



**Board of Directors Letter**

January 25, 2021

To the Board of Directors  
Healthy Acadia

We have audited the financial statements of Healthy Acadia (the Organization) for the year ended September 30, 2020, and have issued our report thereon dated January 25, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and Maine Uniform Accounting and Auditing Practices for Community Agencies (2012 Revision) (MAAP), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated October 6, 2020. Professional standards also require that we communicate to you the following information related to our audit.

**Significant Audit Findings**

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Healthy Acadia are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2020. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

- Grant settlement is an estimate of the amount owed to or from U.S. DHHS and Maine DHHS and is recorded based on agreement settlement forms as filed and is subject to audit. Upon audit, the ultimate settlement is recorded in the year the audit is accepted.
- Allocation of administrative costs to programs and fundraising are based on an approved provisional indirect cost rate agreement. The provisional rate may differ from the actual rate and a deferral of grant revenue may be recorded if the difference is significant.

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

There are no financial statement disclosures that are particularly sensitive because of their significance to financial statement users, **except for the disclosures related to grant settlements and audit by the state.**

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

*Difficulties Encountered in Performing the Audit*

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

*Corrected and Uncorrected Misstatements*

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

### *Disagreements with Management*

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

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated January 25, 2021.

### *Management Consultations with Other Independent Accountants*

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

### *Other Audit Findings or Issues*

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

### Other Matters

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

### Effects of COVID-19

The Organization's operations were affected by the recent and ongoing outbreak of the coronavirus disease (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. The final impact caused by the outbreak is uncertain; however, it may result in a material adverse impact on the Organization's financial position, operations and cash flows. Possible effects may include, but are not limited to, disruption to the Organization's clients and timely receipt of grant funds necessary to continue, absenteeism in the Organization's labor workforce, and a decline in value of assets held by the Organization.

This information is intended solely for the use of Board of Directors and management of Healthy Acadia and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*Edwards, Faust + Smith*



Building vibrant communities  
in Hancock and Washington counties

January 25, 2021

Edwards, Faust & Smith  
15 Columbia St, Suite 201  
Bangor, ME 04401

This representation letter is provided in connection with your audit of the financial statements of Healthy Acadia, which comprise the statement of financial position as of September 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of January 25, 2021, the following representations made to you during your audit.

#### **Financial Statements**

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated October 6, 2020, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
- 3) We acknowledge our responsibility 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements or in the schedule of findings and questioned costs.
- 8) We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the Organization's accounts.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Material concentrations have been appropriately disclosed in accordance with U.S. GAAP.

#### Board of Directors

Martha Wagner, *Chair*  
Ryan Swanson, *Vice Chair*  
Bobbi-Jo Thornton, *Treasurer*  
Jack Frost, *Secretary*  
Jody Jones  
John Kelly  
Christina Perkins  
Marjorie Peronto  
Dean McGuire  
Elsie Flemings, *Executive Director*

#### Ellsworth Office

140 State Street, Suite 1  
Ellsworth, Maine 04605  
207 667-7171  
207 667-7173 fax

#### Machias Office

121 Court Street, Suite A  
Machias, Maine 04654  
207 255-3741

[www.healthyacadia.org](http://www.healthyacadia.org)

11) Guarantees, whether written or oral, under which the Organization is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.

### **Information Provided**

12) We have provided you with:

- a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters, and all audit or relevant monitoring reports, if any, received from funding sources
- b) Additional information that you have requested from us for the purpose of the audit.
- c) Unrestricted access to persons within the Organization from whom you determined it necessary to obtain audit evidence.
- d) Minutes of the meetings of the governing board or summaries of actions of recent meetings for which minutes have not yet been prepared.

13) All material transactions have been recorded in the accounting records and are reflected in the financial statements or the schedule of expenditures of federal awards

14) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

15) We have no knowledge of any fraud or suspected fraud that affects the Organization and involves:

- a) Management,
- b) Employees who have significant roles in internal control, or
- c) Others where the fraud could have a material effect on the financial statements.

16) We have no knowledge of any allegations of fraud or suspected fraud affecting the Organization's financial statements communicated by employees, former employees, grantors, regulators, or others.

17) We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.

18) We have disclosed to you all known actual or possible litigation, claims, and assessment whose effects should be considered when preparing the financial statements.

19) We have disclosed to you the identity of the Organization's related parties and all the related-party relationships and transactions of which we are aware.

20) The Organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

21) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us.

22) Healthy Acadia is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Organization's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.

23) We acknowledge our responsibility for presenting the Schedule of Expenditures of Federal Awards in accordance with U.S. GAAP, and we believe the Schedule of Expenditures of Federal Awards, including its form and content, is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the Schedule of Expenditures of Federal Awards have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

24) As part of your audit, you assisted with the drafting of the financial statements and related notes and SEFA and SEDA. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes and agree that the books and records provide adequate support.

In regards to the Form 990 (Return of Organization exempt from Income Tax) preparation service performed by you, we have:

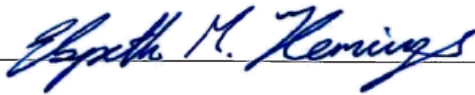
- a. Assumed all management responsibilities.
- b. Designated an individual (within senior management) with suitable skill, knowledge, or experience to oversee the services.
- c. Evaluated the adequacy and results of the services performed.
- d. Accepted responsibility for the results of the services.
- e. Established and maintained internal controls, including monitoring ongoing activities.

25) With respect to federal and state award programs:

- a. We are responsible for understanding and complying with, and have complied with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), relating to preparation of the SEFA and Maine Uniform Accounting and Auditing Practices for Community Agencies (MAAP IV) relating to preparation of the SEDA.
- b. We acknowledge our responsibility for presenting the SEFA/SEDA and related notes in accordance with the requirements of the Uniform Guidance, and we believe the SEFA/SEDA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement or presentation of the SEFA/SEDA have not changed from those used in the prior period, and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA/SEDA.
- c. If the SEFA/SEDA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA/SEDA no later than the date we issue the SEFA/SEDA and the auditor's report thereon.
- d. We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance compliance audit, and have included in the SEFA/SEDA, expenditures made during the audit period for all awards provided by federal/state agencies in the form of federal/state awards, federal/state cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
- e. We are responsible for understanding and complying with the requirements of federal/state statutes, regulations, and the terms and conditions of federal/state awards related to each of our federal/state programs and have identified and disclosed to you the requirements of federal/state statutes, regulations, and the terms and conditions of federal/state awards that are considered to have a direct and material effect on each major program.
- f. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal/state programs that provides reasonable assurance that we are managing our federal awards in compliance with federal/state statutes, regulations, and the terms and conditions of federal awards that could have a material effect on our federal/state programs. We believe the internal control system is adequate and is functioning as intended.

- g. We have made available to you all federal/state awards (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal/state programs and related activities.
- h. We have received no requests from a federal/state agency to audit one or more specific programs as a major program.
- j. We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you if any), including when applicable, those set forth in the *OMB Compliance Supplement*, relating to federal/state awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal/state awards, if any.
- j. We have disclosed any communications from federal/state awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- k. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- l. Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2 CFR part 200, subpart E) and OMB Circular A-122, Cost Principles for Nonprofit Organizations, and Subpart C, Cost Sharing and Matching, of OMB Circular A-110, Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations.
- m. We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- n. We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal/state program financial reports and claims for advances and reimbursements.
- o. We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- p. There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
- q. No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance subsequent to the period covered by the auditor's report.
- r. Federal/state program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared.
- s. The copies of federal/state program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal/state agency or pass-through entity, as applicable.
- t. We have charged costs to federal/state awards in accordance with applicable cost principles.
- u. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance, and we have provided you with all information on the status of the follow-up on prior audit findings by federal/state awarding agencies and pass-through entities, including all management decisions.
- v. We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.

- w. We are responsible for taking corrective action on each audit finding (if any), of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance.
- x. We have disclosed to you all contracts or other agreements with service organizations, and we have disclosed to you all communications from the service organizations relating to noncompliance at the service organizations.
- y. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

Signed: 

Elsie Flemings, Chief Executive Officer

Signed: 

Amy Clement, Chief Financial Officer

**HEALTHY ACADIA**  
FINANCIAL STATEMENTS  
September 30, 2020  
With Independent Auditor's Report



**Healthy Acadia**  
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September 30, 2020

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**Edwards, Faust & Smith**

CERTIFIED PUBLIC ACCOUNTANTS

## **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, 2020, 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, 2020, 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 January 25, 2021, 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*

January 25, 2021

## Healthy Acadia

### Statement of Financial Position

September 30, 2020

With comparative totals for 2019

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 74,223	\$ 209,199
Accounts receivable	1,105,343	727,859
Prepaid expenses	19,790	8,625
Total current assets	<u>1,199,356</u>	<u>945,683</u>
Interest in assets held by Maine Community Foundation (MCF)	49,213	47,235
Property and equipment, net	<u>54,179</u>	<u>20,465</u>
Total assets	<u>\$ 1,302,748</u>	<u>\$ 1,013,383</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 415,746	\$ 261,823
Accrued expenses	200,891	226,637
Deferred revenue	<u>51,821</u>	<u>99,205</u>
Total current liabilities	<u>668,458</u>	<u>587,665</u>
<b>NET ASSETS</b>		
Without donor restrictions		
Available for operations	47,250	33,992
Board designated net assets	<u>49,213</u>	<u>47,235</u>
Total net assets without donor restrictions	96,463	81,227
With donor restrictions		
Subject to expenditure for specific purpose	<u>537,827</u>	<u>344,491</u>
Total net assets	<u>634,290</u>	<u>425,718</u>
Total liabilities and net assets	<u>\$ 1,302,748</u>	<u>\$ 1,013,383</u>

See notes to financial statements

## Healthy Acadia

### Statement of Activities

Year Ended September 30, 2020  
With comparative totals for 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2020</u>	<u>2019</u>
<b>Revenues</b>				
Grants and contributions revenue	\$ 3,064,211	\$ 632,308	\$ 3,696,519	\$ 2,435,408
PPP loan forgiveness	105,714		105,714	-
Other income	453	114,305	114,758	84,673
Interest/dividend income	1,169		1,169	1,447
Realized/Unrealized gains	1,743	-	1,743	136
Net assets released from restriction	<u>553,277</u>	<u>(553,277)</u>	<u>-</u>	<u>-</u>
Total revenues	<u>3,726,567</u>	<u>193,336</u>	<u>3,919,903</u>	<u>2,521,664</u>
<b>Expenses</b>				
Program				
Healthy Maine Partnerships	2,350,415		2,350,415	1,676,179
Food and nutrition	468,820		468,820	412,481
Mini grant programs/Other	162,020		162,020	122,298
Management and general	651,409		651,409	432,128
Fundraising and development	<u>78,667</u>		<u>78,667</u>	<u>67,828</u>
Total expenses	<u>3,711,331</u>	<u>-</u>	<u>3,711,331</u>	<u>2,710,914</u>
Changes in net assets	15,236	193,336	208,572	(189,250)
Net assets, beginning of period	<u>81,227</u>	<u>344,491</u>	<u>425,718</u>	<u>614,968</u>
Net assets, end of period	<u>\$ 96,463</u>	<u>\$ 537,827</u>	<u>\$ 634,290</u>	<u>\$ 425,718</u>

See notes to financial statements

**Healthy Acadia**

Statement of Functional Expenses

Year Ended September 30, 2020  
With comparative totals for 2019

	Programs				Administration	Fund Raising and Development	2020	2019
	Health	Food and Nutrition	Mini grant programs/Other	Total Programs				
Bank charges	\$ -	\$ -	\$ -	\$ -	\$ 797	\$ -	\$ 797	\$ 1,223
Professional services	-	-	-	-	71,976	-	71,976	64,902
Insurance	-	-	-	-	9,622	-	9,622	8,204
License fees	-	-	-	-	15	-	15	2,585
Occupancy / rent	-	-	-	-	169,505	-	169,505	95,950
Telephone and internet	5,540	-	-	5,540	24,416	-	29,956	20,405
Consulting services	296,678	2,748	1,596	301,022	13,843	2,536	317,401	326,799
Depreciation expense	-	3,542	-	3,542	6,227	-	9,769	4,673
Material and supplies	194,365	15,197	4,611	214,173	46,536	31,968	292,677	248,144
Miscellaneous	116,639	881	36,721	154,241	311	1,041	155,593	87,993
Fringe benefits	421,328	129,050	31,377	581,755	65,376	16,801	663,932	502,145
Wages and stipends	1,085,744	300,117	86,992	1,472,853	236,406	25,052	1,734,311	1,265,650
Subcontract costs	189,086	-	-	189,086	-	-	189,086	-
Travel and meetings	41,035	17,285	723	59,043	6,379	1,269	66,691	82,241
<b>Total expenses</b>	<b>\$ 2,350,415</b>	<b>\$ 468,820</b>	<b>\$ 162,020</b>	<b>\$ 2,981,255</b>	<b>\$ 651,409</b>	<b>\$ 78,667</b>	<b>\$ 3,711,331</b>	<b>\$ 2,710,914</b>

See notes to financial statements

## Healthy Acadia

### Statement of Cash Flows

Year Ended September 30, 2020  
With comparative totals for 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Change in net assets	\$ 208,572	\$ (189,250)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	9,769	4,673
Income recognized from PPP loan	(105,714)	
Change in market value of investments and fees	(1,978)	(423)
Decrease (increase) in		
Accounts receivable	(377,484)	(138,776)
Prepaid expenses	(11,165)	3,621
Increase (decrease) in		
Accounts payable	153,923	86,274
Accrued expenses	(25,746)	57,852
Deferred revenue	(47,384)	98,994
Net cash from operating activities	<u>(197,207)</u>	<u>(77,035)</u>
Cash flows from investing activities		
Purchase of property and equipment	<u>(43,483)</u>	<u>(7,469)</u>
Net cash from investment activities	<u>(43,483)</u>	<u>(7,469)</u>
Cash flows from financing activities		
PPP loan debt issuance	<u>105,714</u>	<u>(7,469)</u>
Net cash from financing activities	<u>105,714</u>	<u>(7,469)</u>
Net change in cash	(134,976)	(84,504)
Cash and cash equivalents, beginning of year	<u>209,199</u>	<u>293,703</u>
Cash and cash equivalents, end of year	<u>\$ 74,223</u>	<u>\$ 209,199</u>

See notes to financial statements

# HEALTHY ACADIA

## Notes to Financial Statements

September 30, 2020

### **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 Services/Substance Abuse and Mental Health Services Agency 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 Behavioral Health 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 support



## HEALTHY ACADIA

### Notes to Financial Statements

September 30, 2020

#### ***Substance Use Recovery continued***

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. During the year ended September 30, 2020 Healthy Acadia raised funds from the community, local businesses and foundations for the purchase of a 2019 Ford Transit Van as an asset to the gleaning and food security efforts. This allowed the collection of more produce during gleaning opportunities, bringing more healthy, local produce to food pantries across the region and to feed more families in need. Enough funds were raised to also allow for continued maintenance of the van.

##### ***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, 2020

### 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, 2020

### 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>2020</u>	<u>2019</u>
Equipment	\$ 36,872	\$ 28,804
Vehicle	35,415	-
Less accumulated depreciation	<u>(18,108)</u>	<u>(8,339)</u>
	<u>\$ 54,179</u>	<u>\$ 20,465</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 predictable 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, 2020

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:

	<u>Board Designated</u>	
Investment at beginning of 2019	\$	46,812
Contributions		-
Interest and dividends		994
Gains (losses)		136
Fees		<u>(707)</u>
Investment at end of 2019	\$	47,235
Contributions		-
Interest and dividends		879
Gains (losses)		1,743
Fees		<u>(644)</u>
Investment at end of 2020	\$	<u>49,213</u>

Investments measured at NAV are as follows:

	<u>2020</u>	<u>2019</u>
Interest in assets held by Maine Community Foundation	\$ <u>49,213</u>	\$ <u>47,235</u>

4. Line of Credit

The Organization has a \$120,000 bank line of credit with Machias Savings Bank with \$0 outstanding in 2020 and 2019. 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 2020 and \$77,585 in 2019.

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

<b>2021</b>	\$	140,400
<b>2022</b>		87,400
<b>2023</b>		14,300
<b>2024</b>		2,500
<b>2025</b>		-

**HEALTHY ACADIA**

Notes to Financial Statements

September 30, 2020

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:

	<u>2020</u>	<u>2019</u>
<u>State of Maine Grants (direct and pass-through)</u>		
Maine Department of Health and Human Services (DHHS)		
Let's Go! School Wellness Program	\$ 89,873	\$ 91,000
Supplemental Nutrition Assistance Program	309,578	188,336
Substance abuse recovery coach	694,309	162,409
Tobacco prevention services	198,413	126,118
State wide substance use prevention services	122,767	144,718
Youth engagement and empowerment	68,648	79,435
Mini grant	-	8,050
<u>Federal Grants (direct and pass-through)</u>		
Drug Free Communities Support program	129,896	108,112
Rural Healthcare Services Outreach and Planning Grants	233,572	3,992
Rural Healthcare Services Opioid grant	252,259	278,647
Downeast medicated assisted treatment	533,894	274,211
AmeriCorps recovery program	245,568	243,684
Public Health Project	11,969	3,700
Total State and Federal government grants	2,890,746	1,712,412
<u>Other Grants and Contributions</u>		
Private grants and contributions		
- Unrestricted	173,465	189,504
- Restricted	632,308	533,492
	<u>\$ 3,696,519</u>	<u>\$ 2,435,408</u>
Accounts receivable consists of the following:		
	<u>2020</u>	<u>2019</u>
<u>State of Maine Grants (direct and pass-through)</u>		
Maine Department of Health and Human Services (DHHS)	\$ 574,726	\$ 202,114
<u>Federal Grants (direct)</u>	398,568	326,322
Total State and Federal government grants	973,294	528,436
<u>Other</u>		
Other amounts	132,049	199,423
	<u>\$ 1,105,343</u>	<u>\$ 727,859</u>
	<u>2020</u>	<u>2019</u>
Deferred revenue represents revenues collected but not earned on cost settled awards as follows:		
State of Maine Grants	\$ 51,821	\$ 92,139
Other Grants	-	7,066
	<u>\$ 51,821</u>	<u>\$ 99,205</u>

# HEALTHY ACADIA

## Notes to Financial Statements

September 30, 2020

### 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.

### 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>2020</u>	<u>2019</u>
Administrative operations	\$ 12,011	\$ 23,608
Development	87,362	61,648
Food programs	132,124	42,181
Health programs	259,291	180,659
Other programs	47,039	36,395
	<u>\$ 537,827</u>	<u>\$ 344,491</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 2020 and 2019 year-end retirement bonus payment at the discretion of the Board of Directors. Simple IRA Match expenses was \$35,937 for 2020 and \$27,755 for 2019; the bonuses were \$65,893 in 2020 and \$55,528 in 2019.

### 10. Subsequent Events

Subsequent events have been evaluated through January 25, 2021, which is the date the financial statements were available to be issued and no additional matters were determined to require adjustment or disclosure.

### 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>2020</u>	<u>2019</u>
Current assets	\$ 1,199,356	\$ 945,683
Less: prepaid expenses	<u>(19,790)</u>	<u>(8,625)</u>
Financial assets available to meet cash needs for general purpose within one year	<u>\$ 1,179,566</u>	<u>\$ 937,058</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 \$49,213 that could be used if necessary.

# HEALTHY ACADIA

## Notes to Financial Statements

September 30, 2020

### 12. Paycheck Protection Program Loan

In April 2020, the Organization received loan proceeds in the amount of \$105,714 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loan and accrued interest are forgivable after 24 months as long as the borrower uses the loan proceeds for eligible purposes, including payroll, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the twenty-four month period.

The Organization expects to meet the PPP eligibility criteria and concludes that the PPP loan represents, in substance, income that is expected to be forgiven and accounts for the PPP loan in accordance with FASB ASC 958-605 as a conditional contribution. Accordingly, the proceeds totaling \$105,714, were recorded as income in the statement of activities. As of September 30, 2020 the application for loan forgiveness was not completed.

### 13. New Pronouncements

#### **Cash, Cash Equivalents and Restricted Cash**

During the year ended September 30, 2020, the Organization adopted ASU 2016-18, "Statement of Cash Flows (Topic 230): Restricted Cash", that requires that the statement of cash flows explain the change during the period in the total cash, cash equivalents and restricted cash and that restricted cash be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The adoption of ASU 2016-18 did not have a material effect on the financial statements

#### **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.

### 14. Effects of COVID-19

The Organization's operations were affected by the recent and ongoing outbreak of the coronavirus disease (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. The final impact caused by the outbreak is uncertain; however, it may result in a material adverse impact on the Organization's financial position, operations and cash flows. Possible effects may include, but are not limited to, disruption to the Organization's clients and timely receipt of grant funds necessary to continue, absenteeism in the Organization's labor workforce, and a decline in value of assets held by the Organization. Management is carefully monitoring this situation and considering its options at this time. No adjustments have been made to these financial statements as a result of this uncertainty. Healthy Acadia's funders were very generous in the year ending September 30, 2020 due to uncertainties from COVID-19. As a result Healthy Acadia received \$32,000 that was specifically given to support any organizational needs as a result of the virus.



**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, 2020, 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 January 25, 2021.

**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*  
January 25, 2021





**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, 2020. 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, 2020.

**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*

January 25, 2021

**Healthy Acadia**

Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2020

Grantor/Program Title	Federal CFDA Number	Grant Number	Federal Disbursements/ Expenditures	Subrecipient Awards
<u>Federal assistance</u>				
U.S. Department of Health and Human Services - Direct				
Rural Health Opioid Program	93.912	H1URH31442	\$ 252,259	\$ -
Drug-Free Communities Support Program Grants	93.276	6H79SP018729-08M001	129,896	
SPF-Partnership for Success	93.243	1H79SP081695-01	233,572	
Projects of Regional and National Significance	93.243	5H79T1081447-02	533,894	
	Total CFDA 93.243		<u>767,466</u>	<u>-</u>
	Total Direct Funding		<u>1,149,621</u>	<u>-</u>
U.S. Department of Agriculture				
Maine Department of Health and Human Services				
University of New England				
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	OFI-20-351	309,578	
U.S. Department of Health and Human Services				
Maine Department of Health and Human Services				
Opioid STR (State Targeted Response)	93.788	OSA-19-650C	539,305 *	143,106
Opioid STR (State Targeted Response)	93.788	OSA-21-650	132,533 *	45,980
Opioid STR (State Targeted Response)	93.788	OSA-19-700	25,762 *	
	Total CFDA 93.788		<u>697,600</u>	<u>189,086</u>
University of New England				
Block Grants for Prevention and Treatment of Substance Abuse	93.959	CDO-20-4425	75,552	
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	CDO-20-4425	47,215	
Temporary Assistance for Needy Families	93.558	CDO-20-4416	44,621	
Substance Abuse Block Grant	93.959	CDO-20-4416	3,432	
Corporation for National Community Service				
Maine Commission for Community Service				
AmeriCorps	94.006	18ACHME001	219,806	
U.S. Department of Treasury				
Corona Virus Relief Fund	21.019	MDI_KeepMEHealthy_BH_HA_2020-01	1,081	
Corona Virus Relief Fund	21.019	MDI_KeepMEHealthy_MD_HA_2020-04	1,081	
Corona Virus Relief Fund	21.019	MDI-KeepMEHealthy_SWH_HA_2020-02	1,081	
Corona Virus Relief Fund	21.019	MDI_KeepMEHealthy_TR_HA_2020_03	1,081	
Corona Virus Relief Fund	21.019	Ellsworth_KeepMEHealthy_HA-2020-01	7,647	
	Total CFDA 21.019		<u>11,971</u>	<u>-</u>
	Total Pass Through Funding		<u>1,409,775</u>	<u>189,086</u>
	Grand Total of Federal Awards Expended		<u>\$ 2,559,396</u>	<u>\$ 189,086</u>
	Federal CFDA Number		Federal Disbursements/ Expenditures	Subrecipient Awards
<u>Total by Catalog of Federal Domestic Assistance</u>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		\$ 309,578	\$ -
Corona Virus Relief Fund	21.019		11,971	
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		814,681	
Drug-Free Communities Support Programs	93.276		129,896	
Temporary Assistance for Needy Families	93.558		44,621	
Opioid STR	93.788		697,600 *	
Rural Health Care Services Outreach, Rural Health Networks Development and Small Health Care Provider Quality Improvement	93.912		252,259	189,086
Block Grants for Prevention and Treatment of Substance Abuse	93.959		78,984	
Corporation for National and Community Service (CNCS)	94.006		219,806	
			<u>\$ 2,559,396</u>	<u>\$ 189,086</u>

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.

**HEALTHY ACADIA**

Schedule of Findings and Questioned Costs

September 30, 2020

**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
Department of Health and Human Services	Opioid STR	93.788
Dollar threshold used to distinguish between Type A and Type B Programs	\$750,000	
Auditee qualified as low-risk auditee?	<u>    X    </u> Yes	<u>        </u> No

**Section II. Financial Statement Findings**

None

**Section III. Federal Award Findings and Questioned Costs**

None

# **HEALTHY ACADIA**

## **MAAP IV REPORTS**

September 30, 2020

**HEALTHY ACADIA**

September 30, 2020

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- **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, 2020. 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, 2020.

**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*

January 25, 2021





*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, 2020, and have issued our report thereon dated January 25, 2021, 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*

January 25, 2021

**Healthy Acadia**  
Schedule of Expenditures of Department Agreements  
For the Year Ended September 30, 2020

Department Office	Agreement Number	Agreement Amount	Agreement Period	Agreement Service	Agreement Status	Federal Expenditures	State Expenditures	Total Department Expenditures
<b>DHHS:</b>								
<b>    <u>Direct</u></b>								
OSA	OSA-19-650C	723,035	03/01/19-06/30/20	Substance Abuse Recovery Coach	Final	\$ 539,305	\$ 22,471	\$ 561,776 *
OSA	OSA-21-650	713,000	07/01/20-06/30/21	Substance Abuse Recovery Coach	Interim	132,533		132,533 *
<b>    <u>Indirect</u></b>								
University of New England	OFI-20-351		10/1/19 - 9/30/20	Supplemental Nutrition Assistance Program	Final	309,578		309,578
Barbara Bush Children's Hospital at Maine Medical Center	CD0-20-4568	92,800	10/1/19-9/30/20	Let's Go! School Wellness Program	Final		89,873	89,873
Maine Youth Action Network	CD0-20-4416	29,250	10/1/19-9/30/20	Substance Abuse Block Grant	Final	3,432	20,594	24,026
Maine Youth Action Network	CD0-20-4416	55,250	10/1/19-9/30/20	Temporary Assistance for Needy Families	Final	44,621		44,621
Office of Substance Abuse and Mental Health Services	OSA-19-700	75,000	04/01/19-03/31/20	AmeriCorps RecoveryCorps Program	Final	25,762		25,762 *
MaineHealth			10/1/19-9/30/20	Tobacco Prevention Services	Final		198,413	198,413
Town of Bar Harbor	BH_HA_2020-01	2,500	06/08/20-10/31/20	Coronavirus Relief Fund	Interim		1,081	1,081
Town of Mount Desert	MD_HA_2020-04	3,000	07/01/20-10/31/20	Coronavirus Relief Fund	Interim		1,081	1,081
Town of Southwest Harbor	SWH_HA_2020-02	2,500	07/01/20-10/31/20	Coronavirus Relief Fund	Interim		1,081	1,081
Town of Tremont	TR_HA_2020_03	5,000	07/01/20-10/31/20	Coronavirus Relief Fund	Interim		1,081	1,081
City of Ellsworth	HA-2020-01	20,000	08/24/20-10/31/20	Coronavirus Relief Fund	Interim		7,647	7,647
<b>TOTAL</b>						<u>\$ 1,055,231</u>	<u>\$ 343,322</u>	<u>\$ 1,398,553</u>

**Disclosures:**

Is your Agency required to have a federal Single Audit?

Yes     X      
No           

\* - Tested as Major Program

51.49% tested as major programs

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, 2020

**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:

<u>Department</u>	<u>Program Name</u>	<u>Agreement #</u>
OSA	Substance Abuse Recovery Coach	OSA-19-650C
OSA	Substance Abuse Recovery Coach	OSA-21-650
OSA	AmeriCorps RecoveryCorps Program	OSA-19-700