01/01/22-12/31/22	14.921	None	-	1,643
Total Federal Expenditures Federal Assistance Listing #14.905				-	7,751
<i>Total U.S. Department of Housing and Urban Development</i>					
1,592,481					

See accompanying notes to financial statements

Chester M. Kearney, Certified Public Accountants

ARROSTOCK COUNTY ACTION PROGRAM, INC.
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (cont'd.)
 YEAR ENDED SEPTEMBER 30, 2023

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE U.S. Department of Labor	PROGRAM PERIOD	FEDERAL ASSISTANCE LISTING NUMBER	GRANTOR NUMBER	PASSED THROUGH TO SUBRECIPIENTS	EXPENDITURES RECOGNIZED
WIOA Cluster					
Pass through from Northeastern Workforce Development Board	07/01/21-06/30/23	17,258	None	-	64,945
Workforce Innovation & Opportunity Act - Adult	07/01/22-06/30/24	17,258	None	-	42,195
Total Federal Expenditures Federal Assistance Listing #17,258				-	107,140
Pass through from Northeastern Workforce Development Board	07/01/21-06/30/23	17,259	None	-	81,056
Workforce Innovation & Opportunity Act - Youth	07/01/22-06/30/24	17,259	None	-	57,090
Total Federal Expenditures Federal Assistance Listing #17,259				-	138,056
Pass through from Northeastern Workforce Development Board	07/01/21-06/30/23	17,278	None	-	34,675
Workforce Innovation & Opportunity Act - Dislocated Worker	07/01/22-06/30/24	17,278	None	-	11,913
Total Federal Expenditures Federal Assistance Listing #17,278				-	46,588
Total Federal Expenditures WIOA Cluster Federal Assistance Listing #17,258, #17,259, #17,278				-	291,784
Pass through from Northeastern Workforce Development Board	03/01/20-12-31-23	17,277	12A 20200318-2546	-	122,380
Workforce Investment Act (WIA) / National Emergency Grants	10/01/22-09/30/24	17,277	12A 20200318-2546	-	68,234
Total Federal Expenditures Federal Assistance Listing #17,277				-	190,614
Total U.S. Department of Labor				-	482,398
Total U.S. Department of Energy				-	174,510
Pass through from Maine State Housing Authority	04/01/22-03/31/23	81,042	None	-	256,914
Weatherization Assistance for Low-income	04/01/23-03/31/24	81,042	None	-	8,315
Weatherization Assistance for Low-income	04/01/23-03/31/27	81,042	None	-	419,739
Total Federal Expenditures Federal Assistance Listing #81,042				-	419,739
Total U.S. Department of Energy				-	419,739
Total U.S. Department of the Treasury				-	80,210
Pass through from Maine State Housing Authority	03/06/23-02/29/24	21,026	None	-	93,333
Homeowner assistance fund	03/21/22-02/15/23	21,026	None	-	173,545
Pass through from Maine Department of Professional and Financial Regulation				-	116,129
Homeowner assistance fund				-	124,045
Total Federal Expenditures Federal Assistance Listing #21,026				-	116,129
Pass through from Maine State Housing Authority	05/01/22-04/30/24	21,027	None	-	15,246
COVID 19 -Coronavirus State and Local Fiscal Recovery Funds - Housing Navigator				-	61,003
Pass through from Maine Department of Education	08/01/22-07/31/24	21,027	SLEFP0144	-	76,249
COVID 19 -Coronavirus State and Local Fiscal Recovery Funds - Extended Learning				-	316,423
Pass through from County of Arrostook, Maine	11/17/22-04/01/23	21,027	N/A	-	15,246
COVID 19 -Coronavirus State and Local Fiscal Recovery Funds - Warming Center	07/01/22-12/31/23	21,027	N/A	-	61,003
COVID 19 -Coronavirus State and Local Fiscal Recovery Funds - Extended Learning				-	76,249
Total Federal Expenditures Federal Assistance Listing #21,027				-	316,423

See accompanying notes to financial statements

Chester M. Kearney, Certified Public Accountants

AROSTOOK COUNTY ACTION PROGRAM, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (cont'd)
YEAR ENDED SEPTEMBER 30, 2023

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	PROGRAM PERIOD	FEDERAL ASSISTANCE LISTING NUMBER	GRANTOR NUMBER	PASSED THROUGH TO SUBRECIPIENTS	EXPENDITURES RECOGNIZED
<i>U.S. Department of the Treasury</i>					
Pass through from Maine State Housing Authority	01/01/21-01/31/23	21,023	None	-	1,299,923
COVID-19 - Emergency Rental Assistance Program	08/01/21-03/31/23	21,023	None	-	472,078
COVID-19 - Emergency Rental Assistance Program - Housing Stability	08/02/21-10/31/22	21,023	None	-	42,965
Total Federal Expenditures Federal Assistance Listing #21,023				-	1,814,966
<i>Total U.S. Department of the Treasury</i>					
				-	2,304,932
<i>U.S. Department of Health and Human Services</i>					
Direct Award				-	98,355
Drug-Free Communities Support Program	10/1/22-9/30/23	93,276	1 NH28CE000300-03-01	-	98,355
Total Federal Expenditures Federal Assistance Listing #93,276				-	98,355
Pass through from Maine Department of Health and Human Services				-	
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	01/01/22-12/31/22	93,323	COM-22-6002	-	25,362
Total Federal Expenditures Federal Assistance Listing #93,323				-	25,362
Pass through from Maine Department of Health and Human Services				-	
COVID-19 National And State Tobacco Control Program	01/01/22-12/31/22	93,387	CD8-23-4425	-	31,922
Total Federal Expenditures Federal Assistance Listing #93,387				-	31,922
Pass through from Maine Department of Health and Human Services				-	
Activities to support state, tribal, local and territorial health department response	07/01/22-06/30/23	93,391	CD8-23-4511	-	25,000
Activities to support state, tribal, local and territorial health department response	07/01/23-06/30/24	93,391	CD8-24-4511	-	4,094
Total Federal Expenditures Federal Assistance Listing #93,391				-	29,094
<i>Congressional Directives</i>					
Direct Award				-	221,553
Congressional Directives	09/01/22-08/31/25	93,493	6 CE1HS47183-01-03	-	221,553
Total Federal Expenditures Federal Assistance Listing #93,493				-	221,553
Pass through from Maine Department of Health and Human Services				-	
Capacity Building Assistance to Strengthen Immunization Infrastructure	02/01/21-12/31/22	93,539	COM-21-5701D	-	54,960
Total Federal Expenditures Federal Assistance Listing #93,539				-	54,960
Pass through from Maine Department of Health and Human Services				-	
Temporary Assistance to Needy Families - Improving Outcomes for Youth	07/01/22-06/30/23	93,558	CFS-23-1401	-	43,560
Temporary Assistance to Needy Families - Improving Outcomes for Youth	07/01/23-06/30/23	93,558	CFS-24-1401	-	8,712
Temporary Assistance to Needy Families - Improving Outcomes for Youth	10/01/22-09/30/23	93,558	CFS-23-2116	-	310,940
Temporary Assistance to Needy Families - Improving Outcomes for Youth	07/01/22-06/30/23	93,558	OFI-22-400	-	105,938
Temporary Assistance to Needy Families - Improving Outcomes for Youth	07/01/23-06/30/24	93,558	OFI-24-400	-	38,673
Total Federal Expenditures Federal Assistance Listing #93,558				-	507,823
Pass through from Maine Department of Health and Human Services				-	
Community Services Block Grant	10/01/22-09/30/23	93,569	CFS-23-7000	-	354,254
Total Federal Expenditures Federal Assistance Listing #93,569				-	354,254

See accompanying notes to financial statements

Chester M. Kearney, Certified Public Accountants

AROSTOOK COUNTY ACTION PROGRAM, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (cont'd.)
YEAR ENDED SEPTEMBER 30, 2023

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE <i>U.S. Department of Health and Human Services (cont'd.)</i>	PROGRAM PERIOD	FEDERAL ASSISTANCE LISTING NUMBER	GRANTOR NUMBER	PASSED THROUGH TO SUBRECIPIENTS	EXPENDITURES RECOGNIZED
COVID-19 Head Start - ARPA/CRRSSA	04/01/21-03/31/23	93-600	01HE000840-01-01	-	107,491
Head Start	06/01/23-03/31/24	93-600	01CH010924-05	-	1,532,449
Head Start	06/01/22-02/28/23	93-600	01CH010924-04	-	2,803,779
Total Federal Expenditures Head Start Cluster Federal Assistance Listing #93,600				-	4,263,719
Pass through from Maine State Housing Authority					
LIHEAP/Waiver/Authorization Program	07/01/21-03/31/24	93-568	None	-	347,110
LIHEAP/CHIP	04/21/23-03/31/24	93-568	None	-	103,028
LIHEAP/CHIP	10/01/20-03/31/24	93-568	None	-	472,476
LIHEAP/CHIP	07/01/22-03/31/23	93-568	None	-	74,419
LIHEAP/CHIP	10/01/23-03/31/24	93-568	None	-	344,865
LIHEAP/Heat pump program	01/01/22-03/31/24	93-568	None	-	169,913
LIHEAP/Heat pump program	04/01/22-03/31/24	93-568	None	-	333,311
LIHEAP/Heat pump program	04/01/23-07/31/24	93-568	None	-	36,728
LIHEAP/Phone energy assistance - other benefits	07/01/22-09/30/23	93-568	None	-	1,159,506
LIHEAP/Assurance 16	10/1/21-9/30/23	93-568	None	-	203,806
LIHEAP/PECCIP 22	07/01/22-09/30/23	93-568	None	-	151,074
LIHEAP	07/01/22-09/30/23	93-568	None	-	6,434,418
Total Federal Expenditures Federal Assistance Listing #93,568				-	9,730,154
477 Cluster					
Pass through from Maine Department of Health and Human Services					
Child Care Development Block Grant (477 Cluster)	08/01/23-06/30/24	93-575	CBH-24-9203	-	35,433
Direct award					
COVID-19-Child Care Development Block Grant (477 Cluster)	10/01/22-09/30/23	93-575	None	-	489,625
Total Federal Expenditures Federal Assistance Listing #93,575/477 Cluster				-	525,058
Medicaid Cluster					
Pass through from Maine Department of Health and Human Services/Western Maine Community Action Program					
Medical Assistance Program-Navigator Grant	11/01/21-10/31/22	93-778	COM-21-5500A	-	614
Medical Assistance Program-Navigator Grant	11/01/22-08/31/23	93-778	COM-21-5500B	-	5,993
Medical Assistance Program-Navigator Grant	09/01/23-08/31/25	93-778	HM-24-4-5000	-	1,449
Total Federal Expenditures Medicaid Cluster Federal Assistance Listing #93,575				-	8,056
Pass through from Shaw House					
Education and Prevention Grants to Reduce Sexual Abuse of Runaway, Homeless and Street Youth	07/01/22-09/30/23	93-557	None	-	20,124
Total Federal Expenditures Medicaid Cluster Federal Assistance Listing #93,557				-	20,124
Direct Award					
Social Services Research and Demonstration	10/1/22-09/30/23	93-647	90XFP04-50-01-00	-	27,027
Total Federal Expenditures Federal Assistance Listing #93,647				-	27,027
Direct Award					
Assistance programs for chronic disease prevention & control	10/01/21-12/31/22	93-945	1NUS8DP007063	-	36,832
Total Federal Expenditures Federal Assistance Listing #93,945				-	36,832
Pass through from Maine Department of Health and Human Services					
Block Grants for the Prevention and Treatment of Substance Abuse	01/01/23-09/30/23	93-959	CD8-23-4425	-	37,356
Total Federal Expenditures Federal Assistance Listing #93,959				-	37,356
Total U.S. Department of Health and Human Services				-	15,961,629
U.S. Federal Communications Commission					
Direct Award					
Affordable Connectivity Outreach Grant Program	06/15/23-06/14/25	32-011	ACOGP23-40123	-	13,198
Total Federal Expenditures Federal Assistance Listing #32,011				-	13,198
Total U.S. Federal Communications Commission				-	13,198
TOTAL EXPENDITURES OF FEDERAL AWARDS				-	22,613,786

See accompanying notes to financial statements

Chester M. Kearney, Certified Public Accountants

AROOSTOOK COUNTY ACTION PROGRAM, INC.

NOTES TO THE 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 award activity of Aroostook County Action Program, Inc. under programs of the federal government for the year ended September 30, 2023. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of Aroostook County Action Program, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Aroostook County Action Program, Inc.

(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.

(3) INDIRECT COSTS

Aroostook County Action Program, Inc. has elected not to use the 10% de minimis rate and has an agreed upon rate of 23% of direct salaries and wages excluding fringe benefits for the year ended September 30, 2023.

(4) PROGRAM OPERATIONS

Included in Federal assistance listing number #93.568 and #10.557 are client benefits paid by the State of Maine of \$6,434,418 and \$874,432 respectively. These amounts are not included in the statement of activities as the agency does not receive this funding directly.

AROOSTOOK COUNTY ACTION PROGRAM, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED SEPTEMBER 30, 2023

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: *Unmodified Opinion*

Internal control over financial reporting:

- Material weakness(es) identified _____ Yes X No
- Significant deficiency(ies) identified _____ Yes X No

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified _____ Yes X No
- Significant deficiency(ies) identified _____ Yes X No

Type of auditor's report issued on compliance for major programs: *Unmodified Opinion*

- Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? _____ Yes X No

Identification of major programs:

<u>Federal Assistance Listing #</u>	<u>Name of Federal Program or Cluster</u>	<u>Expenditures</u>
10.557	U.S. Department of Agriculture Special Supplemental Nutrition Program for Women, Infants and Children (WIC)	\$1,183,353
21.023	U.S. Department of Treasury Emergency Rental Assistance Program	\$1,814,966
93.568	U.S. Department of Health and Human Services Low Income Heating Assistance Program (LIHEAP)	\$9,730,154
14.228	U. S. Department of Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	\$1,238,683

AROOSTOOK COUNTY ACTION PROGRAM, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2023

SECTION I - SUMMARY OF AUDITOR'S RESULTS (cont'd.)

Dollar threshold to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes No

SECTION II - FINANCIAL STATEMENT FINDINGS

There are no audit findings for the year ended September 30, 2023.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no audit findings or questioned costs for the year ended September 30, 2023.

SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

There were no findings in the year ended September 20, 2022.

A D D I T I O N A L R E P O R T S



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Barbara E. McGuire, CPA, CGMA
Timothy P. Poitras, CPA, CGMA

To the Board of Directors of
Aroostook County Action Program, Inc.

INDEPENDENT AUDITORS' 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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Aroostook County Action Program, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2023, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 10, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Aroostook County Action Program, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Aroostook County Action Program, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Aroostook County Action Program, Inc.'s internal control.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Aroostook County Action Program, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the 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 that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control over compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Chester M. Kearney

Presque Isle, Maine
June 10, 2024



Chester M. Kearney
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To the Board of Trustees of the
Aroostook County Action Program, Inc.

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Aroostook County Action Program' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Aroostook County Action Program Inc.'s major federal programs for the year ended September 30, 2023. Aroostook County Action Program Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Aroostook County Action Program, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 Aroostook County Action Program, Inc. 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 Aroostook County Action Program, Inc.'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 Aroostook County Action Program, Inc. '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 Aroostook County Action Program, Inc. '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 generally accepted auditing standards, *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 Aroostook County Action Program, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Aroostook County Action Program, Inc. '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 Aroostook County Action Program, Inc. '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 Aroostook County Action Program, Inc.'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.

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.

Chester M. Kearney

Presque Isle, Maine
June 10, 2024

AROOSTOOK COUNTY ACTION PROGRAM, INC.
REQUIRED SCHEDULE UNDER THE *MAINE UNIFORM*
ACCOUNTING AND AUDITING PRACTICES FOR
COMMUNITY AGENCIES
SEPTEMBER 30, 2023

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To the Board of Directors of
Aroostook County Action Program, Inc.

INDEPENDENT AUDITORS' 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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Aroostook County Action Program, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2023, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 10, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Aroostook County Action Program, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Aroostook County Action Program, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Aroostook County Action Program, Inc.'s internal control.

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



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

To the Board of Directors of the
Aroostook County Action Program, Inc.

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited Aroostook County Action Program, Inc.'s compliance with the types of compliance requirements described in the *Maine Uniform Accounting and Auditing Practices for Community Agencies* (MAAP), and with the requirements in the Contract Compliance Rider(s) of the Agency's agreement(s) with the Maine Department of Health and Human Services and the Maine Department of Transportation (the Department) that could have a direct and material effect on each of Aroostook County Action Program, Inc.'s major Department agreements for the year ended September 30, 2023. Aroostook County Action Program, Inc.'s major Department programs are identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Aroostook County Action Program, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended September 30, 2023.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and MAAP. 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 Aroostook County Action Program, Inc. 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 state program. Our audit does not provide a legal determination of Aroostook County Action Program, Inc.'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 Aroostook County Action Program, Inc.'s state 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 Aroostook County Action Program, Inc.'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 generally accepted auditing standards, *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 Aroostook County Action Program, Inc.'s compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Aroostook County Action Program, Inc.'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 Aroostook County Action Program, Inc.'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 Aroostook County Action Program, Inc.'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 state 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 state 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 state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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 and MAAP. Accordingly, this report is not suitable for any other purpose.

Report of Schedule of Expenditures of Department Agreements

We have audited the financial statements of Aroostook County Action Program, Inc. as of and for the year ended September 30, 2023, and have issued our report thereon dated June 10, 2024, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of department agreements is presented for purposes of additional analysis as required by MAAP and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of department agreements is fairly stated in all material respects in relation to the financial statements as a whole.

Chester M. Kearney

Presque Isle, Maine
June 10, 2024

ARROSTOOK COUNTY ACTION PROGRAM, INC.
SCHEDULE OF EXPENDITURES OF DEPARTMENT AGREEMENTS

YEAR ENDED SEPTEMBER 30, 2023

Department Office	Agreement Number	Agreement Amount	Agreement Period	Agreement Service	Agreement Status	Federal Expenditures	State Expenditures	Total Department Expenditures	Tested as Major
Maine Department of Health and Human Services									
CBH	CBH-24-9203	436,048	08/01/23-06/30/24	First 4 ME	Interim	35,433	-	35,433	No
CDC	CD-8-23-4651	344,216	10/01/22-09/30/23	WTC	Final	318,496	-	318,496	Yes
CDC	CD8-23-4511	89,490	07/01/22-06/30/23	Oral Health Education Program	Final	25,000	55,240	80,240	No
CDC	CD8-24-4511	89,490	07/01/23-06/30/24	Oral Health Education Program	Interim	4,094	10,563	14,657	No
CDC	CD8-23-4425	537,286	01/01/23-09/30/23	Tobacco Prevention	Final	31,922	144,477	176,399	Yes
CDC	CD8-23-4425	367,596	01/01/23-09/30/23	Substance Abuse Prevention	Final	37,356	90,142	127,498	Yes
CFS	CFS-23-1401	245,464	07/01/22-06/30/23	State Head Start	Final	43,560	160,993	204,553	No
CFS	CFS-24-1401	248,351	07/01/23-06/30/24	State Head Start	Interim	8,712	32,680	41,392	No
CDC	CDC-21-4415	210,380	10/01/21-12/31/22	Prevention Services - Tobacco Education	Final	-	41,984	41,984	No
CDC	CD0-20-4568	107,641	10/01/21-12/31/22	Prevention Services - Let's Go	Final	-	20,119	20,119	No
CFS	CFS-23-7000	420,986	10/01/22-09/30/23	Community Services Block Grant	Final	354,254	-	354,254	Yes
CFS	CFS-23-2116	336,398	10/01/22-09/30/23	Improving Outcomes for Youth	Final	310,940	-	310,940	Yes
CDC	CD8-23-4425	174,846	01/1/23-09/30/23	Healthy Eating Active Living	Final	-	71,303	71,303	No
COM	COM-22-6002	161,735	01/01/22-12/31/22	COVID 19-Social Supports	Final	25,362	-	25,362	No
COM	COM-21-5500A	10,000	11/01/21-10/31/22	Navigator Grant-Passed through from WMCA	Final	614	-	614	No
COM	COM-21-5500B	10,000	11/01/22-08/31/23	Navigator Grant-Passed through from WMCA	Final	5,993	-	5,993	No
COM	HM-24-5500	20,000	09/30/23-08/31/25	Navigator Grant-Passed through from WMCA	Interim	1,449	-	1,449	No
COM	COM-21-5701B	247,121	02/01/21-12/31/22	Vaccination Supports	Final	54,960	-	54,960	No
OFI	OFI-22-400	155,139	07/01/22-06/30/23	Whole Family (Year 2)	Final	105,938	-	105,938	No
OFI	OFI-24-400	184,382	07/01/23-06/30/24	Whole Family (Year 1)	Interim	38,673	-	38,673	No
OFI	OFI-23-014X	47,292	10/01/22-06/30/23	SNAP E&T	Final	3,331	-	3,331	No
OFI	OFI-22-351	189,117	10/01/22-09/30/23	SNAP ED - Pass through from UNE	Final	93,078	-	93,078	No
						<u>1,499,165</u>	<u>627,501</u>	<u>2,126,666</u>	

NOTES:

Percentage of total DHHS expenditures tested as major in the current year: 60.54%
 Percentage of total DOT expenditures tested as major in the current year: N/A

The schedule of Expenditures of Department Agreements of Arrostook County Action Program, Inc. (ACAP) was prepared for the purpose of complying with the Maine Uniform Accounting and Auditing Practices for Community Agencies (MAAP), issued by the Maine Department of Health and Human Services (the "Department"). This schedule is a presentation of grant revenues, expenditures, and balances of ACAP's agreements with the Department, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States, and is not intended to be a complete presentation of ACAP's revenues and expenses.

DISCLOSURES:

Is your agency required to have a federal Uniform Guidance audit? YES X NO

See Independent Auditor's Report on Schedule of Expenditures of Department Agreements

Chester M. Kearney, Certified Public Accountants

AROOSTOOK COUNTY ACTION PROGRAM, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED SEPTEMBER 30, 2023

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: *Unmodified Opinion*

Internal control over financial reporting:

- | | | | | |
|---------------------------------------|-------|-----|----------------------|----|
| • Material weaknesses identified | _____ | Yes | _____ <u>X</u> _____ | No |
| • Significant deficiencies identified | _____ | Yes | _____ <u>X</u> _____ | No |

Noncompliance material to financial statements noted?	_____	Yes	_____ <u>X</u> _____	No
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State Agreements

Internal control over major programs:

- | | | | | |
|---------------------------------------|-------|-----|----------------------|----|
| • Material weaknesses identified | _____ | Yes | _____ <u>X</u> _____ | No |
| • Significant deficiencies identified | _____ | Yes | _____ <u>X</u> _____ | No |

Type of auditor's report issued on compliance for programs tested: *Unmodified Opinion*

- | | | | | |
|---|-------|-----|----------------------|----|
| • Any audit findings disclosed that are required to be reported in accordance with MAAP Regulations | _____ | Yes | _____ <u>X</u> _____ | No |
|---|-------|-----|----------------------|----|

Identification of programs tested:

<u>Agreement Number</u>	<u>Agreement Service</u>	<u>Expenditures</u>
CD8-23-4651	WIC	\$ 318,496
CD8-23-4425	Tobacco Prevention/Substance Abuse Prevention	\$ 303,897
CFS-23-2216	Improving outcomes for youth	\$ 310,940
CFS-23-7000	Community Services Block Grant	\$ 354,254
		<u>\$1,287,587</u>

AROOSTOOK COUNTY ACTION PROGRAM, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (cont'd.)

YEAR ENDED SEPTEMBER 30, 2023

SECTION II – FINDINGS REQUIRED TO BE REPORTED UNDER *GOVERNMENT AUDITING STANDARDS*

There are no audit findings for the year ended September 30, 2023.

SECTION III - STATE AGREEMENTS FINDINGS AND QUESTIONED COSTS

There are no audit findings or questioned costs for the year ended September 30, 2023.

SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

There were no audit findings for the year ended September 30, 2022.