

AROOSTOOK COUNTY ACTION PROGRAM
FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

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To the Board of Directors of
Aroostook County Action Program

INDEPENDENT AUDITORS' REPORT

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of Aroostook County Action Program (a Maine nonprofit corporation), which comprise the statements of financial position as of September 30, 2024 and 2023, 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 as of September 30, 2024 and 2023 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 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'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 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'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 13, 2025 on our consideration of Aroostook County Action Program'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'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's, internal control over financial reporting and compliance.

Chester M. Kearney

Presque Isle, Maine
June 13, 2025

AROOSTOOK COUNTY ACTION PROGRAM

STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
CURRENT ASSETS		
Cash and equivalents	1,887,999	4,264,511
Grants and accounts receivable, net	2,562,338	1,509,881
Investments	1,518,442	1,287,027
Weatherization and CHIP work in process	102,006	208,892
Prepaid expenses	14,976	54,136
	<u>6,085,761</u>	<u>7,324,447</u>
FIXED ASSETS		
Land, buildings and improvements	10,047,714	6,206,532
Vehicles and equipment	<u>1,889,138</u>	<u>1,527,210</u>
	11,936,852	7,733,742
Less: Accumulated depreciation	<u>(4,449,571)</u>	<u>(4,011,066)</u>
	<u>7,487,281</u>	<u>3,722,676</u>
OTHER ASSETS		
Construction in progress	<u>-</u>	<u>1,101,116</u>
Right of use asset	490,013	490,013
Less: amortization	<u>(267,669)</u>	<u>(127,495)</u>
	<u>222,344</u>	<u>362,518</u>
	222,344	1,463,634
TOTAL ASSETS	<u>13,795,386</u>	<u>12,510,757</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	755,386	769,081
Accrued expenses	692,973	645,040
Current portion of lease liabilities	146,512	144,782
Grant funds received in advance	<u>374,681</u>	<u>1,122,958</u>
TOTAL CURRENT LIABILITIES	<u>1,969,552</u>	<u>2,681,861</u>
LONG-TERM LIABILITIES		
Lease liabilities, net of current portion	<u>75,832</u>	<u>217,736</u>
TOTAL LONG-TERM LIABILITIES	<u>75,832</u>	<u>217,736</u>
TOTAL LIABILITIES	<u>2,045,384</u>	<u>2,899,597</u>
NET ASSETS		
Without donor restrictions	11,462,450	8,656,975
With donor restrictions	<u>287,552</u>	<u>954,185</u>
TOTAL NET ASSETS	<u>11,750,002</u>	<u>9,611,160</u>
TOTAL LIABILITIES AND NET ASSETS	<u>13,795,386</u>	<u>12,510,757</u>

See accompanying notes to financial statements

AROOSTOOK COUNTY ACTION PROGRAM

STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Government grants and contracts	15,831,137		15,831,137
Program fees	654,396		654,396
Contributions	173,008		173,008
Investment income	243,601		243,601
Other income	887,070		887,070
In-kind	<u>845,580</u>		<u>845,580</u>
	<u>18,634,792</u>		<u>18,634,792</u>
EXPENSES			
PROGRAM SERVICE EXPENSES			
Workforce development	2,748,285		2,748,285
Energy and housing services	3,927,666		3,927,666
Community health	2,303,451		2,303,451
Early care and education	<u>7,323,504</u>		<u>7,323,504</u>
TOTAL PROGRAM SERVICE EXPENSES	<u>16,302,906</u>		<u>16,302,906</u>
ADMINISTRATION AND GENERAL	<u>1,623,674</u>		<u>1,623,674</u>
	<u>17,926,580</u>		<u>17,926,580</u>
INCREASE IN NET ASSETS FROM OPERATIONS	<u>708,212</u>		<u>708,212</u>
OTHER REVENUE (EXPENSE)			
Grant funds for equipment/renovations purchased	1,741,311		1,741,311
Depreciation on assets purchased with grant funds	<u>(310,681)</u>		<u>(310,681)</u>
	<u>1,430,630</u>		<u>1,430,630</u>
NET ASSETS TRANSFERRED TO (FROM) UNRESTRICTED FUNDS	<u>666,633</u>	<u>(666,633)</u>	<u>-</u>
INCREASE (DECREASE) IN NET ASSETS	2,805,475	(666,633)	2,138,842
NET ASSETS AT BEGINNING OF YEAR	<u>8,656,975</u>	<u>954,185</u>	<u>9,611,160</u>
NET ASSETS AT END OF YEAR	<u><u>11,462,450</u></u>	<u><u>287,552</u></u>	<u><u>11,750,002</u></u>

See accompanying notes to financial statements

AROOSTOOK COUNTY ACTION PROGRAM

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	<u>126,757</u>		<u>126,757</u>
	<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	<u>6,672,975</u>		<u>6,672,975</u>
TOTAL PROGRAM SERVICE EXPENSES	<u>18,642,327</u>		<u>18,642,327</u>
ADMINISTRATION AND GENERAL	<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	<u>(244,658)</u>		<u>(244,658)</u>
	<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	1,621,982	498,577	2,120,559
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><u>8,656,975</u></u>	<u><u>954,185</u></u>	<u><u>9,611,160</u></u>

See notes to financial statements

AROOSTOOK COUNTY ACTION PROGRAM

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2024

	PROGRAM SERVICES					SUPPORTING SERVICES	
	Workforce Development	Energy and Housing Services	Community Health	Early Care and Education	Total Program Services	Administration and General	Total
Personnel	1,558,260	1,780,975	876,047	5,368,994	9,584,276	1,136,022	10,720,298
Travel and vehicle operation	200,792	41,750	38,832	53,648	335,022	21,067	356,089
Occupancy costs	109,751	107,990	64,449	383,790	665,980	54,763	720,743
Consumable supplies	204,178	39,468	78,576	172,437	494,659	30,118	524,777
Minor equipment	-	-	-	1,106	1,106	-	1,106
Direct client benefits	435,707	1,566,635	1,008,469	525,818	3,536,629	8,626	3,545,255
Consultants and contractual services	187,319	390,848	87,470	48,169	713,806	298,314	1,012,120
Other	52,278	-	16,225	57,345	125,848	74,764	200,612
In-kind	-	-	133,383	712,197	845,580	-	845,580
Total expenses including grant funded equipment	2,748,285	3,927,666	2,303,451	7,323,504	16,302,906	1,623,674	17,926,580

See accompanying notes to financial statements

Chester M. Kearney, Certified Public Accountants

AROOSTOOK COUNTY ACTION PROGRAM

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2023

	PROGRAM SERVICES					SUPPORTING SERVICES	
	Workforce Development	Energy and Housing Services	Community Health	Early Care and Education	Total Program Services	Administration and General	Total
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

STATEMENTS OF CASH FLOWS

YEAR ENDED SEPTEMBER 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from user fees	654,396	1,334,109
Cash received from grants and contracts	14,314,367	17,443,278
Cash received from donors	173,008	250,316
Cash received from other sources	887,070	1,232,766
Cash paid to suppliers and employees	(16,772,892)	(19,765,856)
Interest and dividends received	12,186	38,962
Net cash provided by (used in) operating activities	<u>(731,865)</u>	<u>533,575</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash provided by sale of investments	-	140,866
Cash provided by capital grants and donations	1,457,347	1,523,068
Purchase of property and equipment	<u>(3,101,994)</u>	<u>(1,297,560)</u>
Net cash provided by (used in) investing activities	<u>(1,644,647)</u>	<u>366,374</u>
NET INCREASE / (DECREASE) IN CASH AND EQUIVALENTS	(2,376,512)	899,949
CASH, RESTRICTED CASH AND EQUIVALENTS AT BEGINNING OF YEAR	<u>4,264,511</u>	<u>3,364,562</u>
CASH, RESTRICTED CASH AND EQUIVALENTS AT END OF YEAR	<u><u>1,887,999</u></u>	<u><u>4,264,511</u></u>
RECONCILIATION OF CHANGE IN NET ASSETS		
TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Increase in net assets	<u>2,138,842</u>	<u>2,120,559</u>
Adjustments to reconcile change in net assets		
to net cash provided by (used in) operating activities		
Depreciation	438,505	401,816
Unrealized (gain) loss on investments	(231,415)	(73,862)
PPP and other loan forgiveness	-	(700,000)
Capital grants and donations	(1,457,347)	(1,523,068)
Loss on disposition of assets	-	1,440
Changes in assets and liabilities		
Accounts receivable	(1,052,457)	620,602
Weatherization and CHIP work in process	106,886	(79,721)
Prepaid expenses	39,160	16,423
Accounts payable and accrued expenses	(13,695)	96,256
Accrued compensation	47,933	(17,448)
Grant funds received in advance	<u>(748,277)</u>	<u>(329,422)</u>
	<u>(2,870,707)</u>	<u>(1,586,984)</u>
Net cash provided by (used in) operating activities	<u><u>(731,865)</u></u>	<u><u>533,575</u></u>
SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES		
Long-term debt reduced by debt forgiveness	<u><u>-</u></u>	<u><u>700,000</u></u>

See accompanying notes to financial statements

AROOSTOOK COUNTY ACTION PROGRAM

NOTES TO FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations - Aroostook County Action Program ("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 86% and 88% of ACAP's support for the year ended September 30, 2024 and 2023, 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 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.

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.

AROOSTOOK COUNTY ACTION PROGRAM

NOTES TO FINANCIAL STATEMENTS (cont'd.)

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

Financial Statement Presentation - Aroostook County Action Program 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.

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.

AROOSTOOK COUNTY ACTION PROGRAM

NOTES TO FINANCIAL STATEMENTS (cont'd.)

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

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 - The Organization grants credit to consumers in certain programs, substantially all of whom are local residents. The Organization uses the allowance method to determine uncollectible accounts receivable. The Organization's policy is to measure its allowance for credit losses based on an evaluation of historical internal and external information and past experience of the receivable aging, adjusted for current economic conditions, and reasonable and supportable forecast about future events that affects the collectability of receivables. Accounts are charged to allowance for credit losses when management determines they are not collectible. Finance charges are not accrued on overdue accounts. 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 \$6,052,491 and \$1,819,351 on September 30, 2024 and 2023 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

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, 2024 and 2023, ACAP received \$845,580 and \$126,757 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, 2024 and 2023, of \$685,585 and \$73,358 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 17% is based upon direct salaries and wages excluding all fringe benefits was approved and in effect from 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.

Leasing - The Organization follows FASB 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. See note #8.

AROOSTOOK COUNTY ACTION PROGRAM

NOTES TO FINANCIAL STATEMENTS (cont'd.)

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

Government Assistance – The Organization follows FASB ASU No. 2021-10, Government Assistance (Topic 832): Disclosures by Business Entities about Government Assistance. The ASU increases 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. See note #19.

Recent Accounting Pronouncements – Effective October 1, 2023, the Organization adopted Financial Accounting Standards Board Accounting Standards Update (ASU) 2016-13, *Financial Instruments—Credit Losses* (Topic 326): *Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected claims and credit losses on certain financial instruments. Topic 326 requires measurement and recognition of expected versus incurred losses for financial assets held. Financial assets held by the Organization that are subject to ASU 2016-13 include accounts receivable. The adoption of this ASU did not have a material impact on the Organization's financial statements.

(2) CONCENTRATION OF RISK

ACAP maintains cash balances, consisting of checking, savings accounts, money market accounts, and certificates of deposits at Katahdin Trust Company, a financial institution located in Aroostook County. Cash balances at Katahdin Trust Company in excess of FDIC limits are collateralized by pledged securities. As of September 30, 2024 and 2023 the amounts exceeding FDIC limits at Katahdin Trust Company were \$1,304,708 and \$3,178,906 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>2024</u>	<u>2023</u>
Certificates of deposit	\$ 370,852	\$ 354,314
Mutual funds	1,084,860	810,389
Common stocks	<u>62,730</u>	<u>122,324</u>
Total	<u>\$ 1,518,442</u>	<u>\$ 1,287,027</u>

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

	<u>2024</u>	<u>2023</u>
Realized and unrealized gain	\$194,422	\$73,862
Interest and dividend income	<u>49,179</u>	<u>38,962</u>
Total	<u>\$243,601</u>	<u>\$112,824</u>

AROOSTOOK COUNTY ACTION PROGRAM

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(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.

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, 2024 and 2023:

<u>2024</u>	Fair Value Measurements Using			Fair Value
	Level 1	Level 2	Level 3	
Certificates of deposit		\$ 370,852		\$ 370,852
Mutual funds	\$ 1,084,860			1,084,860
Common stocks	<u>62,730</u>			<u>62,730</u>
Total	<u>\$ 1,147,590</u>	<u>\$ 370,852</u>	<u>None</u>	<u>\$ 1,518,442</u>

<u>2023</u>	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>

As of September 30, 2024 or 2023, 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 represents amounts due from the various funding sources and unrelated third parties as follows:

	<u>2024</u>	<u>2023</u>
Federal and state programs	\$ 2,504,377	\$ 1,461,658
Program consumers	<u>57,961</u>	<u>48,223</u>
Sub-total	\$ 2,562,338	\$ 1,509,881
Less: Allowance for credit losses	<u>\$ 0</u>	<u>\$ 0</u>
Total	<u>\$ 2,562,338</u>	<u>\$ 1,509,881</u>

AROOSTOOK COUNTY ACTION PROGRAM
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, 2023</u>	<u>Additions</u>	<u>Retired</u>	September <u>30, 2024</u>
Land, buildings and improvements	\$ 6,206,532	3,841,182		\$10,047,714
Vehicles and equipment	<u>1,527,210</u>	<u>361,928</u>		<u>1,889,138</u>
	<u>7,733,742</u>	<u>4,203,110</u>		<u>11,936,852</u>
Less: Accumulated depreciation	<u>4,011,066</u>	<u>438,505</u>		<u>4,449,571</u>
Net property and equipment	\$ <u>3,722,676</u>	\$ <u>3,764,605</u>		\$ <u>7,487,281</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 was put into service in September 2024.

(7) LONG-TERM DEBT

As of September 30, 2024 and 2023 the Organization reported no long term liabilities other than lease liabilities disclosed in Note #8.

(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

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(8) LEASES (cont'd.)

ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the 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, 2024:

	<u>2024</u>	<u>2023</u>
Operating Leases:		
Operating lease right-of-use assets	<u>\$ 222,344</u>	<u>\$ 362,518</u>
Current portion of operating lease liabilities	163,255	144,782
Operating lease liabilities, net of current portion	<u>59,089</u>	<u>217,736</u>
	<u>\$ 222,344</u>	<u>\$ 362,518</u>

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

	<u>2024</u>	<u>2023</u>
Weighted average remaining lease term		
Operating leases	1.66 years	2.66 years
Weighted average discount rate		
Operating leases	6.50%	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
NOTES TO FINANCIAL STATEMENTS (cont'd.)

(8) LEASES (cont'd.)

Lease liabilities mature as follows as of September 30, 2024:

2025	156,669
2026	<u>77,270</u>
Total lease payments	233,939
Less interest	<u>11,595</u>
Present value of lease liabilities	\$ <u>222,344</u>

Expenses related to lease costs are included as part of occupancy costs in the statement of functional expenses which are comprised of the following for the year ended September 30:

Operating lease costs:	<u>2024</u>	<u>2023</u>
Interest	21,203	27,312
Amortization	<u>140,174</u>	<u>127,495</u>
Expenses	<u>161,377</u>	<u>154,807</u>

The following summarizes cash flow information related to leases for the year ended September 30:

	<u>2024</u>	<u>2023</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows used for operating leases	<u>(161,377)</u>	<u>(154,807)</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, 2024 and 2023 was \$486,568 and \$565,383 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, 2025, and is secured by all accounts, contract rights, unrestricted equipment, unrestricted furniture and fixtures, and bears interest at the *Wall Street Journal* Prime Rate (7.50% as of September 30, 2024). There was no outstanding balance as of September 30, 2024 or 2023. It is expected that the line will be renewed upon expiration in June 2025.

AROOSTOOK COUNTY ACTION PROGRAM

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(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, 2024 and 2023, the employer contributions to the plan amounted to \$193,005 and \$204,981 respectively.

(11) ACCRUED EXPENSES

As of September 30 accrued expenses consist of the following:

	<u>2024</u>	<u>2023</u>
Accrued payroll	\$203,566	\$167,749
Accrued vacation	<u>489,407</u>	<u>477,291</u>
	<u>\$692,973</u>	<u>\$645,040</u>

(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, 2024 and 2023 Net Assets with Donor Restrictions consisted of:

	<u>2024</u>	<u>2023</u>
Edgemont Drive renovation project	<u>\$ 287,552</u>	<u>\$ 954,185</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, 2024 and 2023, 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.

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.

AROOSTOOK COUNTY ACTION PROGRAM

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(15) GRANT AWARDS

As of September 30, 2024, 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, 2024 and 2023 deferred grant revenues totaled \$374,681 and \$1,122,958 respectively.

(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, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 1,887,999	\$ 4,264,511
Accounts and grants receivable, to be collected in less than one year	2,562,338	1,509,881
Investments	<u>1,518,442</u>	<u>1,287,027</u>
	\$ <u>5,968,779</u>	\$ <u>7,061,419</u>
Less amounts not available to be used within one year:		
Grant funds received in advance, included in cash and cash equivalents	\$ 374,681	\$ 1,122,958
Accounts payable and accrued expenses	1,448,359	1,414,121
Net assets with donor restrictions included in cash and cash equivalents	<u>287,552</u>	<u>954,185</u>
	\$ <u>2,110,592</u>	\$ <u>3,491,264</u>
Financial assets available to meet general expenditures over the next twelve months	\$ <u>3,858,187</u>	\$ <u>3,570,155</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 13, 2025, 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.

AROOSTOOK COUNTY ACTION PROGRAM

NOTES TO FINANCIAL STATEMENTS (cont'd.)

(19) 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

AROOSTOOK COUNTY ACTION PROGRAM
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2024

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)	10/01/23-9/30/24	10.557	CDS-24-4651	-	341,915
Special Supplemental Nutrition Program for Women, Infants and Children (WIC)	10/01/23-9/30/24	10.557	N/A	-	964,220
Total Federal Expenditures Federal Assistance Listing #10.557				-	1,306,135
Pass through from Maine Department of Health and Human Services					
WIC - Farmer's Market Nutrition Program	10/01/23-9/30/24	10.572	CD8-24-4651	-	15,521
Total Federal Expenditures Federal Assistance Listing #10.572				-	15,521
Pass through from Maine Department of Education					
Child & Adult Care Food Program	10/01/23-9/30/24	10.558	FP-20-405	-	473,122
Total Federal Expenditures - Federal Assistance Listing #10.558				-	473,122
<i>Total U.S. Department of Agriculture</i>				-	1,794,778
<i>U.S. Department of Housing and Urban Development</i>					
Pass through from Maine State Housing Authority					
COVID-19 Community Development Block Grant - State Formula	N/A	14.228	None	-	865,289
Total Federal Expenditures Federal Assistance Listing #14.228				-	865,289
Pass through from Shaw House					
Continuum of Care Program	12/01/21-11/30/23	14.267	ME0134Y1T00180	-	86
Total Federal Expenditures Federal Assistance Listing #14.267				-	86
Pass through from Maine State Housing Authority					
Housing Trust Fund	N/A	14.275	None	-	592,057
Total Federal Expenditures Federal Assistance Listing #14.275				-	592,057
Pass through from Maine State Housing Authority					
Older Adults Home Modification Grant Program	01/01/23-9/30/25	14.921	None	-	17,345
Total Federal Expenditures Federal Assistance Listing #14.921				-	17,345
<i>Total U.S. Department of Housing and Urban Development</i>				-	1,474,777
<i>U.S. Department of Justice</i>					
Pass through from Maine State Department of Corrections					
Juvenile Justice Advisory Group (JJAG)	09/15/23-9/14/25	16.540	CT 03A 20230822*0496	-	12,645
Total Federal Expenditures Federal Assistance Listing #16.540				-	12,645
<i>Total U.S. Department of Justice</i>				-	12,645

See accompanying notes to financial statements

Chester M. Kearney, Certified Public Accountants

AROOSTOOK COUNTY ACTION PROGRAM
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (cont'd.)
YEAR ENDED SEPTEMBER 30, 2024

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 Labor</i>					
WIOA Cluster					
Pass through from Northeastern Workforce Development Board					
Workforce Innovation & Opportunity Act - Adult	07/01/22-06/30/24	17.258	None	-	172,532
Workforce Innovation & Opportunity Act - Adult	07/01/24-06/30/26	17.258	None	-	66,002
Total Federal Expenditures Federal Assistance Listing #17.258				-	238,534
Pass through from Northeastern Workforce Development Board					
Workforce Innovation & Opportunity Act - Youth	07/01/22-06/30/24	17.259	None	-	87,639
Workforce Innovation & Opportunity Act - Youth	07/01/24-06/30/26	17.259	None	-	57,589
Total Federal Expenditures Federal Assistance Listing #17.259				-	145,228
Pass through from Northeastern Workforce Development Board					
Workforce Innovation & Opportunity Act - Dislocated Worker	07/01/22-06/30/24	17.278	None	-	19,514
Workforce Innovation & Opportunity Act - Dislocated Worker	07/01/24-06/30/26	17.278	None	-	37,185
Total Federal Expenditures Federal Assistance Listing #17.278				-	56,699
Total Federal Expenditures WIOA Cluster Federal Assistance Listing #17.258, #17.259, #17.278					440,461
Pass through from Northeastern Workforce Development Board					
Workforce Investment Act (WIA) / National Emergency Grants	10/01/22-09/30/24	17.277	12A 20200318-2546	-	202,574
Total Federal Expenditures Federal Assistance Listing #17.277				-	202,574
<i>Total U.S. Department of Labor</i>				-	643,035
<i>U.S. Department of Energy</i>					
Pass through from Maine State Housing Authority					
Weatherization Assistance for Low-income	04/01/23-03/31/24	81.042	None	-	155,175
Weatherization Assistance for Low-income	04/01/24-03/31/25	81.042	None	-	32,875
Weatherization Assistance for Low-income	04/01/23-03/31/27	81.042	None	-	223,129
Total Federal Expenditures Federal Assistance Listing #81.042				-	411,179
<i>Total U.S. Department of Energy</i>				-	411,179
<i>U.S. Department of the Treasury</i>					
Volunteer Income Tax Assistance (VITA) Matching Grant Program	10/1/2023-9/30/2024	21.009	None	-	20,530
Total Federal Expenditures Federal Assistance Listing #21.009				-	20,530
Pass through from Maine State Housing Authority					
Homeowner assistance fund	03/06/23-02/29/24	21.026	None	-	62,658
Total Federal Expenditures Federal Assistance Listing #21.026				-	62,658
Pass through from Maine State Housing Authority					
COVID 19 -Coronavirus State and Local Fiscal Recovery Funds - Housing Navigator	03/06/23-02/29/24	21.027	None	-	74,435
Pass through from Maine Department of Education					
Career exploration	09/01/22-08/31/26	21.027	SLFRP0144	-	105,832
COVID 19 -Coronavirus State and Local Fiscal Recovery Funds - Extended Learning	08/01/22-07/31/24	21.027	SLFRP0144	-	147,543
				-	253,375

See accompanying notes to financial statements

Chester M. Kearney, Certified Public Accountants

AROOSTOOK COUNTY ACTION PROGRAM
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (cont'd.)
YEAR ENDED SEPTEMBER 30, 2024

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	PROGRAM PERIOD	FEDERAL ASSISTANCE LISTING		PASSED	EXPENDITURES
		NUMBER	GRANTOR NUMBER	THROUGH TO SUBRECIPIENTS	RECOGNIZED
U.S. Department of the Treasury (cont'd.)					
Pass through from Northeastern Workforce Development Board					
COVID 19 -Coronavirus State and Local Fiscal Recovery Funds - Workers Fund	11/01/2023-12/31/24	21.027	None	-	86,887
Total Federal Expenditures Federal Assistance Listing #21.027				-	86,887
Pass through from County of Aroostook, Maine					
COVID 19 -Coronavirus State and Local Fiscal Recovery Funds - Extended Learning	07/01/22-12/31/23	21.027	N/A	-	13,997
				-	13,997
Total Federal Expenditures Federal Assistance Listing #21.027				-	428,694
Total U.S. Department of the Treasury				-	511,882
U.S. Department of Health and Human Services					
Direct Award					
Drug-Free Communities Support Program	10/1/23-9/30/24	93.276	1 NH28CE003050-03-01	-	115,766
Total Federal Expenditures Federal Assistance Listing #93.276				-	115,766
Pass through from Maine Department of Health and Human Services					
National And State Tobacco Control Program	01/01/23-06/30/24	93.387	CD8-23-4425		31,922
COVID-19 National And State Tobacco Control Program	07/01/24-06/30/25	93.387	CD8-25-4425	-	31,922
Total Federal Expenditures Federal Assistance Listing #93.387				-	63,844
Pass through from Maine Department of Health and Human Services					
Activities to support state, tribal, local and territorial health department response	01/01/23-06/30/24	93.243	CD8-23-4425	-	166,118
Total Federal Expenditures Federal Assistance Listing #93.243				-	166,118
Direct Award					
Congressional Directives	09/01/22-08/31/25	93.493	6 CE1HS47183-01-03	-	367,523
Total Federal Expenditures Federal Assistance Listing #93.493				-	367,523
Pass through from Maine Department of Health and Human Services					
Temporary Assistance to Needy Families - Improving Outcomes for Youth	07/01/23-06/30/24	93.558	CFS-24-1401	-	43,560
Temporary Assistance to Needy Families - Improving Outcomes for Youth	07/01/24-06/30/25	93.558	CFS-25-1401	-	17,366
Temporary Assistance to Needy Families - Improving Outcomes for Youth	10/01/23-09/30/24	93.558	CFS-24-2116	-	316,018
Temporary Assistance to Needy Families - Improving Outcomes for Youth	7/1/23-6/30/24	93.558	OFT-24-400	-	141,203
Temporary Assistance to Needy Families - Improving Outcomes for Youth	7/1/24-6/30/25	93.558	OFT-24-400	-	47,949
Total Federal Expenditures Federal Assistance Listing #93.558				-	566,096
Pass through from Maine Department of Health and Human Services					
Community Services Block Grant	10/01/23-09/30/24	93.569	CFS-24-7000	-	356,346
Total Federal Expenditures Federal Assistance Listing #93.569				-	356,346
See accompanying notes to financial statements					

Chester M. Kearney, Certified Public Accountants

AROOSTOOK COUNTY ACTION PROGRAM
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (cont'd.)
YEAR ENDED SEPTEMBER 30, 2024

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	PROGRAM PERIOD	FEDERAL	GRANTOR NUMBER	PASSED	EXPENDITURES
		ASSISTANCE LISTING		THROUGH TO	RECOGNIZED
U.S. Department of Health and Human Services (cont'd.)					
Direct Award - Head Start Cluster					
Head Start	06/01/23-05/31/24	93.600	01CH010924-05	-	3,123,765
Head Start	06/01/24-05/31/25	93.600	01CH012606-01	-	1,734,155
Total Federal Expenditures Head Start Cluster Federal Assistance Listing #93.600				-	4,857,920
Pass through from Maine State Housing Authority					
LIHEAP/Weatherization Program	04/01/23 - 03/31/24	93.568	None	-	4,684
LIHEAP/Weatherization Program	10/01/23 - 3/31/25	93.568	None	-	365,949
LIHEAP/CHIP	10/01/20-03/31/24	93.568	None	-	1,128
LIHEAP/CHIP	10/01/22 - 9/30/24	93.568	None	-	572,948
LIHEAP/Heat pump program	04/01/23-07/31/24	93.568	None	-	485,813
LIHEAP/Home energy assistance - other benefits	07/01/23-09/30/24	93.568	None	-	857,585
LIHEAP/Home energy assistance - other benefits	07/01/24-06/30/25	93.568	None	-	183,423
LIHEAP/Assurance 16	10/01/23-09/30/25	93.568	None	-	302,721
LIHEAP/ECIP 22	07/01/23-09/30/24	93.568	None	-	415,942
LIHEAP	07/01/23-09/30/24	93.568	None	-	2,861,950
Total Federal Expenditures Federal Assistance Listing #93.568				-	6,052,143
CCDF Cluster					
Pass through from Maine Department of Health and Human Services					
Child Care Development Block Grant (CCDF Cluster)	7/01/24-06/30/25	93.575	ECE-25-9203	-	73,579
Child Care Development Block Grant (CCDF Cluster)	08/01/23-06/30/24	93.575	CBH-24-9203	-	378,953
				-	452,532
Direct award					
COVID-19-Child Care Development Block Grant (CCDF Cluster)	10/01/22-09/30/23	93.575	None	-	3,000
Total Federal Expenditures Federal Assistance Listing #93.575/CCDF Cluster				-	455,532
Medicaid Cluster					
Pass through from Maine Department of Health and Human Services/Western Maine Community Action Program					
Medical Assistance Program-Navigator Grant	09/01/23-08/31/25	93.778	HIM-24-5500	-	9,806
Total Federal Expenditures Medicaid Cluster Federal Assistance Listing #93.778				-	9,806
Direct Award					
Diaper Distribution (DDDRP)	10/01/23-09/30/25	93.647	90EDA0019-01-00		18,681
Social Services Research and Demonstration	10/1/23-09/30/24	93.647	90XP0450-01-00	-	72,229
Total Federal Expenditures Federal Assistance Listing #93.647				-	90,910
Pass through from Maine Department of Health and Human Services					
Block Grants for the Prevention and Treatment of Substance Abuse	07/01/24-06/30/25	93.959	CD8-25-4425	-	36,130
Total Federal Expenditures Federal Assistance Listing #93.959				-	36,130
Total U.S. Department of Health and Human Services				-	13,138,134
U.S. Federal Communications Commission					
Direct Award					
Affordable Connectivity Outreach Grant Program	06/15/23-06/14/25	32.011	ACOGP2340123	-	22,112
Total Federal Expenditures Federal Assistance Listing #32.011				-	22,112
Total U.S. Federal Communications Commission				-	22,112
TOTAL EXPENDITURES OF FEDERAL AWARDS				-	18,008,542

See accompanying notes to financial statements

Chester M. Kearney, Certified Public Accountants

AROOSTOOK COUNTY ACTION PROGRAM

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED SEPTEMBER 30, 2024

(1) BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Aroostook County Action Program under programs of the federal government for the year ended September 30, 2024. 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, it is not intended to and does not present the financial position, changes in net assets or cash flows of Aroostook County Action Program.

(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 has elected not to use the 10% de minimis rate and has an agreed upon rate of 17% of direct salaries and wages excluding fringe benefits for the year ended September 30, 2024.

(4) PROGRAM OPERATIONS

Included in Federal assistance listing number #93.568 and #10.557 are client benefits paid by the State of Maine of \$2,861,950 and \$946,220 respectively. These amounts are not included in the statement of activities as the agency does not receive this funding directly.

AROOSTOOK COUNTY ACTION PROGRAM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2024

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)	\$ 1,306,135
14.228	U.S. Department of Housing and Urban Development Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	\$ 865,289
93.575	U.S. Department of Health and Human Services Child Care Development (CCDF Cluster)	\$ 455,532
93.600	Head Start (Head Start Cluster)	\$ 4,857,920

AROOSTOOK COUNTY ACTION PROGRAM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2024

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, 2024.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no audit findings or questioned costs for the year ended September 30, 2024.

SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

There were no findings in the year ended September 30, 2023.

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



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Certified Public Accountants

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

To the Board of Directors of
Aroostook County Action Program

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, (a nonprofit organization), which comprise the statement of financial position as of September 30, 2024, 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 13, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Aroostook County Action Program'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's internal control. Accordingly, we do not express an opinion on the effectiveness of Aroostook County Action Program'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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Aroostook County Action Program 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 13, 2025



Chester M. Kearney
Certified Public Accountants

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Barbara E. McGuire, CPA, CGMA
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To the Board of Trustees of the
Aroostook County Action Program

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's 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's major federal programs for the year ended September 30, 2024. Aroostook County Action Program 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 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, 2024.

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 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 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'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'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'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'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'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'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 13, 2025