

HEALTHY ACADIA
FINANCIAL STATEMENTS
September 30, 2019
With Independent Auditor's Report

Healthy Acadia

Table of Contents

September 30, 2019

INDEPENDENT AUDITOR’S REPORT	1-2
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-14
INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	15
INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	16-17
Schedule of Expenditures of Federal Awards	18
Schedule of Findings and Questioned Costs	19



INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Healthy Acadia

Report on the Financial Statements

We have audited the accompanying financial statements of Healthy Acadia (a nonprofit organization), which comprise the statement of financial position as of September 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Healthy Acadia as of September 30, 2019, and the changes in its net assets, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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* 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 as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2019, on our consideration of Healthy Acadia'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 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 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 Healthy Acadia's internal control over financial reporting and compliance.

Edwards, Faust + Smith

December 19, 2019

Healthy Acadia

Statement of Financial Position

September 30, 2019

With comparative totals for 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and cash equivalents	\$ 209,199	\$ 293,703
Accounts receivable	727,859	589,083
Prepaid expenses	8,625	12,246
Total current assets	<u>945,683</u>	<u>895,032</u>
Interest in assets held by Maine Community Foundation (MCF)	47,235	46,812
Property and equipment, net	<u>20,465</u>	<u>17,668</u>
Total assets	<u>\$ 1,013,383</u>	<u>\$ 959,512</u>
LIABILITIES		
Accounts payable	\$ 261,823	\$ 175,548
Accrued expenses	226,637	168,785
Deferred revenue	99,205	211
Total current liabilities	<u>587,665</u>	<u>344,544</u>
NET ASSETS		
Without donor restrictions		
Available for operations	33,992	138,536
Board designated net assets	<u>47,235</u>	<u>46,812</u>
Total net assets without donor restrictions	81,227	185,348
With donor restrictions		
Subject to expenditure for specific purpose	<u>344,491</u>	<u>429,620</u>
Total net assets	<u>425,718</u>	<u>614,968</u>
Total liabilities and net assets	<u>\$ 1,013,383</u>	<u>\$ 959,512</u>

See notes to financial statements

Healthy Acadia

Statement of Activities

Year Ended September 30, 2019
With comparative totals for 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2019</u>	<u>2018</u>
Revenues				
Grants and contributions revenue	\$ 1,901,916	\$ 533,492	\$ 2,435,408	\$ 1,946,147
Other income	1,974	82,699	84,673	67,106
Interest/dividend income	1,447		1,447	1,394
Realized/Unrealized (loss)	136	-	136	3,501
Net assets released from restriction	<u>701,320</u>	<u>(701,320)</u>	<u>-</u>	<u>-</u>
Total revenues	<u>2,606,793</u>	<u>(85,129)</u>	<u>2,521,664</u>	<u>2,018,148</u>
Expenses				
Program				
Healthy Maine Partnerships	1,676,179		1,676,179	1,125,807
Food and nutrition	412,481		412,481	417,682
Mini grant programs/Other	122,298		122,298	88,099
Management and general	432,128		432,128	286,389
Fundraising and development	<u>67,828</u>		<u>67,828</u>	<u>62,613</u>
Total expenses	<u>2,710,914</u>	<u>-</u>	<u>2,710,914</u>	<u>1,980,590</u>
Changes in net assets	(104,121)	(85,129)	(189,250)	37,558
Net assets, beginning of period	<u>185,348</u>	<u>429,620</u>	<u>614,968</u>	<u>577,410</u>
Net assets, end of period	<u>\$ 81,227</u>	<u>\$ 344,491</u>	<u>\$ 425,718</u>	<u>\$ 614,968</u>

See notes to financial statements

Healthy Acadia

Statement of Functional Expenses

Year Ended September 30, 2019
With comparative totals for 2018

	Programs				Administration	Fund Raising and Development	2019	2018
	Health	Food and Nutrition	Mini grant programs/Other	Total Programs				
Bank charges	-	3	-	3	1,214	6	1,223	1,205
Professional services	1,873	90	-	1,963	62,939	-	64,902	34,348
Insurance	-	-	-	-	7,532	672	8,204	6,200
License fees	-	275	-	275	2,310	-	2,585	240
Occupancy / rent	-	-	-	-	95,950	-	95,950	83,826
Telephone and internet	3,144	-	-	3,144	17,261	-	20,405	9,711
Consulting services	302,546	3,348	7,604	313,498	5,598	7,703	326,799	243,691
Depreciation expense	-	-	-	-	4,673	-	4,673	1,963
Material and supplies	116,438	41,395	19,394	177,227	40,678	30,239	248,144	181,396
Miscellaneous	38,433	1,230	45,033	84,696	1,199	2,098	87,993	20,731
Payroll taxes and fringe benefits	320,504	103,951	14,985	439,440	55,129	7,576	502,145	400,741
Wages and stipends	\$ 836,902	\$ 243,875	\$ 34,936	\$ 1,115,713	\$ 132,013	\$ 17,924	\$ 1,265,650	\$ 928,549
Travel and meetings	56,339	18,314	346	74,999	5,632	1,610	82,241	67,989
Total expenses	\$ 1,676,179	\$ 412,481	\$ 122,298	\$ 2,210,958	\$ 432,128	\$ 67,828	\$ 2,710,914	\$ 1,980,590

See notes to financial statements

Healthy Acadia

Statement of Cash Flows

Year Ended September 30, 2019

With comparative totals for 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Change in net assets	\$ (189,250)	\$ 37,558
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	4,673	1,963
Change in market value of investments and fees	(423)	(3,711)
Decrease (increase) in		
Accounts receivable	(138,776)	(250,168)
Prepaid expenses	3,621	(7,196)
Increase (decrease) in		
Accounts payable	86,274	102,371
Accrued expenses	57,852	63,110
Deferred revenue	98,994	(77,289)
Net cash from operating activities	<u>(77,035)</u>	<u>(133,362)</u>
Cash flows from investing activities		
Purchase of property and equipment	<u>(7,469)</u>	<u>(19,631)</u>
Net cash from investment activities	<u>(7,469)</u>	<u>(19,631)</u>
Net change in cash	(84,504)	(152,993)
Cash and cash equivalents, beginning of year	<u>293,703</u>	<u>446,696</u>
Cash and cash equivalents, end of year	<u>\$ 209,199</u>	<u>\$ 293,703</u>

See notes to financial statements

HEALTHY ACADIA

Notes to Financial Statements

September 30, 2019

NATURE OF OPERATIONS

Healthy Acadia (the Organization), a community health coalition, was formed in 2001 as an unincorporated voluntary association administered by Mount Desert Island Hospital. The Organization was guided by a community advisory council ranging in size from 15-20 members. In 2009, the advisory council voted to form a Maine not-for-profit corporation. It is organized under Section 501(c)(3) of the Internal Revenue Code. The Organization's purpose is to empower people and organizations to build healthy, vibrant communities where people thrive and healthful resources are easily available. Healthy Acadia works with citizens and more than one hundred local, state and national partners to advance public health through collaboration, education and policy development. This mission is achieved by assessing community health needs and assets; informing, educating, and empowering individuals, organizations and communities about health issues; mobilizing partnerships to improve public health; linking partners with resources through information, grants, and technical assistance; fostering policy and environmental changes to improve public health; and coordinating with local, regional and national public health entities. Through this endeavor, Healthy Acadia has several planned services that focus a significant portion of their resources. These programs include:

HEALTH

Substance Use Prevention and Health Promotion

This area of programming, funded by private foundation grants, Maine Department of Health and Human Services grants through sub awards from private grantors (University of New England, MaineHealth-Center for Tobacco Independence, The Opportunity Alliance-Maine Youth Action Network), and the Federal Department of Health and Human Service grants, deals with a number of initiatives around health promotion, disease prevention including arsenic contamination of well water, alcohol, tobacco, marijuana, and prescription drug use prevention in communities throughout Hancock and Washington Counties, in Maine. Program activities include dissemination of educational materials; hosting educational classes, training and professional development for health providers, educators and students, business owners and employees; and strengthening linkages between primary care providers, health systems, community based organizations and health resources. These activities are coordinated by staff with training and education in community health. Some activities are carried out with the support of subcontract partners, consultants and volunteers working together in collaborative, community-based efforts.

Drug Free Communities

The Drug Free Communities (DFC) Program is a federal grant funded initiative through the Office of National Drug Control Policy and Substance Abuse and Mental Health Services Administration. Through the DFC program, Healthy Acadia is working with a countywide coalition of community members and local organizations who are dedicated to empowering youth and reducing underage use of alcohol, tobacco, and other substances across Hancock County. Healthy Acadia supports schools, organizations and programs to carry out community-level change through several consulting awards to community partners. The DFC Coalition is working on a variety of initiatives to prevent substance use and to help children and youth thrive.

Substance Use Recovery

Maine RecoveryCorps, a program funded by an AmeriCorps grant, a Maine Department of Health and Human Services/Office of Substance Abuse and Partner cost share funding, is housed at Healthy Acadia. This programming expands recovery coaching in Maine by training and supporting individuals to become recovery coaches through the structure of AmeriCorps, including high-quality professional training, service benefits, and ongoing programmatic support. Individuals become trained to serve as recovery coaches at a full-time or part-time level for a year or more.

On July 1, 2019, Healthy Acadia, with support from Maine's Substance Abuse and Mental Health Services (SAMHS), launched the Maine Alliance for Recovery Coaching (Maine-ARC) to support volunteer-driven, community recovery coaching throughout Hancock, Piscataquis, Somerset, Waldo and Washington counties. Through Maine-ARC, Healthy Acadia and partners collaborate with health care and treatment centers, jails, drug courts, pre-release sites, social service and law enforcement agencies, and other community partners across the five counties to implement highly effective, community-based recovery coaching systems to

HEALTHY ACADIA

Notes to Financial Statements

September 30, 2019

support those seeking recovery from substance use disorders, with an emphasis on opioid use disorders. Maine-ARC partners will work together to develop effective, far reaching, volunteer-based peer recovery coaching programs that promise to build healthier communities and help people succeed on their recovery journeys.

HEALTHFUL SERVICES

Healthy Acadia also has programming supported by private donations, Private Foundation funding, and federal grant funding from the Health Resources and Services Administration involving Graceful and Healthy Aging, Tai Chi, transportation access, Colorectal Cancer screening, depression and chronic disease prevention, Diabetes prevention and chronic pain management, Dental care access and online health resource access and education.

FOOD AND NUTRITION

Gleaning, Farm to School/Farm to Institution

These program areas, funded primarily with private foundation grants, involve a number of initiatives, including linking public schools with local growers who provide access to healthy local foods; linking growers with food security organizations through a comprehensive Gleaning initiative; and supporting food system and nutrition curriculum integration through gardens, greenhouses and community food literacy throughout Hancock and Washington Counties in Maine. These programs also address hunger, and promote food security and nutrition education.

Supplemental Nutrition Assistance Education Program (SNAP - Ed)

This program is funded by the Maine Department of Health and Human Services, and United States Department of Agriculture, Food and Nutrition Service. The goal of the Snap-Ed program is to improve the likelihood that persons eligible for SNAP (also known as the Supplemental Nutrition Assistance Program) will make healthy food choices with a limited budget and choose physically active lifestyles consistent with the current Dietary Guidelines for Americans and the USDA food guidance and MyPlate. Snap education classes are offered to disparate, low-income populations in Hancock and Washington Counties in Maine. Populations of focus include seniors, youth from 0-18 years of age, those experiencing low-income, and those eligible for Supplemental Nutrition Assistance.

Let's Go

This is a program of the Barbara Bush Children's Hospital at Maine Medical Center and is funded by private foundation funding as well as State Fund for Healthy Maine funding. This program is an important community health improvement initiative whose two major goals are to 1) deploy a consistent message, 5-2-1-0, to guide children and families on how to engage in healthy behaviors, and 2) to work with a network of local Dissemination Partners to implement environmental and policy changes that increase opportunities for healthy eating and active living (HEAL) in multiple settings across a community, including schools, out-of-school programs, child care programs, and health care practices.

NEIGHBOR FOR NEIGHBOR (N4N)

The purpose of the N4N fund is to provide mini grants to seniors in need across Hancock and Washington Counties. The fund is held as a designated fund by Maine Community Foundation. Healthy Acadia is the beneficiary of a pre-determined annual distribution which is used to fund the program. Healthy Acadia, along with a volunteer advisory Board, administers the program.

YOU'VE GOT A FRIEND FUND

This fund is a mini grant program that provides mini-grants of up to \$1,000 to individuals across Hancock County in need of assistance to overcome specific hurdles or setbacks and accomplish goals in order to reach greater self-sufficiency and quality of life.

HEALTHY ACADIA

Notes to Financial Statements

September 30, 2019

1. Summary of Significant Accounting Policies

Financial Statement Presentation

Assets and liabilities are recorded and revenues and expenses are recognized by the accrual method of accounting. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions in accordance with the provisions of generally accepted accounting standards:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Use of Estimates

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

Cash

For purposes of the statement of cash flows, the Organization considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents.

Accounts Receivable

Trade accounts receivable are amounts due for grants from various sources and are stated at the amount management expects to collect from outstanding balances. Management believes all accounts receivable are collectible; accordingly, an allowance for doubtful accounts has not been established. Finance charges are not accrued for overdue accounts.

Property and Equipment

Property and equipment is carried at cost or fair market value for donated assets. Depreciation is computed by the straight-line method over the estimated useful lives of the assets. The Organization capitalizes equipment with an estimated useful life longer than one year and a cost greater than \$5,000.

Grant Revenue

Funding support for the activities that Healthy Acadia provides are derived from multiple local, state, and federal grants and contracts, as well as charitable support from individuals and private foundations. Grant revenue is recognized when amounts received are not considered to be repayable to the grantees because of grant conditions.

Allocation of Costs

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among programs and supporting services based on actual or estimated usage of resources. Allocation of indirect costs is based on a Federal rate obtained after application. The rate is provisional until the next rate is applied for at which time it becomes final. Differences between actual indirect costs and costs allocated using the rate are negotiated in determining the next provisional rate.

HEALTHY ACADIA

Notes to Financial Statements

September 30, 2019

1. Summary of Significant Accounting Policies

Donor-Restricted contributions

The Organization reports gifts of cash and other assets as donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Income Taxes

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is not liable for income taxes.

Interest in Assets Held by Maine Community Foundation

The organization is an income beneficiary of assets held by Maine Community Foundation (MCF) as a result of making nonreciprocal transfers of unrestricted assets to MCF and specifying itself as the beneficiary. As such, the organization may receive distributions from these assets each year. However, the Board of Trustees of the MCF (Board) has the power to modify, consistent with State law including seeking the approval of the appropriate court or Attorney General, any restriction or condition on the distribution of funds to the organization if, in the sole judgment of the Board (without the necessity of the approval of any participating trustee, custodian, or agent), such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The interest is carried at net asset value.

2. Property and Equipment

Property and equipment consists of the following:

	<u>2019</u>	<u>2018</u>
Equipment	\$ 28,804	\$ 21,334
Less accumulated depreciation	<u>(8,339)</u>	<u>(3,666)</u>
	<u>\$ 20,465</u>	<u>\$ 17,668</u>

3. Interest in Assets Held by Maine Community Foundation

In 2016 the Board of Directors voted to establish a BOD designated endowment fund and to transfer \$40,250 of unrestricted funds to the Maine Community Foundation (MCF). MCF is utilized to fund the board designated endowment. The MCF has variance power over these assets.

The investment's primary purpose is to provide a predicable source of supplemental annual income to support the charitable work of the organization through investing in a socially responsible manner, while the secondary purpose is to realize a long-term total return equal to, or greater than the real rate of inflation. The target investment allocation range is as followed:

- 45% - 75% to Equity
- 15% - 35% to Fixed Income
- 0% - 10% to Alternative Assets
- 0% - 10% to Cash

HEALTHY ACADIA

Notes to Financial Statements

September 30, 2019

3. Interest in Assets Held by Maine Community Foundation

In May 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2015-07, *Disclosures for Investments in Certain Entities That Calculate Net Asset Value Per Share (or its Equivalent)*. This pronouncement removes the requirements to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value (NAV) per share practical expedient and certain related disclosure requirements. The Organization has implemented ASU 2015-07 in its 2018 financial statements with retrospective application to all periods presented.

The adoption of this pronouncement did not affect the financial statements other than footnote disclosures.

Following is a summary of board designated endowment activity:

		Board Designated
Investment at beginning of 2018	\$	43,101
Contributions		-
Interest and dividends		928
Gains (losses)		3,501
Fees		(718)
Investment at end of 2018	\$	46,812
Contributions		-
Interest and dividends		994
Gains (losses)		136
Fees		(707)
Investment at end of 2019	\$	<u>47,235</u>

Investments measured at NAV are as follows:

		<u>2019</u>		<u>2018</u>
Interest in assets held by Maine Community Foundation	\$	<u>47,235</u>	\$	<u>46,812</u>

4. Line of Credit

The Organization has a \$120,000 bank line of credit with Machias Savings Bank with \$0 outstanding in 2019 and 2018. The agreement is reviewed annually, and the line must be paid off for 30 consecutive days in each year.

5. Leases, Commitments, Contingencies and Guarantees

The Organization has certain operating leases for buildings in Ellsworth and Machias and copier leases, under terms of operating leases with various expiration dates. Lease expense was \$100,812 in 2019 and \$77,585 in 2018.

Scheduled payments on operating lease obligations for the next five years are as follows:

2020	\$	139,700
2021		95,300
2022		54,000
2023		11,500
2024		-

HEALTHY ACADIA

Notes to Financial Statements

September 30, 2019

6. Grants and Gifts

The Organization was awarded grants from various federal and state agencies and from private sources. Revenue was reflected in the financial statements as follows:

	2019	2018
<u>State of Maine Grants (direct and pass-through)</u>		
Maine Department of Health and Human Services (DHHS)		
Let's Go obesity program	\$ 91,000	\$ 87,901
Supplemental Nutrition Assistance Program	188,336	176,280
Substance abuse recovery coach	162,409	36,895
Tobacco prevention services	126,118	126,211
State wide substance use prevention services	144,718	195,871
Youth engagement and empowerment	79,435	55,256
Mini grant	8,050	-
<u>Federal Grants (direct and pass-through)</u>		
Drug Free Communities Support program	108,112	97,425
Rural Healthcare Services Outreach and Planning Grants	3,992	177,414
Rural Healthcare Services Opioid grant	278,647	219,094
Downeast medicated assisted treatment	274,211	
AmeriCorps recovery program	243,684	
Public Health Project	3,700	
Total State and Federal government grants	1,712,412	1,172,347
<u>Other Grants and Contributions</u>		
Private grants and contributions - Unrestricted	189,504	114,570
- Restricted	533,492	659,230
	\$ 2,435,408	\$ 1,946,147
Accounts receivable and deferred revenue consists of the following:	Accounts	Deferred
	Receivable	Revenue
<u>State of Maine Grants (direct and pass-through)</u>		
Maine Department of Health and Human Services (DHHS)		
Tobacco Prevention Services	\$ 28,473	\$
Youth engagement and empowerment	30,941	
Statewide substance use prevention	42,000	
Supplemental Nutrition Assistance Education Program	49,327	
Substance Abuse Recovery Coach	33,925	92,139
Let's Go!	17,448	
<u>Federal Grants (direct)</u>		
SAMHSA medicated assisted treatment	178,456	
Drug Free Communities Support program	34,204	
Rural Health Opioid program	113,662	
Total State and Federal government grants	528,436	92,139
<u>Other</u>		
Other amounts	199,423	7,066
Indirect cost rate deferral		
	\$ 727,859	\$ 99,205

HEALTHY ACADIA

Notes to Financial Statements

September 30, 2019

6. Grants and Gifts

The grants are subject to various federal and state laws, regulations and other provisions covering grant administration, audits and allowable costs. Final settlement of the grants is subject to review by the grantors. The Organization has a provisional indirect federal cost rate used for indirect cost allocations to grants.

On November 10, 2016, the Division of Audit of the Maine Department of Health and Human Services (DHHS) issued Examination Reports as follows:

<u>Fiscal year</u>	<u>Amount due to State-per initial report</u>	<u>Due to State per appeal report</u>
September 30, 2013	\$ 55,726	\$ 47,420
September 30, 2014	79,613	45,255
Total	\$ <u>135,339</u>	\$ <u>92,675</u>

In May 2019 the Organization and Maine DHHS entered into a settlement agreement stating that Healthy Acadia shall pay a total of \$92,097; \$43,734 by May 22, 2019 and \$43,363 by September 25, 2020.

7. Financial Instruments

The Organization maintains substantially all its cash balances in one financial institution. Interest bearing accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk with respect to cash.

8. Net Assets with donor restrictions

Net assets with donor restrictions are as follows:

<u>Subject to expenditure for specified purpose</u>	<u>2019</u>	<u>2018</u>
Administrative operations	\$ 23,608	\$ 14,597
Development	61,648	42,845
Food programs	42,181	46,277
Health programs	180,659	295,306
Other programs	36,395	30,595
	\$ <u>344,491</u>	\$ <u>429,620</u>

9. Retirement Plan and Bonus

The Organization has a Simple IRA retirement plan and a cash bonus plan. The Organization matches 100% of the employee's Simple IRA contributions up to 3% of employee compensation as well as a 6% for 2019 and 2018 year-end retirement bonus payment at the discretion of the Board of Directors. Simple IRA Match expenses was \$27,755 for 2019 and \$25,088 for 2018; the bonuses were \$55,528 in 2019 and \$49,770 in 2018.

10. Subsequent Events

Subsequent events have been evaluated through December 19, 2019, which is the date the financial statements were available to be issued and no additional matters were determined to require adjustment or disclosure.

HEALTHY ACADIA

Notes to Financial Statements

September 30, 2019

11. Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets available for general use within one year of the balance sheet date.

	<u>2019</u>	<u>2018</u>
Current assets	\$ 945,683	\$ 895,032
Less: prepaid expenses	<u>(8,625)</u>	<u>(12,246)</u>
Financial assets available to meet cash needs for general purpose within one year	\$ <u>937,058</u>	\$ <u>882,786</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. To help manage unanticipated liquidity needs, the Organization has a line of credit totaling \$120,000 which it could draw upon. Additionally Healthy Acadia has board designated funds for long-term purposes totaling \$47,235 that could be used if necessary

12. New Pronouncements

On August 18, 2016, the FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities. The Organization has adjusted the presentation of its financial statements accordingly, applying the changes retrospectively to the comparative period presented. The new standards change the following aspects the Organization's financial statements:

- The temporarily restricted net asset class has been renamed net assets with donor restrictions.
- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The financial statements include a new disclosure about liquidity and availability of resources (Note 11).

The changes have the following effect on net asset as September 30, 2018:

Net Asset Class	<u>As Originally Presented</u>	<u>After Adoption of ASU 2016-14</u>
Unrestricted net assets	\$ 185,348	\$
Temporarily restricted net assets	429,620	
Net asset without donor restrictions		185,348
Net assets with donor restrictions	<u> </u>	<u>429,620</u>
	\$ <u>614,968</u>	\$ <u>614,968</u>

Leases:

On February 25, 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, Leases (Topic 842). Under the new standard, lessees will be required to recognize lease assets and liabilities for most leases on their statements of financial position. The new standard will be effective for fiscal years beginning after December 15, 2020. The expected impact is being evaluated.



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Board of Directors
Healthy Acadia

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 Healthy Acadia (a nonprofit organization), which comprise the statement of financial position as of September 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 19, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Healthy Acadia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Healthy Acadia's internal control. Accordingly, we do not express an opinion on the effectiveness of the Healthy Acadia's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Healthy Acadia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Edwards, Faust + Smith
December 19, 2019



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

The Board of Directors
Healthy Acadia

Report on Compliance for Each Major Federal Program

We have audited Healthy Acadia'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 Healthy Acadia's major federal programs for the year ended September 30, 2019. Healthy Acadia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Healthy Acadia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Healthy Acadia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Healthy Acadia's compliance.

Opinion on Each Major Federal Program

In our opinion, Healthy Acadia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2019.

Report on Internal Control over Compliance

Management of Healthy Acadia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Healthy Acadia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Healthy Acadia's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or 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 first paragraph of this section, and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Edwards, Faust + Smith

December 19, 2019

Healthy Acadia

Schedule of Expenditures of Federal Awards

For the Year Ended September 30, 2019

Grantor/Program Title	Federal CFDA Number	Grant Number	Federal Disbursements/ Expenditures
<u>Federal assistance</u>			
U.S. Department of Health and Human Services - Direct			
Drug-Free Communities Support Program Grants	93.276	5H79SP018729-07	\$ 108,112
Temporary Assistance for Needy Families	93.558	1502METANF	73,875
Block Grants for Prevention and Treatment of Substance Abuse	93.959	3BO8TI010025-16S2	5,560
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	6H79TI081447-01M004	274,211
Rural Health Care Services Outreach	93.912	D04RH28404	3,992
Rural Health Care Services Outreach	93.912	H1URH31442	278,647
	Total CFDA 93.912		282,639
	Total Direct Funding		744,397
U.S. Department of Agriculture			
Maine Department of Health and Human Services			
Universrsity of New England			
State Administrative Matching Grants for Supplemental Nutrition Assistance Program			
	10.561	OFI-19-351	188,336 *
U.S Department of Health and Human Services			
Maine Department of Health and Human Services			
Opioid STR (State Targeted Response)	93.788	OSA-18-650D	53,375
Opioid STR (State Targeted Response)	93.788	OSA-19-650C	104,673
Opioid STR (State Targeted Response)	93.788	OSA-19-700	49,238
	Total CFDA 93.788		207,286
Preventative Health and Health services Block Grant Funded Solely with Prevention and Public Health Funds (PPHF)			
	93.758		3,700
University of New England			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	CDC-18-4425	44,863
Substance Abuse and Mental health Services_Projects or Regional and National Significance	93.243	CDC-18-4425	76,701
Opioid STR (State Targeted Response)	93.788	CDC-18-4425	23,155
Corporation for National Community Service			
Maine Commission for Community Service			
AmeriCorps	94.006		194,446 *
			Total Pass Through Funding
			738,487
			Grand Total of Federal Awards Expended
			\$ 1,482,884

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Healthy Acadia and is presented on the accrual basis of accounting. 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

* - Major programs.

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

The Organization had no expenditures to subrecipients.

HEALTHY ACADIA

Schedule of Findings and Questioned Costs

September 30, 2019

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal Control over financial reporting

Material weakness(es) identified? _____ Yes X No

Significant deficiency(s) identified that are not considered to be material weaknesses? _____ Yes X No

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major federal programs:

Material weaknesses identified? _____ Yes X No

Significant deficiency(s) identified that are not considered to be material weaknesses? _____ Yes X No

Type of auditor's report issued on compliance for major federal programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516 of Uniform Guidance? _____ Yes X No

Identification of major programs – The following programs listed in the schedule of expenditures of federal awards were audited as major programs

Department	Program	CFDA
Corporation for National and Community Service	AmeriCorps	94.006
U.S. Department of Agriculture	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561
Dollar threshold used to distinguish between Type A and Type B Programs	\$750,000	
Auditee qualified as low-risk auditee?	_____ <u> X </u> Yes	_____ No

Section II. Financial Statement Findings

None

Section III. Federal Award Findings and Questioned Costs

None

HEALTHY ACADIA

MAAP IV REPORTS

September 30, 2019

HEALTHY ACADIA

September 30, 2019

TABLE OF CONTENTS

- **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH MAINE UNIFORM ACCOUNTING AND AUDITING PRACTICES FOR COMMUNITY AGENCIES**
- **INDEPENDENT AUDITOR'S REPORT ON SCHEDULE OF EXPENDITURES OF DEPARTMENTAL AGREEMENTS**
- Schedule of Expenditures of Departmental Agreements
- Schedule of Findings and Questioned Costs



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

The Board of Directors
Healthy Acadia

Report on Compliance for Each Major State Program

We have audited Healthy Acadia's compliance with the types of compliance requirements described in *Maine Uniform Accounting and Auditing Practices for Community Agencies* (MAAP IV) that could have a direct and material effect on each of Healthy Acadia's major state programs for the year ended September 30, 2019. Healthy Acadia's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Healthy Acadia's major state programs based on our audit of the types of compliance requirements referred to above. 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 *Maine Uniform Accounting and Auditing Practices for Community Agencies, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and MAAP IV require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Healthy Acadia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of Healthy Acadia's compliance.

Opinion on Each Major State Program

In our opinion, Healthy Acadia 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, 2019.

Report on Internal Control Over Compliance

Management of Healthy Acadia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Healthy Acadia's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with MAAP IV, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Healthy Acadia's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of MAAP IV. Accordingly, this report is not suitable for any other purpose.

Edwards, Faust + Smith

December 19, 2019



Edwards, Faust & Smith
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON SCHEDULE OF EXPENDITURES OF DEPARTMENTAL AGREEMENTS

The Board of Directors
Healthy Acadia

We have audited the financial statements of Healthy Acadia as of and for the year ended September 30, 2019, and have issued our report thereon dated December 19, 2019, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of departmental agreements is presented for purposes of additional analysis as required by *Maine Uniform Accounting and Auditing Practices for Community Agencies (MAAP IV)* 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 departmental agreements is fairly stated in all material respects in relation to the financial statements as a whole.

Edwards, Faust & Smith

December 19, 2019

Healthy Acadia

Schedule of Expenditures of Department Agreements

For the Year Ended September 30, 2019

Department Office	Agreement Number	Agreement Amount	Agreement Period	Agreement Service	Agreement Status	Federal Expenditures	State Expenditures	Total Department Expenditures
DHHS:								
<u>Direct</u>								
OSA	OSA-18-650D	90,270	3/17/18 - 2/28/19	Substance Abuse Recovery Coach	Final	53,375		53,375
OSA	OSA-19-650	691,178	3/1/19-09/30/20	Targeted Repsonse	Interim	104,673	\$ 4,361	109,034
<u>Indirect</u>								
University of New England	OFI-19-351	\$ 206,681	10/1/18 - 9/30/19	Supplemental Nutrition Assistance Program	Final	\$ 188,336	-	\$ 188,336 *
Barbara Bush Children's Hospital at Maine Medical Center		91,000	10/1/18-9/30/19	Prevention Services for Maine's Public Health Districts	Final	-	91,000	91,000
Maine Center for Disease Control and Prevention		3,700	11/26/18-9/30/19	Community Based Prevention	Final	3,700	-	3,700
MaineHealth		129,109	10/1/18-9/30/19	Tobacco Prevention Services	Final	-	126,118	126,118 *
MaineHealth		8,050	9/15/19-9/30/19	Tobacco Prevention Services	Final	-	8,050	8,050
TOTAL						\$ 350,084	\$ 229,529	\$ 579,613

Disclosures:

Is your Agency required to have a federal Single Audit?

Yes X
No

* - Tested as Major Program

54.25% tested as major prgorams

This Schedule of Expenditures of Department Agreements was prepared on the accrual basis of accounting, the same basis used to prepare the financial statements.

HEALTHY ACADIA

Schedule of Findings and Responses

September 30, 2019

Section I – Summary of AUDITOR’S Results

Financial Statements

Type of auditor’s report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

State Agreements

Internal Control over programs tested:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	No
Type of auditors’ report issued on compliance for programs tested	Unmodified
Any audit finding disclosed that are required to be reported in accordance with MAAP IV regulations?	No
Organization qualifies as a low-risk auditee?	No

Identification of programs tested:

Department	Program Name	Agreement #
MEDHHS OFI	Supplemental Nutrition Assistance Program	OFI-19-351
MEDHHS MaineHealth	Tobacco Prevention Services	N/A *

*Sub-recipient – no agreement number provided