



**KENNEBEC VALLEY
COMMUNITY ACTION PROGRAM
AND AFFILIATE**

**Consolidated Financial Statements
Years Ended 2020 and 2019**

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Independent Auditors' Report

To the Board of Directors of
Kennebec Valley Community Action Program and Affiliate

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Kennebec Valley Community Action Program and Affiliate (a Maine nonprofit organization), which comprise the consolidated statements of financial position as of September 30, 2020 and 2019 and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Kennebec Valley Community Action Program and Affiliate as of September 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedules on pages 19-22 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with 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 consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2021, on our consideration of Kennebec Valley Community Action Program and Affiliate'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 Kennebec Valley Community Action Program and Affiliate's internal control over financial reporting and compliance.

One River, CPAs

Oakland, Maine
March 15, 2021

KENNEBEC VALLEY COMMUNITY ACTION PROGRAM AND AFFILIATE
Consolidated Statement of Financial Position
September 30, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 5,047,332	100,271	5,147,603	1,180,419	186,704	1,367,123
Accounts and grants receivable	1,358,014	-	1,358,014	2,282,225	-	2,282,225
Current portion of loans receivable, net	1,762	-	1,762	-	1,983	1,983
Prepaid expenses	292,203	-	292,203	185,516	-	185,516
Total current assets	6,699,311	100,271	6,799,582	3,648,160	188,687	3,836,847
Property and equipment:						
Land	180,690	-	180,690	183,601	-	183,601
Buildings and improvements	3,049,433	-	3,049,433	2,578,629	-	2,578,629
Equipment and fixtures	1,099,816	-	1,099,816	886,549	-	886,549
Vehicles	2,532,552	-	2,532,552	2,399,735	-	2,399,735
Total property and equipment	6,862,491	-	6,862,491	6,048,514	-	6,048,514
Less: Accumulated depreciation	(3,409,244)	-	(3,409,244)	(3,297,318)	-	(3,297,318)
Net property and equipment	3,453,247	-	3,453,247	2,751,196	-	2,751,196
Other assets:						
Work in progress	1,284,457	-	1,284,457	1,570,337	108,577	1,678,914
Investments	44,520	-	44,520	39,784	-	39,784
Loans receivable, net of current portion	127,010	-	127,010	98,781	29,729	128,510
Total other assets	1,455,987	-	1,455,987	1,708,902	138,306	1,847,208
Total assets	\$ 11,608,545	100,271	11,708,816	8,108,258	326,993	8,435,251
LIABILITIES AND NET ASSETS						
Current liabilities:						
Current portion of long-term debt	154,457	-	154,457	140,225	-	140,225
Line of credit	-	-	-	130,000	-	130,000
Accounts payable	880,519	-	880,519	931,513	-	931,513
Accrued expenses	2,037,541	-	2,037,541	1,729,405	-	1,729,405
Reserves	163,887	-	163,887	231,197	-	231,197
Deferred revenue	2,325,957	-	2,325,957	1,169,393	-	1,169,393
Total current liabilities	5,562,361	-	5,562,361	4,331,733	-	4,331,733
Non-current liabilities:						
Long-term debt, net of current portion	749,135	-	749,135	1,053,311	-	1,053,311
Total non-current liabilities	749,135	-	749,135	1,053,311	-	1,053,311
Total liabilities	6,311,496	-	6,311,496	5,385,044	-	5,385,044
Net assets	5,297,049	100,271	5,397,320	2,723,214	326,993	3,050,207
Total liabilities and net assets	\$ 11,608,545	100,271	11,708,816	8,108,258	326,993	8,435,251

See auditors' report and accompanying notes to financial statements.

KENNEBEC VALLEY COMMUNITY ACTION PROGRAM AND AFFILIATE
Consolidated Statement of Activities
Years ended September 30, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains, and other support:						
Grants and contracts	\$ 18,913,536	-	18,913,536	15,695,732	-	15,695,732
Program revenue	10,585,229	-	10,585,229	11,953,192	-	11,953,192
Other revenue	999,970	9,355	1,009,325	446,776	-	446,776
In-kind	721,949	-	721,949	885,153	-	885,153
Net assets released from restrictions	236,077	(236,077)	-	-	-	-
Total revenues, gains, and other support	31,456,761	(226,722)	31,230,039	28,980,853	-	28,980,853
Expenses:						
Program services:						
Community services	10,113,645	-	10,113,645	11,943,391	-	11,943,391
Energy services	5,123,535	-	5,123,535	4,791,872	-	4,791,872
Child & family services	10,197,919	-	10,197,919	9,387,312	-	9,387,312
Agency services	373,842	-	373,842	249,573	-	249,573
Cony Village	953,367	-	953,367	262,375	-	262,375
Total program expenses	26,762,308	-	26,762,308	26,634,523	-	26,634,523
Supporting services:						
Management & general	2,117,986	-	2,117,986	2,018,627	-	2,018,627
Fundraising	2,632	-	2,632	16,426	-	16,426
Total supporting services	2,120,618	-	2,120,618	2,035,053	-	2,035,053
Total expenses	28,882,926	-	28,882,926	28,669,576	-	28,669,576
Change in net assets	2,573,835	(226,722)	2,347,113	311,277	-	311,277
Net assets, beginning of year	2,723,214	326,993	3,050,207	2,411,937	326,993	2,738,930
Net assets, end of year	\$ 5,297,049	100,271	5,397,320	2,723,214	326,993	3,050,207

See auditors' report and accompanying notes to financial statements.

KENNEBEC VALLEY COMMUNITY ACTION PROGRAM AND AFFILIATE
Consolidated Statement of Functional Expenses
Year ended September 30, 2020

	Program Services						Supporting Services			Total
	Community services	Energy & Housing services	Child & Family services	Agency services	Cony Village, LLC	Total program	Management and general	Fundraising	Total supporting services	
Personnel	\$ 2,970,979	1,085,768	5,384,839	85,411	-	9,526,997	1,251,214	1,066	1,252,280	10,779,277
Payroll taxes and employee benefits	894,344	334,734	1,732,430	32,312	-	2,993,820	295,571	226	295,797	3,289,617
Staff development	4,879	7,059	65,280	210	-	77,428	10,036	-	10,036	87,464
Travel	25,358	17,496	98,005	251	-	141,110	9,397	11	9,408	150,518
Direct client assistance - common carrier	1,764,498	4	-	-	-	1,764,502	-	-	-	1,764,502
Direct client assistance - other	2,872,917	3,020,829	6,409	22,348	-	5,922,503	-	43	43	5,922,546
Office costs	25,027	29,476	36,785	1,707	-	92,995	76,031	-	76,031	169,026
Insurance	500	3,924	13,256	1,539	4,214	23,433	48,532	-	48,532	71,965
Telecommunications	152,411	33,231	59,608	119	-	245,369	18,429	-	18,429	263,798
Space and occupancy	133,922	132,487	129,195	16,389	1,943	413,936	51	-	51	413,987
Space and occupancy - in-kind	-	-	709,723	-	-	709,723	-	-	-	709,723
Contract services	139,599	264,831	1,347,873	6,776	681,286	2,440,365	280,633	150	280,783	2,721,148
Contract services - in-kind	-	-	6,536	-	-	6,536	-	-	-	6,536
Vehicle	792,760	21,249	-	4	-	814,013	-	-	-	814,013
Housing property costs	-	234	-	-	239,305	239,539	-	-	-	239,539
Material & supplies	44,691	65,771	380,765	123	-	491,350	34,532	89	34,621	525,971
Material & supplies - in-kind	-	-	5,690	-	-	5,690	-	-	-	5,690
Administration	43,567	16,196	78,259	1,240	-	139,262	-	15	15	139,277
Interest	20,994	5,172	1,745	10,823	26,019	64,753	103	-	103	64,856
Depreciation	176,009	54,261	25,875	176,982	-	433,127	41,954	-	41,954	475,081
Provision for bad debts/loan losses	322	800	-	-	-	1,122	-	-	-	1,122
Other	50,868	30,013	115,646	17,608	600	214,735	51,503	1,032	52,535	267,270
Total expenses	\$ 10,113,645	5,123,535	10,197,919	373,842	953,367	26,762,308	2,117,986	2,632	2,120,618	28,882,926

See auditors' report and accompanying notes to financial statements.

KENNEBEC VALLEY COMMUNITY ACTION PROGRAM AND AFFILIATE
Consolidated Statement of Functional Expenses
Year ended September 30, 2019

	Program Services						Supporting Services			Total
	Community services	Energy & Housing services	Child & Family services	Agency services	Cony Village, LLC	Total program	Management and general	Fundraising	Total supporting services	
Personnel	\$ 2,851,937	1,080,138	4,714,730	4,806	-	8,651,611	1,085,964	2,685	1,088,649	9,740,260
Payroll taxes and employee benefits	859,797	355,422	1,535,964	3,075	-	2,754,258	264,638	975	265,613	3,019,871
Staff development	10,183	23,151	108,435	182	-	141,951	31,259	-	31,259	173,210
Travel	56,101	39,378	168,577	25	-	264,081	35,439	-	35,439	299,520
Direct client assistance - common carrier	2,521,135	-	-	-	-	2,521,135	-	-	-	2,521,135
Direct client assistance - other	4,022,946	2,485,643	10,682	-	-	6,519,271	-	-	-	6,519,271
Office costs	15,207	10,425	102,509	7,839	601	136,581	86,464	-	86,464	223,045
Insurance	500	5,278	11,816	4,087	1,089	22,770	47,219	-	47,219	69,989
Telecommunications	135,221	29,418	63,162	76	-	227,877	16,838	-	16,838	244,715
Space and occupancy	168,663	170,904	156,588	14,077	194	510,426	422	-	422	510,848
Space and occupancy - in-kind	-	-	817,783	-	-	817,783	-	-	-	817,783
Contract services	201,395	315,104	1,125,814	3,192	157,287	1,802,792	329,076	1,764	330,840	2,133,632
Contract services - in-kind	-	-	59,088	-	-	59,088	-	-	-	59,088
Vehicle	878,134	18,661	-	-	-	896,795	211	-	211	897,006
Housing property costs	-	82,415	-	15	75,632	158,062	-	-	-	158,062
Material & supplies	39,751	55,252	328,142	2,944	-	426,089	36,669	1,431	38,100	464,189
Material & supplies - in-kind	-	-	8,282	-	-	8,282	-	-	-	8,282
Administration	15,280	5,961	24,866	25	-	46,132	-	14	14	46,146
Interest	23,095	15,727	2,502	1,261	27,572	70,157	280	-	280	70,437
Depreciation	101,120	49,734	22,198	165,492	-	338,544	37,286	-	37,286	375,830
Provision for bad debts/loan losses	1,245	100	1,970	37,680	-	40,995	-	1,218	1,218	42,213
Other	41,681	49,161	124,204	4,797	-	219,843	46,862	8,339	55,201	275,044
Total expenses	\$ 11,943,391	4,791,872	9,387,312	249,573	262,375	26,634,523	2,018,627	16,426	2,035,053	28,669,576

See auditors' report and accompanying notes to financial statements.

KENNEBEC VALLEY COMMUNITY ACTION PROGRAM AND AFFILIATE
Consolidated Statement of Cash Flows
Years ended September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ 2,347,113	311,277
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	475,081	375,830
Gain on investment	(4,736)	(1,536)
Gain on disposal, net	49,357	-
Granted vehicles	(355,362)	-
Forgiveness of debt	(30,000)	-
(Increase) decrease in:		
Accounts and grants receivable	1,076,403	24,019
Loans receivable	1,721	21,401
Prepaid expenses	(106,687)	(22,576)
Work in progress	394,458	(255,766)
Increase (decrease) in:		
Accounts payable	(203,187)	89,131
Accrued expenses	308,136	170,783
Reserves	(67,310)	69,387
Deferred revenue	1,156,564	(452,676)
Net cash provided by operating activities	5,041,551	329,274
Cash flows from investing activities:		
Proceeds on sale of fixed asset	2,911	590
Purchase of property and equipment	(874,038)	(525,663)
Net cash used in investing activities	(871,127)	(525,073)
Cash flows from financing activities:		
Proceeds from/payments on line of credit, net	(130,000)	19,600
Proceeds from/payments on obligations under capital leases, net	-	(13)
Proceeds from/payments on long-term debt, net	(259,944)	(94,122)
Net cash used in financing activities	(389,944)	(74,535)
Increase (decrease) in cash and cash equivalents	3,780,480	(270,334)
Cash and cash equivalents, beginning of year	1,367,123	1,637,457
Cash and cash equivalents, end of year	\$ 5,147,603	1,367,123
Supplemental cash flow disclosures:		
Cash paid during the year for interest	\$ 64,856	70,437
Cash paid during the year for taxes	-	-
Non-cash investing activities:		
Granted vehicles	355,362	-
Non-cash financing activities:		
Forgiveness of debt	\$ 30,000	-

See auditors' report and accompanying notes to financial statements.

**KENNEBEC VALLEY COMMUNITY ACTION PROGRAM AND AFFILIATE
Notes to Consolidated Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities - Kennebec Valley Community Action Program (KVCAP) is a nonprofit agency organized to provide a focal point for anti-poverty and other social service efforts throughout the communities of the Kennebec Valley area. The accounting practices of the Organization are designed primarily to demonstrate stewardship of the funds entrusted to it, compliance with prescribed grant conditions and other special requirements, including the furnishing of certain amounts of cash or non-cash contributions to programs from nonfederal sources.

Cony Village, LLC, KVCAP's affiliate, is a nonprofit organization dedicated to affordable housing development built to green standards.

Principles of Consolidation - The accompanying consolidated financial statements include the accounts of KVCAP and its affiliated supporting organization, Cony Village, LLC. All significant interorganizational transactions and balances have been eliminated in consolidation.

Basis of Accounting - The consolidated financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation - The Organization is required to report information regarding its financial position and activities according to two classes of net assets as follows:

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 either by actions of the Organization and/or the passage of time, or must be maintained permanently by the Organization. Net assets with donor restrictions totaled \$100,271 and \$326,993 of at September 30, 2020 and 2019, respectively.

Functional Expenses - The costs of providing programs and other activities have been summarized on a functional basis in the statements of functional expenses. Such allocations are determined by management on an equitable basis. Accordingly, certain costs have been allocated amongst: Community Services, Energy & Housing Services, Child & Family Services, Agency Services, Cony Village, and the administrative and fundraising functions that support the aforementioned Programs.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Personnel	Time and effort
Travel	Time and effort
Direct Client Assistance	Cost/use
Legal & Accounting	Cost/use
Contract Services	Cost/use
Office Costs & Supplies	Cost/use
Space and Occupancy	Cost/use/square footage
Depreciation	Cost/use/square footage
Insurance	Cost/use/square footage
Other	Time and effort

KENNEBEC VALLEY COMMUNITY ACTION PROGRAM AND AFFILIATE
Notes to Consolidated Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Income Tax Status - The Organization is exempt from federal income tax under Section 501(c) (3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b) (1) (a) and has been classified as an organization that is not a private foundation under Section 509(a) (1). The Organization believes it has no uncertain tax positions with the Internal Revenue Service that require disclosure in the consolidated financial statements.

The Organization's federal Return of Organization Exempt from Income Tax (Form 990) for 2019, 2018, and 2017 are subject to examination by the IRS, generally for three years after they were filed.

Cash and Cash Equivalents - For purposes of the statements of cash flows, the Organization considers all checking and escrow accounts, and short-term debt securities purchased with a maturity of three months or less, to be cash equivalents.

Investments - The Organization carries investments in marketable securities with readily determinable fair values at their fair values in the consolidated statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities. The Organization also has an investment in Cony Village, LLC, a housing project in Augusta, Maine, which is accounted for under the consolidation method of accounting in its consolidated financial statements. It also has an investment in KVCAP Real Estate Development, Inc., a for-profit entity which began in 2012.

Accounts and Grants Receivable - Accounts and grants receivable consists primarily of revenue from various government grants and contracts. No allowance for uncollectible accounts has been established as all accounts receivable are believed to be fully collectible.

Work in Process – Work in process consists of expenditures on agency projects which have not been completed during the fiscal year. These will be either capitalized (building renovations) or sold (affordable housing development projects) at completion.

Property and Equipment - Property and equipment acquisitions with a unit cost of \$5,000 or more are recorded in unrestricted net assets. Assets acquired with grant funds have been reported to funding sources as being acquired with specific award funds and charged as expenditures to the source. These assets are separately identified so as to preclude charging subsequent awards for depreciation on those items. Depreciation is recorded on these assets ratably over estimated useful lives, which range from 20-40 years for buildings, 5-40 years for building renovations, 5-10 years for equipment, and 5-15 years for vehicles. Depreciation expense for grant-funded assets is presented only within "Agency services" and is not allocated as an expense among grant-funded program activities. Depreciation expense on funded assets totaled \$170,515 and \$162,917 for the years September 30, 2020 and 2019, respectively.

Other assets have been purchased with unrestricted funds and are being utilized in the various program activities. These are referred to as "unfunded assets." These assets are being depreciated ratably over their estimated useful lives, which range from 40 years for buildings, 5-40 years for building renovations, 5-10 years for equipment, and 5-15 years for vehicles. The related expense is charged directly to the program utilizing the asset or to the appropriate shared cost pool, which in turn is allocated among programs. Depreciation expense for unfunded assets totaled \$304,566 and \$212,913 for the years ended September 30, 2020 and 2019, respectively.

KENNEBEC VALLEY COMMUNITY ACTION PROGRAM AND AFFILIATE
Notes to Consolidated Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Property and Equipment, Continued - The cost of the Educare Central Maine owned facility, which is used by the Organization in connection with its Child and Family Services program, is not reflected in the statements of financial position because asset titles remain with the Educare Central Maine.

Contributions - Contributions received are recorded as with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Conditional contributions with rights of return are recognized as barriers to earning are overcome.

Contributions that are received without donor restrictions are reported as an increase in net assets without donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished) net assets with donor restrictions are classified to net assets without donor restriction. Contributions received with donor-imposed conditions and restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions.

NeighborWorks America provided no additional capital grants for the years ended September 30, 2020 and 2019 for capital projects. Any such amounts previously contributed are held with restriction, although proceeds on the capital projects, or interest earned, over and above the corpus may be transferred to net assets without donor restrictions for furthering the Organization's mission. However, should the Organization become defunct, all remaining interest earnings, capital projects proceeds, and the capital projects portfolios representing the use of these funds will revert to NeighborWorks America. In 2020, the Organization applied to NeighborWorks America to remove the restrictions on funds received in prior years. The application was approved and all funds have been removed from net assets with donor restriction to net assets without donor restriction.

In-kind Contributions and Expenses - Consulting services, space, and supplies used for program purposes are presented in the consolidated financial statements at estimated market value and recorded when received. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization in its Child and Family Services programs. KVCAP received \$185,673 and \$407,965 worth of non-professional volunteer services during the years ended September 30, 2020 and 2019, respectively. These amounts are not recognized in the September 30, 2020 and 2019 consolidated financial statements because they do not meet the criteria for recognition.

Deferred Revenue - The Organization records unexpended grant awards that were received prior to yearend as deferred revenue until related services are performed, at which time they are recognized as revenue.

The Organization received a Paycheck Protection Program (PPP) loan/grant that it has chosen to treat as a conditional grant under Topic 958, as the terms allow the loan/grant to be forgiven if spent on qualifying expenses over a set period of time. Management has made the determination that this is the only significant barrier to earning the funds. Management has recognized these funds as they were spent on allowable expenditures. Management has recognized \$1,860,738 of PPP funds included in Grants and Contracts, with remainder of \$218,942 recorded in deferred revenue at September 30, 2020.

KENNEBEC VALLEY COMMUNITY ACTION PROGRAM AND AFFILIATE
Notes to Consolidated Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Use of Estimates - The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recently Adopted Accounting Pronouncements

Not-for-Profit Entities

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU No. 2018-08 improves the current guidance on determining whether transactions are contributions or exchange transactions. ASU No. 2018-08 also required determining if a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. ASU No. 2018-08 is effective for resource recipients for annual reporting periods beginning after December 15, 2018. The Organization adopted the changes in ASU 2018-08 for the year-end September 30, 2020 and applied the changes on a modified prospective basis. There were no significant changes in any financial statement line items as a result of adopting ASU 2018-08.

Recent Accounting Pronouncements

Revenue Recognition

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, to clarify the principles for recognizing revenue and to develop a common revenue standard for U.S. GAAP and International Financial Reporting Standard (IFRS). The core principle of the guidance requires entities to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance is effective for all nonpublic entities' annual periods beginning after December 15, 2019. Management is currently evaluating the impact of adoption on its consolidated financial statements

Leases

In February 2016, the FASB issued ASU 2016-02, *Leases*. This new standard will provide users of the financial statements a more accurate picture of the assets and the long-term financial obligations of companies that lease. The standard is for a dual-model approach; a lessee will account for most existing capital leases as Type A leases, and most existing operating leases as Type B leases. Both will be reported on the statement of financial position of the company for leases with a term exceeding 12 months. Lessors will see some changes, too, largely made to align with the revised lease model. For nonpublic companies, the new leasing standard will apply for fiscal years beginning after December 15, 2021. The standard requires retroactive application to previously issued financial statements for 2020 and 2019, if presented. Management is currently evaluating the impact of adoption on its consolidated financial statements.

KENNEBEC VALLEY COMMUNITY ACTION PROGRAM AND AFFILIATE
Notes to Consolidated Financial Statements

NOTE 2 - DESCRIPTION OF PROGRAMS

Community Services – This department is comprised of two divisions. The Social Services division offers programming to first-time parents, provides support services to pregnant and parenting teens, and participates in a program to prevent child abuse and neglect. The Transportation division has two components: operating public transit services in the Augusta, Waterville, and Skowhegan areas, and providing door-to-door transportation services through a network of volunteers for medical and social service appointments.

Energy & Housing Services - The Energy & Housing Services department provides home weatherization and other energy saving services in Kennebec, Somerset, Lincoln, and Sagadahoc Counties; as well as providing home energy and telephone assistance services, and operating home repair/loan programs. The department also provides a comprehensive home buyer education course, individual pre- and post-purchase counseling services, foreclosure prevention counseling, credit counseling, and develops homeownership opportunities through new construction and purchase/rehab activities. Community Initiatives, which includes the operation of employment education and resource navigator programs and maintaining a walk-in teen center, was combined with Energy & Housing Services in fiscal year 2018 as part of their Community Building and Engagement work.

Child & Family Services - The Child & Family Services department operates Head Start and Early Head Start programs throughout northern Kennebec and all of Somerset Counties, provides high-quality childcare services to families with children ages 6 weeks to 5 years old, and offers comprehensive Head Start and child care services. All services are provided through partnerships with area school districts, home care providers, other non-profits, and Educare Central Maine in order to reach the most children in the Organization's service area.

Agency Services - The Agency Services department offers programs designed to increase the operations and efficiency of the Organization in regards to providing all other program services.

Cony Village, LLC - Cony Village, LLC offers efficient, low-maintenance home ownership opportunities for low and mixed-income families in the capital area.

NOTE 3 - CONCENTRATIONS OF CREDIT RISK ARISING FROM CASH DEPOSITS IN EXCESS OF INSURED LIMITS

The Organization maintains their cash balances consisting of checking accounts and savings accounts in financial institutions located in Maine. The Federal Deposit Insurance Corporation insures balances up to \$250,000 for all accounts. In addition, one bank has entered into an agreement with the Organization, which provides a collateralized perfected interest in certain securities held by the bank for the checking account balances. As of September 30, 2020 and 2019, the Organization's cash balances were either insured by federal depository agencies or within the bank's collateralized agreement.

KENNEBEC VALLEY COMMUNITY ACTION PROGRAM AND AFFILIATE
Notes to Consolidated Financial Statements

NOTE 4 - INVESTMENTS

Marketable investments are stated at fair value and consist of the following:

	<u>2020</u>	<u>2019</u>
ETFs	\$ 43,520	38,784

Investment return for KVCAP on the above ETFs are summarized as follows:

	<u>2020</u>	<u>2019</u>
Unrealized gains	\$ 7,605	3,257

The investment in KVCAP Real Estate Development, Inc. (KREDI), which KVCAP has a 100% interest, totaled \$1,000 at September 30, 2020 and 2019.

On January 17, 2021, KREDI entered into an agreement with HIF Asset Projector, LLC to form Hartland Senior Housing GP, LLC. KREDI has a 79% ownership in Hartland Senior Housing GP, LLC. On the same day, Hartland Senior Housing GP, LLC entered into an agreement with Housing New England Fund II Limited Partnership relating to Hartland Senior Housing Associates Limited Partnership. Hartland Senior Housing GP, LLC has a .01% ownership in Hartland Senior Housing Associates Limited Partnership. Hartland Senior Housing Associates Limited Partnership was formed to acquire, rehabilitate, develop, improve, maintain, operate, mortgage, sell, lease or otherwise deal with a property located in Hartland, Maine. In connection with the development of the property, on January 21, 2021, KVCAP provided \$1,000,000 and \$650,000 in loans to Hartland Senior Housing Associates Limited Partnership. The loans consist of proceeds of a Community Development Block Grant from the Town of Hartland, Maine to KVCAP and an award to KVCAP under the Federal Home Loan Bank of Boston's Affordable Housing Program, respectively. In addition, as of that date, KVCAP is serving as guarantor on \$3,800,000 in loans and has guaranteed other commitments relating to general partner obligations under the partnership agreement of Hartland Senior Housing Associates Limited Partnership. As of the date of this report, it is not possible to determine liabilities, if any, that may arise from these guarantees.

NOTE 5 - LOANS RECEIVABLE

KVCAP receives funds under housing programs where funds are loaned to qualified low-income individuals. Repayments of loans are returned to the revolving fund to allow for additional loans. The loans receivable totaled \$7,475 and \$9,196 at September 30, 2020 and 2019, respectively. No allowance is considered necessary as management feels all amounts will be collected.

KVCAP also receives grant funds from the Maine State Housing Authority, Federal Home Loan Bank, and other funding sources to lend to qualified low-income individuals. These loans are not required to be repaid unless certain provisions of the agreements are not met or followed over a pre-determined amount of time. The time constraints range from 5-20 years depending on the note and the funding source. The amount of these loans receivable totaled \$364,916, less a \$273,619 reserve for uncollectible loans at September 30, 2020 and 2019.

KVCAP's affiliate holds a forgivable promissory note for affordable housing from another non-profit organization. This note is forgivable after a term of 30 years. The loan receivable totaled \$30,000 at September 30, 2020 and 2019.

**KENNEBEC VALLEY COMMUNITY ACTION PROGRAM AND AFFILIATE
Notes to Consolidated Financial Statements**

NOTE 6 - LINES OF CREDIT

At September 30, 2020 and 2019, the Organization had the following lines of credit available for use:

A working capital line of credit agreement with a bank in the amount of \$500,000. Advances are payable on demand, including interest at the base borrowing rate, at the Highest Prime rate as quoted in the Wall Street Journal and are unsecured. The line of credit agreement expires March 1, 2021, and it can be renewed. There were no outstanding balances on this line of credit at September 30, 2020 and 2019.

A housing guidance line of credit with a bank in the amount of \$500,000. The guidance line permits advances to be used exclusively for the purchase of real estate of which the bank will hold the first mortgage. Advances to purchase real estate will not exceed 80% of the appraised value. The line of credit expires December 31, 2022, and it can be renewed. The outstanding balance on this line of credit at September 30, 2020 and 2019 was \$0 and \$130,000, respectively.

NOTE 7 - LONG-TERM DEBT

At September 30, 2020 and 2019, long-term debt consisted of the following:

	<u>2020</u>	<u>2019</u>
\$300,000 note payable to Skowhegan Savings Bank, payable in monthly installments of \$2,156 including interest at 7.25% through October 15, 2023, secured by the Boulette Building in Skowhegan, Maine.	\$ 49,487	88,208
\$85,170 note payable to Kennebec Savings Bank, payable in monthly installments of \$1,568 including interest at a fixed rate of 3.99% through November 9, 2020, with a final balloon payment due on the maturity date equal to unpaid principal and accrued and unpaid interest, secured by agency vehicles.	21,417	38,995
\$94,210 note payable to Kennebec Savings Bank, payable in monthly installments of \$1,735 including interest at a fixed rate of 3.99% through November 21, 2020, with a final balloon payment due on the maturity date equal to unpaid principal and accrued and unpaid interest, secured by agency vehicles	23,690	43,133
\$80,000 note payable to Kennebec Savings Bank, payable in monthly installments of \$1,835 including interest at a fixed rate of 6.00% through March 30, 2022, secured by agency vehicles	31,824	51,791
\$300,000 note payable to Kennebec Savings Bank, payable in monthly installments of interest only for the first 12 months at a fixed rate of 4.79%. On October 6, 2018, the note was payable in monthly installments of \$3,151 including interest at a fixed rate of 4.79%. On October 6, 2023, the note will be payable in monthly installments of \$3,167 including interest based on Wall Street Journal Prime +.75% any may change annually through September 6, 2028. The note is secured by instrument on the property located at 101 Water Street, Waterville, Maine and 97 Water Street, Waterville, Maine.	250,892	276,000

KENNEBEC VALLEY COMMUNITY ACTION PROGRAM AND AFFILIATE
Notes to Consolidated Financial Statements

NOTE 7 - LONG-TERM DEBT, CONTINUED

\$105,115 note payable to Kennebec Savings Bank, payable in monthly installments of \$1,961 including interest at a fixed rate of 5.7% through March 14, 2024, secured by agency vehicles	74,495	93,180
\$60,000 note payable to Kennebec Savings Bank, payable in monthly installments of \$1,132 including interest at a fixed rate of 4.99% through September 6, 2022, secured by agency copiers.	25,809	37,775
\$1,000,000 note payable to Kennebec Savings Bank, payable in semi-annual payments of principal to coincide with the receipt of real estate tax payments including interest at a fixed rate of 6.00% through March 31, 2038, secured by real estate.	137,563	161,439
\$954,000 note payable to Kennebec Savings Bank, with interest only installments at a fixed rate of 4.50%. The terms require principal payments in any year that the balance per the original amortization schedule falls below the current balance through June 21, 2027, secured by real estate.	168,415	253,015
\$165,000 note payable to Maine State Housing Authority, with no payments or interest due. Forgivable as of the date that the Affordable Homeownership Units in the development have been sold in accordance with the terms through January 1, 2024, secured by real estate.	120,000	150,000
	903,592	1,193,536
Less current portion	154,457	140,225
Long-term debt	\$ 749,135	1,053,311

Maturities on long-term debt are as follows:

<u>Fiscal year</u>		
2021	\$	154,457
2022		104,030
2023		57,521
2024		168,724
2025		39,032
<u>Thereafter</u>		<u>379,828</u>
<u>Total</u>	<u>\$</u>	<u>903,592</u>

KENNEBEC VALLEY COMMUNITY ACTION PROGRAM AND AFFILIATE
Notes to Consolidated Financial Statements

NOTE 8 - OPERATING LEASES, CONTINUED

The Organization has noncancelable operating leases for space and equipment that are scheduled to expire at various dates through November 30, 2028. The space leases can be extended beyond the initial term upon mutual agreement of the parties. Rental expenses for those leases were \$40,764 and \$45,414 for the years ended September 30, 2020 and 2019, respectively.

Future minimum lease payments under operating leases that have remaining terms in excess of one year beyond September 30, 2020, are:

<u>Fiscal year</u>		
2021	\$	40,764
2022		35,486
2023		17,466
2024		10,967
2025		8,800
<u>Thereafter</u>		<u>27,867</u>
<u>Total</u>	<u>\$</u>	<u>141,350</u>

NOTE 10 - RETIREMENT PLAN

The Organization sponsors a defined contribution plan covering all eligible employees. If an employee does not contribute to the plan, the Organization contributes 2% of the employee's compensation to the Plan. If an employee contributes at least 1% of their compensation, the Organization will match 3% of the employee's compensation. Contributions are determined as a percentage of each employee's salary and amounted to \$305,284 and \$274,782 years ended September 30, 2020 and 2019, respectively.

NOTE 11 – NET ASSETS

Net assets with donor restrictions were as follows for the years ended September 30:

	<u>2020</u>	<u>2019</u>
MSHA housing preservation revolving loan fund	\$ 90,916	90,916
COVID-19 Emergency Fund	9,355	-
NeighborWorks America Loan/Capital Funds	-	236,077
<u>Total</u>	<u>\$ 100,271</u>	<u>326,993</u>

KENNEBEC VALLEY COMMUNITY ACTION PROGRAM AND AFFILIATE
Notes to Consolidated Financial Statements

NOTE 11 – NET ASSETS, CONTINUED

Net assets released from donor restrictions were as follows for the years ended September 30:

	<u>2020</u>	<u>2019</u>
Satisfaction of Restrictions:		
NeighborWorks America		
Loan/Capital Funds	\$ 236,077	-
Total	\$ 236,077	-

Net assets without donor restrictions were as follows for the years ended September 30:

	<u>2020</u>	<u>2019</u>
Undesignated	\$ 4,960,702	2,425,748
Board designated:		
Agency Reserves	3,467	4,809
Educare Building Reserve	317,930	292,657
Total	\$ 5,282,099	2,723,214

NOTE 12 - AVAILABILITY AND LIQUIDITY

The Organization has a goal to structure its financial assets so as to have enough liquid assets available to cover general expenses, liabilities, and other obligations for 60 days. In the event of an unanticipated liquidity need, the Organization can draw upon funds available under its line of credit (as discussed in Note 6).

Financial assets available for general expenditure within one year at September 30, 2020, consist of the following:

Financial assets at year-end:		
Cash and cash equivalents	\$	5,147,603
Accounts and grants receivable		1,358,014
Total financial assets		6,505,617
Less net assets not available for general expenditure in the next year:		
Net assets with donor restrictions		(100,271)
Board designated		(321,397)
Financial assets available for general expenditure within one year	\$	6,083,949

KENNEBEC VALLEY COMMUNITY ACTION PROGRAM AND AFFILIATE
Notes to Consolidated Financial Statements

NOTE 13 - CONCENTRATION IN REVENUE

Of the revenues received by the Organization in fiscal years 2020 and 2019, approximately 79% and 83% were from state and federal funded grants, contracts, and fee agreements. Changes in reimbursement methods or reductions in available funds could adversely affect operations if alternative funding sources are not readily available.

NOTE 14 - RELATED PARTY TRANSACTIONS

The Organization received the use of space at no cost from Educare Central Maine, whose board membership and executive committee includes a representative from KVCAP's senior management. The Organization has reported contribution revenue and program expense amounting to \$709,723 and \$817,783 in the accompanying consolidated statement of activities for the free use of the facility during the years ended September 30, 2020 and 2019, respectively. In addition, Educare Central Maine passes through funds from private foundation grants to KVCAP. These funds totaled \$303,302 and \$273,327 for the years ended September 30, 2020 and 2019, respectively. At September 30, 2020 \$171,815 was recorded as receivable from Educare Central Maine, while \$126,685 was deferred as unearned September 30, 2019.

NOTE 15 - COMMITMENTS AND CONTINGENCIES/ SUBSEQUENT EVENTS

The Organization receives grants and fees from federal and state grantor agencies, which are subject to audit by the granting agency. If instances of non-compliance are found, those audits could result in adjustments to settlements and requests for funds to be returned. As of this date it is not possible to determine liabilities, if any, that may arise from future audits and as such Management has not recorded any provisions in the consolidated financial statements.

The Organization maintains a self-insured health benefits plan, which provides medical benefits to employees electing coverage under the plan. The Organization maintains a reserve for incurred, but not reported medical claims, claim development, and terminal liability. The reserve is an estimate based on historical experience and other assumptions, some of which are subjective. The Organization will adjust its self-insured medical benefits reserve as the Organization's loss experience changes due to medical inflation, changes in the number of plan participants, and employee base.

On March 11, 2020, the World Health Organization declared a pandemic related to a novel strain of coronavirus disease ("COVID-19"). The extent of COVID-19's effect on the Organization's operational and financial performance will depend on future developments, including the duration, spread and intensity of the pandemic, all of which are uncertain and difficult to predict considering the rapidly evolving landscape. As a result, it is not currently possible to ascertain the overall impact of COVID-19 on the Organization's business. However, if the pandemic continues to evolve into a severe worldwide health crisis, the disease could have a material effect on the Organization's business, results of operations, financial condition and cash flows.

Subsequent events were evaluated through the date of this report, which is the date the consolidated financial statements were available to be issued, and no events occurred other than those disclosed elsewhere in the notes to the consolidated financial statements.

KENNEBEC VALLEY COMMUNITY ACTION PROGRAM AND AFFILIATE
Consolidating Statement of Financial Position
Year Ended September 30, 2020
(with comparative totals for 2019)

Schedule 1

	2020				2019 Total
	KVCAP	Cony Village, LLC	Eliminations	Total	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 4,577,031	570,572	-	5,147,603	1,367,123
Accounts and grants receivable	1,993,958	-	(635,944)	1,358,014	2,282,225
Current portion of loans receivable, net	1,762	-	-	1,762	1,983
Current portion of prepaid expenses	292,203	-	-	292,203	185,516
Total current assets	6,864,954	570,572	(635,944)	6,799,582	3,836,847
Property and equipment:					
Land	57,100	123,590	-	180,690	183,601
Buildings and improvements	3,049,433	-	-	3,049,433	2,578,629
Equipment and fixtures	1,099,816	-	-	1,099,816	886,549
Vehicles	2,532,552	-	-	2,532,552	2,399,735
Total property and equipment	6,738,901	123,590	-	6,862,491	6,048,514
Less: Accumulated depreciation	(3,409,244)	-	-	(3,409,244)	(3,297,318)
Net property and equipment	3,329,657	123,590	-	3,453,247	2,751,196
Other assets:					
Work in progress	591,934	692,523	-	1,284,457	1,678,914
Investments	399,283	-	(354,763)	44,520	39,784
Loans receivable, net of current portion	97,010	30,000	-	127,010	128,510
Total other assets	1,088,227	722,523	(354,763)	1,455,987	1,847,208
Total assets	\$ 11,282,838	1,416,685	(990,707)	11,708,816	8,435,251
LIABILITIES AND NET ASSETS					
Current liabilities:					
Current portion of long-term debt	148,866	5,591	-	154,457	140,225
Line of credit	-	-	-	-	130,000
Accounts payable	880,519	635,944	(635,944)	880,519	931,513
Accrued expenses	2,037,541	-	-	2,037,541	1,729,405
Reserves	163,887	-	-	163,887	231,197
Deferred revenue	2,325,957	-	-	2,325,957	1,169,393
Total current liabilities	5,556,770	641,535	(635,944)	5,562,361	4,331,733
Non-current liabilities:					
Long-term debt, net of current portion	328,748	420,387	-	749,135	1,053,311
Total non-current liabilities	328,748	420,387	-	749,135	1,053,311
Total liabilities	5,885,518	1,061,922	(635,944)	6,311,496	5,385,044
Net assets:					
Without Donor Restrictions	5,297,049	354,763	(354,763)	5,297,049	2,723,214
With Donor Restrictions	100,271	-	-	100,271	326,993
Total net assets	5,397,320	354,763	(354,763)	5,397,320	3,050,207
Total liabilities and net assets	\$ 11,282,838	1,416,685	(990,707)	11,708,816	8,435,251

See auditors' report.

KENNEBEC VALLEY COMMUNITY ACTION PROGRAM AND AFFILIATE
Consolidating Statement of Activities
Year ended September 30, 2020
(with comparative totals for 2019)

Schedule 2

	2020				2019 Total
	KVCAP	Cony Village, LLC	Eliminations	Total	
Revenues, gains, and other support:					
Grants and contracts	\$ 18,878,282	35,254	-	18,913,536	15,695,732
Program revenue	11,221,173	-	(635,944)	10,585,229	11,953,192
Other revenue	91,212	818,205	99,908	1,009,325	446,776
In-kind	721,949	-	-	721,949	885,153
Total revenues, gains, and other support	30,912,616	853,459	(536,036)	31,230,039	28,980,853
Expenses:					
Program services:					
Community services	10,113,645	-	-	10,113,645	11,943,391
Energy services	5,759,479	-	(635,944)	5,123,535	4,791,872
Child & family services	10,197,919	-	-	10,197,919	9,387,312
Agency services	373,842	-	-	373,842	249,573
Cony Village	-	953,367	-	953,367	262,375
Total program expenses	26,444,885	953,367	(635,944)	26,762,308	26,634,523
Supporting services:					
Management & general	2,117,986	-	-	2,117,986	2,018,627
Fundraising	2,632	-	-	2,632	16,426
Total supporting services	2,120,618	-	-	2,120,618	2,035,053
Total expenses	28,565,503	953,367	(635,944)	28,882,926	28,669,576
Change in net assets	2,347,113	(99,908)	99,908	2,347,113	311,277
Net assets, beginning of year	3,050,207	454,671	(454,671)	3,050,207	2,738,930
Net assets, end of year	\$ 5,397,320	354,763	(354,763)	5,397,320	3,050,207

See auditors' report.

KENNEBEC VALLEY COMMUNITY ACTION PROGRAM AND AFFILIATE
Consolidating Statement of Functional Expenses
Year ended September 30, 2020
(with comparative totals for 2019)

Schedule 3

	Program Services						Supporting Services				2019 Total	
	KVCAP Community services	KVCAP Energy & Housing services	KVCAP Child & Family services	KVCAP Agency services	Cony Village, LLC	Total Program	Management and general	Fundraising	Total supporting services	Eliminations		Total
Personnel	\$ 2,970,979	1,085,768	5,384,839	85,411	-	9,526,997	1,251,214	1,066	1,252,280	-	10,779,277	9,740,260
Payroll taxes and employee benefits	894,344	334,734	1,732,430	32,312	-	2,993,820	295,571	226	295,797	-	3,289,617	3,019,871
Staff development	4,879	7,059	65,280	210	-	77,428	10,036	-	10,036	-	87,464	173,210
Travel	25,358	17,496	98,005	251	-	141,110	9,397	11	9,408	-	150,518	299,520
Direct client assistance - common carrier	1,764,498	4	-	-	-	1,764,502	-	-	-	-	1,764,502	2,521,135
Direct client assistance - other	2,872,917	3,020,829	6,409	22,348	-	5,922,503	-	43	43	-	5,922,546	6,519,271
Office costs	25,027	29,476	36,785	1,707	-	92,995	76,031	-	76,031	-	169,026	223,045
Insurance	500	8,023	13,256	1,539	4,214	27,532	48,532	-	48,532	(4,099)	71,965	69,989
Telecommunications	152,411	33,231	59,608	119	-	245,369	18,429	-	18,429	-	263,798	244,715
Space and occupancy	133,922	133,922	129,195	16,389	1,943	415,371	51	-	51	(1,435)	413,987	510,848
Space and occupancy - in-kind	-	-	709,723	-	-	709,723	-	-	-	-	709,723	817,783
Contract services	139,599	890,528	1,347,873	6,776	681,286	3,066,062	280,633	150	280,783	(625,697)	2,721,148	2,133,632
Contract services - in-kind	-	-	6,536	-	-	6,536	-	-	-	-	6,536	59,088
Vehicle	792,760	21,249	-	4	-	814,013	-	-	-	-	814,013	897,006
Housing property costs	-	234	-	-	239,305	239,539	-	-	-	-	239,539	158,062
Material & supplies	44,691	65,771	380,765	123	-	491,350	34,532	89	34,621	-	525,971	464,189
Material & supplies - in-kind	-	-	5,690	-	-	5,690	-	-	-	-	5,690	8,282
Administration	43,567	16,196	78,259	1,240	-	139,262	-	15	15	-	139,277	46,146
Interest	20,994	9,285	1,745	10,823	26,019	68,866	103	-	103	(4,113)	64,856	70,437
Depreciation	176,009	54,261	25,875	176,982	-	433,127	41,954	-	41,954	-	475,081	375,830
Provision for bad debts/loan losses	322	800	-	-	-	1,122	-	-	-	-	1,122	42,213
Other	50,868	30,613	115,646	17,608	600	215,335	51,503	1,032	52,535	(600)	267,270	275,044
Total expenses	\$ 10,113,645	5,759,479	10,197,919	373,842	953,367	27,398,252	2,117,986	2,632	2,120,618	(635,944)	28,882,926	28,669,576

See auditors' report.

KENNEBEC VALLEY COMMUNITY ACTION PROGRAM AND AFFILIATE
Consolidating Statement of Cash Flows
Year ended September 30, 2020
(with comparative totals for 2019)

Schedule 4

	2020				2019 Total
	KVCAP	Cony Village, LLC	Eliminations	Total	
Cash flows from operating activities:					
Change in net assets	\$ 2,347,113	(99,908)	99,908	2,347,113	311,277
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:					
Depreciation	475,081	-	-	475,081	375,830
Gain on investment	(4,736)	-	-	(4,736)	(1,536)
Gain on disposal, net	49,357	-	-	49,357	-
Change in investment in affiliate	99,908	-	(99,908)	-	-
Granted vehicles	(355,362)	-	-	(355,362)	-
Forgiveness of debt	-	(30,000)	-	(30,000)	-
(Increase) decrease in:					
Accounts and grants receivable	440,459	-	635,944	1,076,403	24,019
Loans receivable	1,721	-	-	1,721	21,401
Prepaid expenses	(106,687)	-	-	(106,687)	(22,576)
Work in progress	181,374	213,084	-	394,458	(255,766)
Increase (decrease) in:					
Accounts payable	(49,628)	482,385	(635,944)	(203,187)	89,131
Accrued expenses	308,136	-	-	308,136	170,783
Reserves	(67,310)	-	-	(67,310)	69,387
Deferred revenue	1,156,564	-	-	1,156,564	(452,676)
Net cash provided by operating activities	4,475,990	565,561	-	5,041,551	329,274
Cash flows from investing activities:					
Proceeds on sale of fixed asset	-	2,911	-	2,911	590
Purchase of property and equipment	(874,038)	-	-	(874,038)	(525,663)
Net cash used in investing activities	(874,038)	2,911	-	(871,127)	(525,073)
Cash flows from financing activities:					
Proceeds from/payments on line of credit, net	-	(130,000)	-	(130,000)	19,600
Payments on obligations under capital leases	-	-	-	-	(13)
Payments on long-term debt, net	(151,468)	(108,476)	-	(259,944)	(94,122)
Net cash used in financing activities	(151,468)	(238,476)	-	(389,944)	(74,535)
Increase (decrease) in cash and cash equivalents	3,450,484	329,996	-	3,780,480	(270,334)
Cash and cash equivalents, beginning of year	1,126,548	240,575	-	1,367,123	1,637,457
Cash and cash equivalents, end of year	\$ 4,577,032	570,571	-	5,147,603	1,367,123
Supplemental cash flow disclosures:					
Cash paid during the year for interest	\$ 38,837	26,019	-	64,856	70,437
Cash paid during the year for taxes	-	-	-	-	-
Non-cash investing activities:					
Granted vehicles	355,362	-	-	355,362	-
Non-Cash financing activities:					
Forgiveness of debt	\$ -	30,000	-	30,000	-

See auditors' report.