

Kennebec Valley Community Action Program and Subsidiaries

Waterville, Maine

Consolidated Financial Statements
and Supplementary Information

Years Ended September 30, 2025 and 2024



Kennebec Valley Community Action Program and Subsidiaries

Consolidated Financial Statements and Supplementary Information
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Independent Auditor's Report

Board of Directors
Kennebec Valley Community Action Program and Subsidiaries
Waterville, Maine

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Kennebec Valley Community Action Program (a nonprofit organization) and Subsidiaries, which comprise the consolidated statements of financial position as of September 30, 2025 and 2024, 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.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Kennebec Valley Community Action Program and Subsidiaries as of September 30, 2025 and 2024, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Kennebec Valley Community Action Program and Subsidiaries and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. The financial statements of Cony Village, LLC and KVCAP Real Estate Development, Inc. were not audited in accordance with *Government Auditing Standards*.

Emphasis of Matter

As discussed in Note 19 to the consolidated financial statements, the 2024 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Kennebec Valley Community Action Program and Subsidiaries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Kennebec Valley Community Action Program and Subsidiaries' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information on pages 29 through 33, which includes the 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*, 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. 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 May 4, 2026, on our consideration of Kennebec Valley Community Action Program's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Kennebec Valley Community Action Program's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Kennebec Valley Community Action Program's internal control over financial reporting and compliance.

Wipfli LLP
Wipfli LLP

Madison, Wisconsin
May 4, 2026

Kennebec Valley Community Action Program and Subsidiaries

Consolidated Statements of Financial Position September 30, 2025 and 2024

	2025	Restated 2024
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 7,173,299	\$ 6,220,567
Restricted cash	111,643	167,381
Accounts and grants receivable	2,086,137	2,004,813
Current portion of promises to give	597,657	543,733
Current portion of loans receivable, net	-	199
Current portion of prepaid expenses	162,309	155,452
Inventory	2,073,190	2,368,823
Total current assets	12,204,235	11,460,968
Property and equipment:		
Land	98,842	98,842
Buildings and improvements	4,062,577	4,032,064
Equipment and fixtures	1,555,177	1,429,964
Vehicles	4,447,337	3,910,532
Total property and equipment	10,163,933	9,471,402
Less: Accumulated depreciation	(5,890,443)	(4,916,600)
Net property and equipment	4,273,490	4,554,802
Other assets:		
Investments	68,951	66,079
Operating lease right-of-use assets	189,805	261,122
Promises to give, net of current portion	196,183	274,384
Loans receivable, net of current portion	730,541	957,105
Prepaid expenses, net of current portion	19,520	4,500
Total other assets	1,205,000	1,563,190
Total assets	\$ 17,682,725	\$ 17,578,960
LIABILITIES AND NET ASSETS		
Current liabilities:		
Current portion of operating lease obligations	\$ 84,685	\$ 84,124
Accounts payable	608,823	787,364
Accrued expenses	1,486,685	1,551,276
Deferred revenue	857,831	791,547
Amount due to others	890,382	956,105
Refundable advances	902,554	870,099
Total current liabilities	4,830,960	5,040,515
Non-current liabilities:		
Operating lease obligations, net of current portion	96,599	179,190
Total liabilities	4,927,559	5,219,705
Net assets		
Without donor restrictions:		
Undesignated	11,357,590	10,895,902
Board designated	631,238	763,146
Total net assets without donor restrictions	11,988,828	11,659,048
With donor restrictions	766,338	700,207
Total net assets	12,755,166	12,359,255
Total liabilities and net assets	\$ 17,682,725	\$ 17,578,960

See accompanying notes to financial statements.

Kennebec Valley Community Action Program and Subsidiaries

Consolidated Statements of Activities

Year ended September 30, 2025

	2025		Total
	Without Donor Restrictions	With Donor Restrictions	
Revenues, gains, and other support:			
Grants and contracts	\$ 19,859,270	\$ -	\$ 19,859,270
Contracts	13,581,741	-	13,581,741
Program revenue	6,511,622	14,062	6,525,684
Other revenue	129,835	61,784	191,619
Contributed nonfinancial assets	1,735,933	-	1,735,933
Net assets released from restrictions	9,715	(9,715)	-
Total revenues, gains, and other support	41,828,116	66,131	41,894,247
Expenses:			
Program services:			
Community services	16,665,274	-	16,665,274
Energy services	4,921,073	-	4,921,073
Child & family services	13,911,076	-	13,911,076
Agency services	993,842	-	993,842
Cony Village LLC	1,617,033	-	1,617,033
Total program expenses	38,108,298	-	38,108,298
Supporting services:			
Management & general	3,222,485	-	3,222,485
Fundraising	167,553	-	167,553
Total supporting services	3,390,038	-	3,390,038
Total expenses	41,498,336	-	41,498,336
Change in net assets	329,780	66,131	395,911
Net assets, beginning of year, as restated	11,659,048	700,207	12,359,255
Net assets, end of year	\$ 11,988,828	\$ 766,338	\$ 12,755,166

Kennebec Valley Community Action Program and Subsidiaries

Consolidated Statements of Activities

Year ended September 30, 2024, Restated

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains, and other support:			
Grants and contracts	\$ 22,628,453	\$ -	\$ 22,628,453
Contracts	13,703,607	-	13,703,607
Program revenue	5,653,487	26,147	5,679,634
Other revenue	288,334	119,394	407,728
Contributed nonfinancial assets	1,438,722	-	1,438,722
Net assets released from restrictions	111,143	(111,143)	-
Total revenues, gains, and other support	43,823,746	34,398	43,858,144
Expenses:			
Program services:			
Community services	16,386,486	-	16,386,486
Energy services	6,794,653	-	6,794,653
Child & family services	14,190,299	-	14,190,299
Agency services	852,244	-	852,244
Cony Village LLC	1,101,864	-	1,101,864
Total program expenses	39,325,546	-	39,325,546
Supporting services:			
Management & general	3,198,455	-	3,198,455
Fundraising	35,379	-	35,379
Total supporting services	3,233,834	-	3,233,834
Total expenses	42,559,380	-	42,559,380
Change in net assets	1,264,366	34,398	1,298,764
Net assets, beginning of year, as restated	10,394,682	665,809	11,060,491
Net assets, end of year, as restated	\$ 11,659,048	\$ 700,207	\$ 12,359,255

Kennebec Valley Community Action Program and Subsidiaries

Consolidated Statement of Functional Expenses
Year ended September 30, 2025

	Program Services						Supporting Services			
	Community services	Energy & Housing services	Child & Family services	Agency services	Cony Village, LLC	Total program	Management and general	Fundraising	Total supporting services	Total
Personnel	\$ 4,112,297	\$ 1,684,818	\$ 7,111,236	\$ 6,742	\$ -	\$ 12,915,093	\$ 1,994,976	\$ 93,433	\$ 2,088,409	\$ 15,003,502
Payroll taxes and employee benefits	1,221,108	538,349	2,277,630	322,387	-	4,359,474	521,266	27,364	548,630	4,908,104
Staff development	19,750	16,942	75,274	4,075	-	116,041	44,915	705	45,620	161,661
Travel	40,105	22,372	125,530	8,175	-	196,182	20,530	1,663	22,193	218,375
Direct client assistance - common carrier	3,601,942	-	29	-	-	3,601,971	-	-	-	3,601,971
Direct client assistance - other	5,612,913	1,828,339	18,397	25,787	-	7,485,436	-	20	20	7,485,456
Office costs	30,920	4,855	271,958	4,348	-	312,081	16,504	-	16,504	328,585
Insurance	500	13,837	4,393	5,344	11,633	35,707	71,280	-	71,280	106,987
Telecommunications	111,366	17,997	52,908	1,934	-	184,205	11,750	506	12,256	196,461
Space and occupancy	324,051	218,936	582,301	19,339	32,570	1,177,197	482	200	682	1,177,879
Space and occupancy - in-kind	-	-	1,496,777	-	-	1,496,777	-	-	-	1,496,777
Contract services	178,046	311,224	1,054,542	133,030	1,329,878	3,006,720	400,350	26,509	426,859	3,433,579
Contract services - in-kind	-	-	185,627	-	-	185,627	-	-	-	185,627
Vehicle	705,467	19,426	-	-	-	724,893	-	-	-	724,893
Housing property costs	-	98,697	-	-	241,657	340,354	-	-	-	340,354
Material & supplies	151,789	41,067	391,285	1,239	35	585,415	44,019	5,040	49,059	634,474
Material & supplies - in-kind	-	-	53,529	-	-	53,529	-	-	-	53,529
Administration	(26,488)	(11,003)	(45,851)	(42)	-	(83,384)	-	(587)	(587)	(83,971)
Interest	-	-	-	15	-	15	-	-	-	15
Depreciation	530,265	75,560	77,003	371,483	-	1,054,311	11,665	-	11,665	1,065,976
Provision for bad debts/loan losses	-	1,200	-	-	-	1,200	-	-	-	1,200
Other	51,243	38,457	178,508	89,986	1,260	359,454	84,748	12,700	97,448	456,902
Total expenses	16,665,274	4,921,073	13,911,076	993,842	1,617,033	38,108,298	3,222,485	167,553	3,390,038	41,498,336
Indirect:										
Indirect costs allocated	1,016,482	422,254	1,759,578	1,627	-	3,199,941	(3,222,485)	22,544	(3,199,941)	-
Total expenses	\$ 17,681,756	\$ 5,343,327	\$ 15,670,654	\$ 995,469	\$ 1,617,033	\$ 41,308,239	\$ -	\$ 190,097	\$ 190,097	\$ 41,498,336

Kennebec Valley Community Action Program and Subsidiaries

Consolidated Statement of Functional Expenses
 Year ended September 30, 2024, Restated

	Program Services						Supporting Services			
	Community services	Energy & Housing services	Child & Family services	Agency services	Cony Village, LLC	Total program	Management and general	Fundraising	Total supporting services	Total
Personnel	\$ 4,083,531	\$ 1,741,717	\$ 7,223,383	\$ 4,487	\$ -	\$ 13,053,118	\$ 1,923,960	\$ 10,684	\$ 1,934,644	\$ 14,987,762
Payroll taxes and employee benefits	1,141,135	566,081	2,154,021	208,407	-	4,069,644	486,066	2,540	488,606	4,558,250
Staff development	15,255	42,019	216,667	100	-	274,041	63,316	499	63,815	337,856
Travel	42,141	39,075	137,909	3,739	-	222,864	29,089	16	29,105	251,969
Direct client assistance - common carrier	3,279,054	-	420	39	-	3,279,513	-	-	-	3,279,513
Direct client assistance - other	5,694,763	2,837,975	18,569	43,369	-	8,594,676	-	-	-	8,594,676
Office costs	34,074	25,763	144,009	280	-	204,126	35,230	-	35,230	239,356
Insurance	1,586	82,004	10,266	3,754	1,294	98,904	71,844	-	71,844	170,748
Telecommunications	132,260	22,167	61,364	583	-	216,374	14,016	125	14,141	230,515
Space and occupancy	271,454	282,800	475,166	18,592	24,309	1,072,321	315	-	315	1,072,636
Space and occupancy - in-kind	-	-	1,326,204	-	-	1,326,204	-	-	-	1,326,204
Contract services	178,046	389,887	1,308,881	22,253	665,295	2,564,362	445,035	1	445,036	3,009,398
Contract services - in-kind	-	-	84,534	-	-	84,534	-	-	-	84,534
Vehicle	716,737	19,611	-	519	-	736,867	-	-	-	736,867
Housing property costs	6,871	537,180	-	-	410,822	954,873	-	-	-	954,873
Material & supplies	82,985	73,106	449,678	545	120	606,434	31,932	6,234	38,166	644,600
Material & supplies - in-kind	-	-	27,984	-	-	27,984	-	-	-	27,984
Administration	(18,419)	(8,032)	(32,542)	(20)	-	(59,013)	-	(47)	(47)	(59,060)
Interest	44,793	2,115	3,796	-	-	50,704	-	-	-	50,704
Depreciation	565,883	82,228	67,505	418,016	-	1,133,632	19,922	-	19,922	1,153,554
Provision for bad debts/loan losses	-	-	30,300	100,884	-	131,184	-	-	-	131,184
Other	114,337	58,957	482,185	26,697	24	682,200	77,730	15,327	93,057	775,257
Total expenses	16,386,486	6,794,653	14,190,299	852,244	1,101,864	39,325,546	3,198,455	35,379	3,233,834	42,559,380
Indirect:										
Indirect costs allocated	997,488	435,013	1,762,322	1,074	-	3,195,897	(3,198,455)	2,558	(3,195,897)	-
Total expenses	\$ 17,383,974	\$ 7,229,666	\$ 15,952,621	\$ 853,318	\$ 1,101,864	\$ 42,521,443	\$ -	\$ 37,937	\$ 37,937	\$ 42,559,380

Kennebec Valley Community Action Program and Subsidiaries

Consolidated Statements of Cash Flows Years ended September 30, 2025 and 2024

	2025	Restated 2024
Change in cash and cash equivalents:		
Cash flows from operating activities:		
Change in net assets	\$ 395,911	\$ 1,298,764
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	1,065,976	1,153,554
Noncash lease expense	71,317	73,936
Gain on investment	(2,872)	(12,819)
Granted vehicles and equipment	(356,008)	-
Bad debt expense	1,200	39,887
Discount on loans receivable issued	(34,531)	371,350
Forgiveness on loans receivable	-	91,297
Change in assets and liabilities:		
Accounts and grants receivable	(82,524)	1,429,709
Prepaid expenses	(21,877)	235,731
Inventory	295,633	(461,662)
Promises to give	24,277	(246,250)
Accounts payable	(178,541)	138,262
Accrued expenses	(64,591)	205,582
Deferred revenue	66,284	46,954
Refundable advances	32,455	(3,262,852)
Amount due to others	(65,723)	(94,942)
Operating lease obligations	(82,030)	(75,029)
Net cash from operating activities	1,064,356	931,472
Cash flows from investing activities:		
Proceeds on sale of property & equipment	88,509	-
Issuance of loans receivable	-	(1,043,361)
Payments received on loans receivable	261,294	1,949
Purchase of property and equipment	(517,165)	(814,959)
Net cash from investing activities	(167,362)	(1,856,371)
Cash flows from financing activities:		
Principal payments on long-term debt	-	(1,340,075)
Net cash from financing activities	-	(1,340,075)
Change in cash and cash equivalents and restricted cash	896,994	(2,264,974)
Cash and cash equivalents and restricted cash, beginning of year	6,387,948	8,652,922
Cash and cash equivalents and restricted cash, end of year	\$ 7,284,942	\$ 6,387,948
Reconciliation of cash and cash equivalents and restricted cash reported in the consolidated statements of financial position to the total of the amounts shown in the consolidated statements of cash flows:		
Cash and cash equivalents	\$ 7,173,299	\$ 6,220,567
Restricted cash	111,643	167,381
Total cash and cash equivalents and restricted cash	\$ 7,284,942	\$ 6,387,948
Supplemental cash flow disclosures:		
Cash paid during the year for interest	\$ 15	\$ 50,704
Cash paid for amounts included in the measurement of lease obligations:		
Operating cash flows from capitalized operating leases	\$ 95,069	\$ 85,622
Net ROU remeasurement	6,439	-

See accompanying notes for financial statements.

Kennebec Valley Community Action Program and Subsidiaries

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies

Nature of Operations

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 KVCAP 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 is dedicated to affordable housing development built to green standards. KVCAP is the sole member of Cony Village, LLC.

KVCAP has a 100% interest in KVCAP Real Estate Development, Inc. (KREDI) that holds minority general partner interests in Gerald Hotel Associates, LP, Hartland Senior Housing GP, LLC, Mary Street Housing GP, LLC, and Hartland Senior Housing II, LP. KVCAP also has a 100% interest in Hartland II State Credit Partner, LLC that holds a minority interest in Hartland Senior Housing II, LP. KVCAP has determined consolidation is not necessary based on the guidance contained in Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2017-02, Not-For-Profit Entities Consolidating (Subtopic 958-810): *Clarifying When a Not-for-Profit Entity That is a General Partner or a Limited Partner Should Consolidate a For-Profit Limited Partnership or Similar Entity*.

Description of Services

Community Services

The Community Services 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 fleet of agency operated vehicles and a network of volunteers for medical and social service appointments.

Energy & Housing Services

The Energy & Housing Services department is comprised of three divisions. The Energy & Housing division 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 division also provides a comprehensive home buyer education course, individual pre- and post-purchase counseling services, and foreclosure prevention and credit counseling. The Real Estate Development division develops homeownership opportunities through new construction and purchase/rehab activities. The Community Initiatives division operates resource navigator programs and maintains a walk-in teen center.

Kennebec Valley Community Action Program and Subsidiaries

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Description of Services (Continued)

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 childcare 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 Organizations' service area.

Agency Services

The Agency Services department offers programs designed to increase the operations and efficiency of the Organizations in regard 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.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of KVCAP, Cony Village, LLC and KREDI (collectively referred to as the "Organizations"). All significant interorganizational transactions and balances have been eliminated in consolidation.

Basis of Presentation

The consolidated financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.

Classification of Net Assets

Net assets and revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organizations and changes therein are classified and reported as follows:

Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations or where donor-imposed stipulations are met in the year of the contribution.

Kennebec Valley Community Action Program and Subsidiaries

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Classification of Net Assets (Continued)

With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other explicit donor-imposed restrictions are perpetual in nature, where the donor stipulates resources may be maintained in perpetuity. Donor imposed restrictions are released when the restriction expires, that is when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Estimates

The preparation of consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Revenue Recognition

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identification of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when received.

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

Kennebec Valley Community Action Program and Subsidiaries

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

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

A. Grant Awards that are Contributions

Grants that qualify as contributions are recorded as invoiced to the funding sources in accordance with the terms of the award. Revenue is recognized in the accounting period when the related allowable expenses are incurred. Amounts received in excess of expenses or asset acquisitions are reflected as refundable advances.

B. Grant Awards that are Exchange Transactions

Exchange transactions are reimbursed based on a predetermined rate for services performed in accordance with the term of the award. Revenue is recognized when control of the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Amounts received in excess of recognized revenue are reflected as deferred revenue.

Program revenue represent amounts contributed by program beneficiaries. The contributions are to help defray the cost of the specific program in which the beneficiary received assistance.

Revenue from Contracts with Customers

Total revenue from contracts with customers during the years ended September 30, 2025 and 2024, and included on the consolidated statements of activities is summarized below:

	2025	2024
MaineCare transportation services	\$ 10,529,140	\$ 10,895,334
Childcare services	2,390,474	1,952,855
Developer fees	618,960	818,361
Educational services	43,167	37,057
<u>Totals</u>	<u>\$ 13,581,741</u>	<u>\$ 13,703,607</u>

MaineCare transportation services is a contract with another nonprofit organization to provide transportation (ride) services as needed to MaineCare enrollees. KVCAP receives a monthly payment based on the number of individuals enrolled in MaineCare and must provide the requested rides or contract with other providers for the rides. KVCAP's performance obligation is to provide rides during the contract and revenue is recognized over time. KVCAP and the nonprofit periodically review actual costs and revenue earned through MaineCare to redistribute the allocation between the two entities. The subsequent re-allocation results in either an additional receivable or deferred revenue depending on actual results.

Kennebec Valley Community Action Program and Subsidiaries

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Childcare services represent contractual fees charged for the care of children with either the State of Maine or to individuals. Pricing is established based on rates set by the State of Maine depending on various factors such as age and daily time needs. KVCAP bills bi-weekly to the State of Maine for families with a voucher with reimbursement in the following month. Individual payors are billed weekly. Providing care to the child is the performance obligation and revenue is recognized over time.

KVCAP recognizes developer fees at the amount of consideration to which KVCAP expects to be entitled to, as stated in the partnership agreement, in exchange for coordinating the acquisition, development, and construction of rental units. The various milestones in the partnership agreement represent the individual performance obligation. Developer fees are recognized at a point in time each milestone is completed.

KVCAP provides educational services to homebuyers and parents. The fees for these services are set by KVCAP and are due in advance of the training. The performance obligation is to provide the training, and revenue is recognized at the point and time the training is conducted.

The Organizations determined at September 30, 2025 and 2024 there were no services provided without a contract in place and, therefore, has no expected adjustments to receivables and revenue. The receivables from contracts with customers for services provided are included in accounts and grants receivable on the consolidated statements of financial position and the contract liabilities from contracts with customers are included in deferred revenue on the consolidated statements of financial position are as follows:

Accounts receivable from contracts with customers at October 1, 2023	\$ 99,463
Accounts receivable from contracts with customers at September 30, 2024	25,747
Accounts receivable from contracts with customers at September 30, 2025	172,462
Deferred revenue from contracts with customers at October 1, 2023	\$ 744,593
Deferred revenue from contracts with customers at September 30, 2024	791,547
Deferred revenue from contracts with customers at September 30, 2025	857,831

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, the Organizations consider 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 Organizations carry 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 consolidated statements of activities.

Kennebec Valley Community Action Program and Subsidiaries

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Accounts and Grants Receivable

Accounts and grants receivable consist primarily of revenue from various government grants, contracts and fees and are stated at the amount management expects to collect. Based on management's assessment of the credit history with entities having outstanding balances and current relationships with the Organizations, they have concluded that realization losses on balances outstanding at year-end will not be material.

The carrying amounts of accounts receivable is reduced by an allowance that reflects management's best estimate of the current expected credit losses. The estimate of the allowance for credit losses is based on an analysis of historical loss experience, current receivables aging, and management's assessment of current conditions and expected changes during a reasonable and supportable forecast period. The Organizations use an aging method to estimate the allowances for credit losses. Management assesses collectability by pooling receivables with similar risk characteristics and evaluates receivables individually when specific entity balances no longer share those characteristics. There was no allowance considered necessary for the years ended September 30, 2025 and 2024, respectively.

Promises to Give

Unconditional promises to give are recorded as reported at fair value at the date the promise is received, less an allowance for promises estimated to be uncollectible. The gifts are reported as either net assets without donor restrictions or net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets.

Promises to give expected to be collected in less than one year are reported at net realizable value. Promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows on a discounted basis applicable to the years in which the promises were received. The amortization of the discount is recognized as contribution income over the duration of the pledge.

Management individually reviews all past due promises to give balances and estimates the portion, if any, of the balance that will not be collected. The carrying amounts of promises to give are reduced by allowances that reflect management's estimate of uncollectible amounts. No allowance is necessary as management believes the balance will be collected.

Inventory

The Organizations construct single and condominium units on land that it owns. Inventory represents the remaining unsold land and construction costs incurred to date on various building lots. Inventory is stated at the lower of cost or net realizable value.

Kennebec Valley Community Action Program and Subsidiaries

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment are capitalized at cost or fair value at the date of the donation and are depreciated over their useful lives using the straight-line method. Estimated useful lives range from 20-40 years for buildings, 5-40 years for building renovations, 5-10 years for equipment, and 4-15 years for vehicles. The Organizations consider property and equipment to be assets with a cost greater than \$5,000 and a useful life greater than one year.

Property and equipment purchased with grant funds are owned by the Organizations while used in the program for which they were purchased or in other future authorized programs. However, the various funding sources have a reversionary interest in the property and equipment purchased with grant funds. Its disposition, as well as the ownership of any proceeds therefrom, is subject to funding source regulations. Property and equipment purchased with grant funds net of depreciation was \$1,260,980 and \$1,267,791 at September 30, 2025 and 2024, respectively, and is carried in net assets without donor restrictions on the consolidated statements of financial position.

Income Taxes

KVCAP is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and a similar section of the State income tax law, which provides tax exemption for corporations organized and operated exclusively for religious, charitable, or educational purposes. KVCAP is required to assess whether it is more likely than not that a tax position will be sustained upon examination on the technical merits of the position assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of that position is not recognized in the financial statements. KVCAP has determined there are no amounts to records as assets or liabilities related to uncertain tax positions.

Cony Village, LLC is a disregarded entity of KVCAP for tax purposes. Accordingly, all of Cony Village, LLC's activity is reported on KVCAP's tax return.

KREDI is a C Corporation and classified as a taxable entity for tax purposes. KREDI income tax obligations and associated tax assets and liabilities are insignificant.

Kennebec Valley Community Action Program and Subsidiaries

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Contributed Nonfinancial Assets

Contributions of nonfinancial assets are recognized in the consolidated financial statements if they enhance or create an asset or require specialized skill for the service being provided. For the years ending September 30, 2025 and 2024, contributed nonfinancial assets recognized within the consolidated statements of activities included:

Type	2025	2024	Usage in Programs	Donor-imposed restrictions	Fair Value Techniques
Space & occupancy	\$ 1,496,777	\$ 1,326,204	Early/Head Start	No	Professional appraisal
Supplies	53,529	27,984	Early/Head Start	No	Purchase price
Contract Services	185,627	84,534	Early/Head Start	No	Hourly wage based on professional training
Totals	\$ 1,735,933	\$ 1,438,722			

KVCAP received contributions from individuals who volunteer their time and perform a variety of tasks that assist the Organizations in its Child and Family Services programs. KVCAP received \$76,583 and \$769,717 worth of non-professional volunteer services during the years ended September 30, 2025 and 2024, respectively. These amounts are not recognized in the September 30, 2025 and 2024 consolidated financial statements because they don't meet the criteria for recognition under accounting principles generally accepted in the United States.

Fair Value Measurements

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

Functional Allocation of Costs

The costs of providing programs and other activities have been summarized on a functional basis in the consolidated statements of activities and 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.

Kennebec Valley Community Action Program and Subsidiaries

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Functional Allocation of Costs (Continued)

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/cost/use

Right-of-use Assets and Lease Liabilities

The Organizations are lessees in multiple noncancelable operating leases. If the contract provides the Organizations the right to substantially all the economic benefits and the right to direct the use of the identified asset, it is considered to be or contain a lease. Right-of-use (ROU) assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. The ROU asset is also adjusted for any lease prepayments made, lease incentives received, and initial direct costs incurred. The lease liability is initially and subsequently recognized based on the present value of its future lease payments.

As most of the leases do not provide an implicit rate, the Organization uses the treasury bill rate for a term comparable to the life of the lease based on the information available at the commencement date to determine the present value of lease payments. This rate represents one which would be incurred to borrow, on a collateralized basis, over a similar term, an amount equal to the lease payments over a similar term.

The ROU asset for operating leases is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. For operating leases with lease payments that fluctuate over the lease term, the total lease costs are recognized on a straight-line basis over the lease term.

For all underlying classes of assets, the Organizations have elected to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the Organizations are reasonably certain to exercise. Leases containing termination clauses in which either party may terminate the lease without cause and the notice period is less than 12 months are deemed short-term leases with lease costs included in short-term lease expense. The Organizations recognize short-term lease cost on a straight-line basis over the lease term.

Kennebec Valley Community Action Program and Subsidiaries

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Right-of-use Assets and Lease Liabilities (Continued)

The Organizations made an accounting policy election to not separate the lease components of a contract and its associated non-lease components (i.e., lessor-provided maintenance and other services).

Note 2: Concentration of Credit Risk

The Organizations maintain 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 Organizations, which provides a collateralized perfected interest in certain securities held by the bank for the checking account balances. As of September 30, 2025 and 2024, the Organizations' cash balances were either insured by federal depository agencies or within the bank's collateralized agreement. The Organizations have not experienced any losses with the accounts and management believes the Organizations are not exposed to any significant risk on balances at financial institutions.

Note 3: Investments and Fair Value Measurements

Marketable investments are stated at fair value and consist of US Equity exchange traded funds of \$68,951 and \$66,079 at September 30, 2025 and 2024. The investments are traded in an active market and therefore are measured as Level 1 in the fair value hierarchy. Investment return on these funds consisted of unrealized gains of \$2,872 and \$12,819 for the years ended September 30, 2025 and 2024, respectively, and is included in other revenue on the consolidated statements of activities.

Note 4: Accounts and Grants Receivable

The accounts and grants receivable balances represent amounts due as follows at September 30:

	2025	2024
Direct federal programs	\$ 78,413	\$ 69,750
Other federal programs	587,122	770,245
State and local programs	1,420,602	1,164,818
Totals	\$ 2,086,137	\$ 2,004,813

Kennebec Valley Community Action Program and Subsidiaries

Notes to Consolidated Financial Statements

Note 5: Promises to Give

Unconditional promises to give are summarized as follows at September 30:

	2025	2024
Unconditional promises expected to be collected in:		
Less than one year	\$ 597,657	\$ 543,733
One year to five years	196,183	274,384
Totals	\$ 793,840	\$ 818,117

Management has not recorded a discount on promises to give since the discount is insignificant.

Note 6: Loans Receivable

The Organizations provide loans to various entities and individuals as follows:

Housing Partnership Loans

On October 22, 2021, KREDI and KVCAP formed Mary Street Housing GP, LLC. On the same day, Mary Street Housing GP, LLC entered into an agreement with WNC Holding, LLC, WNC Housing LP, and Mary Street State Credit Partner, LLC (whose sole owner is KVCAP) relating to Mary Street Associates Limited Partnership. Mary Street Housing GP, LLC has a 0.01% ownership in Mary Street Associates Limited Partnership. Mary Street Associates Limited Partnership was formed to acquire, rehabilitate, develop, improve, maintain, operate, mortgage, sell, lease, or otherwise deal with a property located in Skowhegan, Maine.

On August 29, 2024, KVCAP received a promissory note from Mary Street Associates LP in the amount of \$225,000 and bear interest at a fixed interest rate of 5% per annum with a maturity date of September 1, 2054. The note receivable is discounted to net present value at a 5% discount rate, resulting in a discount of \$167,604 and \$170,337 and a note receivable of \$57,396 and \$54,663, net of the discount as of September 30, 2025 and 2024, respectively. At this time, KVCAP expects to collect the note receivable when due and therefore has not recorded an allowance for credit losses on this note receivable.

Also on August 29, 2024, KVCAP agreed to defer the development fee pursuant to the Development Agreement with Mary Street Associates LP. A Development Fee Note was issued in the amount of \$818,361 and bears compound interest at the rate of 3% per annum with a maturity date of December 31, 2036. The note receivable is discounted to net present value at a 3% discount rate, resulting in a discount of \$209,424 and \$227,160 and a note receivable of \$347,842 and \$591,201, net of the discount as of September 30, 2025 and 2024, respectively. At the time, KVCAP expects to collect the note receivable when due and therefore has not recorded an allowance for credit losses on this note receivable.

Kennebec Valley Community Action Program and Subsidiaries

Notes to Consolidated Financial Statements

Note 6: Loans Receivable (Continued)

Housing Partnership Loans (Continued)

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 0.01% 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.

KVCAP was awarded up to \$1,000,000 of Community Development Block Grant (CDBG) funds from the Town of Hartland, Maine and up to \$650,000 of funds from Federal Home Loan Bank of Boston's Affordable Housing Program for the purpose of providing no interest loans to Hartland Senior Housing Associates Limited Partnership. As of September 30, 2025 and 2024, \$1,000,000 of CDBG funds were loaned out which are due no later than December 31, 2054. The loan receivable is discounted to net present value at a 5% discount rate, resulting in a discount of \$704,697 and \$718,759 and a loan receivable balance of \$295,303 and \$281,241, net of the discount, as of September 30, 2025 and 2024, respectively. At this time, KVCAP expects to collect the loan receivable when due and therefore has not recorded an allowance for credit losses on this loan receivable.

Housing Program Loans

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 \$0 and \$199 at September 30, 2025 and 2024, respectively. No allowance for credit losses is considered necessary as management feels all amounts will be collected.

Affordable Housing Loan

Cony Village, LLC, 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, 2025 and 2024.

Note 7: Amounts Due to Others

KVCAP has partnered with Maine School Administrative District #54 (MSAD #54) to raise money for the Building Better Beginnings campaign to fund the construction of a new school in Skowhegan that will serve children birth to 11 years, providing continuity for children and families. As part of the campaign, KVCAP receives donations in the form of cash and pledges and disburses funds to MSAD #54 to pay for construction expenses as the project progresses. The balances in the amount due to others at September 30, 2025 and 2024 of \$890,382 and \$956,105, respectively, represent cash donated and pledges made to KVCAP for the campaign, but not yet distributed to MSAD #54.

Kennebec Valley Community Action Program and Subsidiaries

Notes to Consolidated Financial Statements

Note 8: Reserve for Self-Insurance

The Organizations partially self-insures their health care costs. In order to reduce risk, the Organizations carry stop-loss coverage for expenses on an individual level over \$65,000 and aggregate costs over \$2,099,000. The Organizations are responsible for employee medical claims not covered by stop-loss insurance.

Health insurance claims payable (included in accrued expenses on the consolidated statements of financial position) at September 30, 2025 and 2024 of \$249,097 and \$480,700, respectively, represents incurred but not paid claims and related administrative fees, as determined by management based on historical experience and claims information provided by the third-party administrator.

Note 9: Lines of Credit

At September 30, 2025 and 2024, the Organizations had the following lines of credit available for use:

A working capital line of credit agreement with a bank in the amount of \$1,000,000. Advances are payable on demand, including interest at the base borrowing rate, as the Highest Prime rate as quoted in the Wall Street Journal and are unsecured. The line of credit agreement expires August 31, 2026, and it can be renewed. There were no outstanding balances on this line of credit at September 30, 2025 and 2024.

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 May 1, 2026, and it can be renewed. There were no outstanding balances on this line of credit at September 30, 2025 and 2024.

Note 10: Retirement Plan

KVCAP sponsors a defined contribution plan covering all eligible employees and contributes 2% of the employee's compensation to the Plan. If an employee contributes at least 1% of their compensation, KVCAP will match 1% of the employee's compensation. As of October 1, 2024, if an employee contributes 2% or more of their compensation to the plan, KVCAP will match 2% of the employee's compensation creating a three tiered plan contribution and match structure.

Contributions are determined as a percentage of each employee's salary and amounted to \$518,506 and \$421,753 for the years ended September 30, 2025 and 2024, respectively.

Note 11: Operating Leases

The Organizations hold operating leases for space and equipment. The space leases can be extended beyond the initial term upon mutual agreement of the parties. Renewal options are included in the measurement of the ROU asset and lease liability when the exercise is reasonably certain to occur.

The depreciable life of assets is limited by the expected lease term unless there is a transfer of title or purchase option reasonably certain of exercise.

Kennebec Valley Community Action Program and Subsidiaries

Notes to Consolidated Financial Statements

Note 11: Operating Leases (Continued)

The Organizations' lease agreements do not contain any material residual value guarantees or material restrictive covenants. Payment due under the lease contracts include fixed payments.

	2025	2024
Operating Lease Cost	\$ 92,418	\$ 85,920

Supplemental consolidated statement of financial position information related to operating leases is as follows as of September 30:

	2025	2024
Weighted-average lease term	2.8 years	3.5 years
Weighted-average discount rate	4.00%	3.95%

Maturity of lease obligations are as follows as of September 30, 2025:

2026	\$ 90,305
2027	66,896
2028	25,588
2029	11,260
	194,049
Total lease payments	
Less: imputed interest	(12,765)
	\$ 181,284
Current portion of operating lease obligations	\$ 84,685
Long-term portion of operating lease obligations	96,599
	\$ 181,284

Note 12: Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following at September 30:

	2025	2024
<i>Subject to expenditure for specified purpose:</i>		
Child Care Supportive Funding	\$ 10,766	\$ 466
Community Meals Program	11	11
Fuel Assistance	29,069	27,983
Teen Center Supportive Funds/Scholarship Funding	35,498	29,230
Hope Fund/Somerset PAC/COVID-19 Emergency Fund	48,269	41,188
Transportation Supportive Funds	347,422	320,088
CDBG grant funds – Hartland Project	295,303	281,241
	\$ 766,338	\$ 700,207
Totals		

Kennebec Valley Community Action Program and Subsidiaries

Notes to Consolidated Financial Statements

Note 12: Net Assets With Donor Restrictions

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

	2025	2024
<i>Satisfaction of restrictions:</i>		
MSHA housing preservation revolving loan fund	\$ -	\$ 91,297
Fuel Assistance	1,100	11,063
Housing Counseling	4,255	-
Teen Center Supportive Funds/Scholarship Funding	4,359	4,597
Hope Fund/Somerset PAC/COVID-19 Emergency Fund	4,186	4,186
Totals	\$ 9,715	\$ 111,143

Note 13: Net Assets Without Donor Restrictions

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

	2025	2024
Board designated:		
Agency PFML Transition	\$ 111,482	\$ 223,098
Educare Building Reserve	485,269	485,269
Community Transportation Needs	34,487	54,779
Unrestricted, undesignated	11,357,590	10,895,902
Totals	\$ 11,988,828	\$ 11,659,048

Kennebec Valley Community Action Program and Subsidiaries

Notes to Consolidated Financial Statements

Note 14: Liquidity and Availability

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

	2025	2024
Cash and cash equivalents	\$ 7,173,299	\$ 6,220,567
Accounts and grants receivable	2,086,137	2,004,813
Total financial assets	9,259,436	8,225,380
Less: accounts payable	(608,823)	(787,364)
Less: accrued expenses	(1,486,685)	(1,551,276)
Less: refundable advances	(902,554)	(870,099)
Less: net assets with donor restrictions in cash	(471,035)	(418,966)
Less: board designated net assets	(631,238)	(763,146)
Totals	\$ 5,159,101	\$ 3,834,529

KVCAP does not have a formal liquidity policy. KVCAP has one line of credit available for cash flow needs up to \$1,000,000, as described in Note 9. KVCAP can rely on lower balances of available financial assets as it is primarily funded with cost reimbursement grants. Under cost reimbursement grants, once expenses are incurred, an organization can request reimbursement from the funding source. KVCAP has grant commitments available for future expenses in the amount of \$14,049,000 as described in Note 15.

Note 15: Grant Awards

At September 30, 2025, KVCAP had received future funding commitments under various grants of approximately \$14,049,000. These commitments are not recognized in the accompanying consolidated financial statements as revenues and receivables as they are conditional awards.

Note 16: Concentration in Revenue

Of the revenues received by KVCAP in fiscal years 2025 and 2024, approximately 82% and 75% 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.

Kennebec Valley Community Action Program and Subsidiaries

Notes to Consolidated Financial Statements

Note 17: Related Party Transactions

KVCAP 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, as well as a representative from KVCAP's board of directors. KVCAP has reported contribution revenue and program expense amounting to \$756,800 and \$1,318,223 in the accompanying consolidated statements of activities for the free use of the facility during the years ended September 30, 2025 and 2024, respectively. In addition, Educare Central Maine passes through funds from private foundation grants to KVCAP. These funds totaled \$363,587 and \$306,712 for the years ended September 30, 2025 and 2024, respectively. At September 30, 2025 and 2024, there were recorded receivables of \$51,285 and \$57,500 from Educare Central Maine.

During the years ended September 30, 2025 and 2024, KVCAP advanced \$46,036 and \$26,000, respectively, to Hartland Senior Housing Associates, LP to cover a cash shortfall. At September 30, 2025 and 2024, there were recorded receivables of \$207,235 and \$161,199 from Hartland Senior Housing Associates, LP.

At September 30, 2025 and 2024, there were \$145,955 and \$145,955, respectively, of deferred development fees recorded as receivables from Hartland Senior Housing Associates, LP.

During the year ended September 30, 2025, KVCAP advanced \$63,940 to Mary Street Associates, LP to cover a cash shortfall and were recorded as a receivable from Mary Street Associates, LP.

During the year ended September 30, 2025, KVCAP advanced \$33,402 to Hartland Senior Housing Associates II, LP to cover a cash shortfall and were recorded as a receivable from Hartland Senior Housing Associates II, LP.

At September 30, 2025, there were \$560,188 of deferred development fees recorded as a receivable from Hartland Senior Housing Associates II, LP.

Note 18: Commitments and Contingencies

KVCAP participates in a number of federally assisted and state grant programs. These programs are subject to program compliance audits by the grantors and their representatives. Any disallowed costs may constitute a liability of KVCAP. KVCAP is also required to match 25% of the grant funds received from the Head Start program with local resources. KVCAP believes that it is in compliance with all grant requirements, including those related to matching and disallowed costs, and any noncompliance would not be significant.

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.

KVCAP is serving as guarantor on \$14,958,850 in loans and has guaranteed other commitments relating to general partner obligations under the partnership agreement of Mary Street Associates Limited Partnership.

KVCAP is serving as guarantor on \$9,291,048 in loans and has guaranteed other commitments relating to general partner obligations under the partnership agreement of Hartland Senior Housing Associates II Limited Partnership.

Kennebec Valley Community Action Program and Subsidiaries

Notes to Consolidated Financial Statements

Note 18: Commitments and Contingencies (Continued)

KVCAP is serving as guarantor on \$14,684,114 in loans and has guaranteed other commitments relating to general partner obligations under the partnership agreement of King Street Associates Limited Partnership.

Note 19: Restatement of Previously Issued Financial Statement (Prior Period Adjustment)

The financial statements as of and for the year ended September 30, 2024 have been restated to correct an error that was detected during the year ended September 30, 2025. Actual health insurance claims and expenses were higher than the monthly expense recorded based upon estimated claims experience and were recorded as prepaid expenses and should have been recorded as health insurance expense. Also, an amount for claims incurred but not reported should have been recorded as a liability at September 30, 2024.

To correct this error, net assets as of September 30, 2023 were decreased by \$376,880 to reflect the liability of claims incurred but not reported; prepaid expenses were reduced by \$102,497, accrued expenses was increased by \$480,700 and health insurance expense was increased by \$206,317 for the year ended September 30, 2024.

Note 20: Subsequent Events

Subsequent events have been evaluated through May 4, 2026, which is the date the consolidated financial statements were available to be issued.

KVCAP is in the pre-development stages of an affordable housing project in Fairfield. As of the date of this report, the property has been purchased toward the development and LIHTC applications are being drafted.

KVCAP was informed on November 20, 2025 that a complaint has been filed with the Maine Human Rights Commission alleging wrongful termination. Counsel has been engaged to address this matter. No provision has been made for any liabilities that may arise from this matter since the amounts, if any, cannot be determined at this date.

The Organization is involved in an ongoing audit examination matter related to its FY 2023 programs conducted by the Maine Department of Health and Human Services. The matter is currently under appeal and has progressed to a scheduled administrative hearing. Management is actively pursuing resolution of the matter, including the possibility of settlement. At this time, the outcome of the matter cannot be determined, and the Organization is unable to reasonably estimate the amount of any potential loss, if any. Accordingly, no liability has been recorded in the accompanying financial statements.

Kennebec Valley Community Action Program and Subsidiaries

Notes to Consolidated Financial Statements

Note 20: Subsequent Events (Continued)

In 2023, the State of Maine issued a request for proposal (RFP) for the Non-Emergency Medical Transportation (NEMT) contracts, referred to as the Brokerage program. This program provides transportation services for individuals enrolled in the MaineCare program. Penquis, who KVCAP collaborates with to manage the administrative services as well as provide transportation services for the program, holds the current Brokerage contract for Region 4. As a result of the RFP, the State review team ultimately selected Modivcare to serve as broker for all regions of the State. Penquis filed for a stay and an appeal, alleging that the process was fundamentally flawed and unfair.

Penquis was informed on April 25, 2024 that the appeal was unsuccessful. Since the notification of the appeal decision, Penquis has pursued additional litigation. The State has issued two contract extensions since April 2024 extending the contract through June 2026. It is KVCAP's understanding that should this appeal be unsuccessful that Modivcare will take over as the broker for the NEMT contract with the next renewal. The change of brokers will change Transportation programming, as KVCAP's status will be that of provider only. The volume of services will likely decrease based upon Modivcare's business model and the administrative structure of the program could potentially be decreased due to the reduced volume of services. KVCAP has received confirmation from Modivcare regarding their intent to utilize KVCAP as a transportation provider. KVCAP is working on various plans in preparation if a change in broker occurs. This includes what the programmatic and financial impacts will be along with contingency options.

Supplementary Information

Consolidating Statement of Financial Position
September 30, 2025

	KVCAP	Cony Village, LLC	Eliminations	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 6,705,392	\$ 467,907	\$ -	\$ 7,173,299
Restricted cash	111,643	-	-	111,643
Accounts and grants receivable	2,086,137	-	-	2,086,137
Due (to)/from Cony Village	9,119	(9,119)	-	-
Current portion of promises to give	597,657	-	-	597,657
Current portion of loans receivable, net	-	-	-	-
Current portion of prepaid expenses	162,309	-	-	162,309
Inventory	1,591,678	481,512	-	2,073,190
Total current assets	11,263,935	940,300	-	12,204,235
Property and equipment:				
Land	98,842	-	-	98,842
Buildings and improvements	4,062,577	-	-	4,062,577
Equipment and fixtures	1,555,177	-	-	1,555,177
Vehicles	4,447,337	-	-	4,447,337
Total property and equipment	10,163,933	-	-	10,163,933
Less: Accumulated depreciation	(5,890,443)	-	-	(5,890,443)
Net property and equipment	4,273,490	-	-	4,273,490
Other assets:				
Investments	1,039,251	-	(970,300)	68,951
Operating lease right-of-use assets	189,805	-	-	189,805
Promises to give, net of current portion	196,183	-	-	196,183
Loans receivable, net of current portion	700,541	30,000	-	730,541
Prepaid expenses, net of current portion	19,520	-	-	19,520
Total other assets	2,145,300	30,000	(970,300)	1,205,000
Total assets	\$ 17,682,725	\$ 970,300	\$ (970,300)	\$ 17,682,725
LIABILITIES AND NET ASSETS				
Current liabilities:				
Current portion of operating lease obligations	84,685	-	-	84,685
Accounts payable	608,823	-	-	608,823
Accrued expenses	1,486,685	-	-	1,486,685
Deferred revenue	857,831	-	-	857,831
Amount due to others	890,382	-	-	890,382
Refundable advances	902,554	-	-	902,554
Total current liabilities	4,830,960	-	-	4,830,960
Non-current liabilities:				
Operating lease obligations, net of current portion	96,599	-	-	96,599
Total liabilities	4,927,559	-	-	4,927,559
Net assets:				
Without Donor Restrictions				
Undesignated	11,357,590	970,300	(970,300)	11,357,590
Board designated	631,238	-	-	631,238
Total net assets without donor restrictions	11,988,828	970,300	(970,300)	11,988,828
With Donor Restrictions	766,338	-	-	766,338
Total net assets	12,755,166	970,300	(970,300)	12,755,166
Total liabilities and net assets	\$ 17,682,725	\$ 970,300	\$ (970,300)	\$ 17,682,725

Consolidating Statement of Activities
 Year ended September 30, 2025

	KVCAP	Cony Village, LLC	Eliminations	Total
Revenues, gains, and other support:				
Grants	\$ 19,780,630	\$ 78,640	\$ -	\$ 19,859,270
Contracts	13,581,741	-	-	13,581,741
Program revenue	4,715,367	1,810,317		6,525,684
Other revenue	463,543	20,852	(292,776)	191,619
Contributed nonfinancial assets	1,735,933	-	-	1,735,933
Total revenues, gains, and other support	40,277,214	1,909,809	(292,776)	41,894,247
Expenses:				
Program services:				
Community services	16,665,274	-	-	16,665,274
Energy services	4,921,073	-	-	4,921,073
Child & family services	13,911,076	-	-	13,911,076
Agency services	993,842	-	-	993,842
Cony Village LLC	-	1,617,033	-	1,617,033
Total program expenses	36,491,265	1,617,033	-	38,108,298
Supporting services:				
Management & general	3,222,485	-	-	3,222,485
Fundraising	167,553	-	-	167,553
Total supporting services	3,390,038	-	-	3,390,038
Total expenses	39,881,303	1,617,033	-	41,498,336
Change in net assets	395,911	292,776	(292,776)	395,911
Net assets, beginning of year, as restated	12,359,255	677,524	(677,524)	12,359,255
Net assets, end of year	\$ 12,755,166	\$ 970,300	\$ (970,300)	\$ 12,755,166

Kennebec Valley Community Action Program

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2025

Federal Grantor/Pass-Through Grantor/Program Title	AL Number	Award Number	Award Term	Federal Expenditures
U.S. Department of Agriculture:				
Pass-through State Department of Education:				
Child & Adult Care Food Program	10.558	C144	10/01/24-09/30/25	240,384
Total U.S. Department of Agriculture				240,384
U.S. Department of Housing & Urban Development:				
Pass-through NeighborWorks America:				
Housing Counseling Assistance Program / HUD Home Ownership Ed & Counseling	14.169	HC240011016	10/01/24-09/30/25	30,800
Pass-through State Department of Economic & Community Development/City of Rockland, ME				
Community Development Block Grants/State's Program / Home Repair	14.228	None	04/01/23-06/30/25	36,378
Total U.S. Department of Housing & Urban Development				67,178
U.S. Department of Justice:				
Pass-through Alford Youth Center:				
Juvenile Mentoring Program / BGCA Teen Center OJP	16.726	2022-51391	01/01/24-12/31/24	7,446
Total U.S. Department of Justice				7,446
U.S. Department of Transportation:				
Pass-through State Department of Transportation:				
Formula Grants for Rural Areas / KV Transit	20.509	CSN 45316	07/01/23-06/30/25	92,115
Formula Grants for Rural Areas / KV Transit	20.509	CSN 46667	01/01/24-12/31/25	163,964
Formula Grants for Rural Areas / RTAP	20.509	CSN 47561	01/01/25-12/31/25	8,519
Subtotal AL #20.509				264,598
Transit Services Programs Cluster				
Pass-through State Department of Transportation:				
Mobility of Seniors & Individuals with Disabilities Formula Grant / Somerset Fuel Cards	20.513	CSN 45681	07/01/23-03/31/25	1,600
Federal Transit Cluster				
Pass-through State Department of Transportation:				
Bus and Bus Facilities / Shop Equipment	20.526	CSN 47311	07/01/24-12/31/25	148,519
Bus and Bus Facilities / Vehicle Purchase	20.526	CSN 44989	05/01/23-Open	175,147
Subtotal AL #20.526				323,666
Total U.S. Department of Transportation				589,864
U.S. Department of Treasury:				
Pass-through NeighborWorks America:				
COVID-19 - NeighborWorks America / Food Insecurity	21.000	PL 116-260 G-PRI-2021-62254	04/21/21-Open	1,012
NeighborWorks America / Comprehensive Community Development (2024)	21.000	PL 116-94 R-SUPINT-2020-58409	04/28/20-Open	18,000
NeighborWorks America / Expendable Grant (2024)	21.000	PL 116-260 G-CLI-2021-62830	05/03/21-Open	101
NeighborWorks America / Expendable Grant (2023)	21.000	PL 118-42 R-NWW-2024-74289	05/06/24-Open	555
NeighborWorks America / Comprehensive Community Development (2023)	21.000	PL 118-42 R-NEC-2024-73791	10/01/23-Open	1,110
NeighborWorks America / Training Grant (2024)	21.000	PL 118-42 R-NEC-2024-73791	10/01/23-Open	154,000
NeighborWorks America / Community Impact Measures (2024)	21.000	PL 117-328 R-NEC-2023-70048	10/01/22-Open	34,084
NeighborWorks America / DEIA Training	21.000	PL 117-328 R-NEC-2023-70048	10/01/22-Open	21,266
NeighborWorks America/ Expendable Grant (2025)	21.000	PL 118-42 R-SUPINT-2024-74094	10/01/23-Open	200
NeighborWorks America / Comprehensive Community Development (2025)	21.000	PL 118-42 R-SUPINT-2024-75607	10/01/23-Open	4,542
NeighborWorks America / NeighborWorks Week (2025)	21.000	PL 117-328 G-SUPEXT-2023-72001	08/07/23-Open	10,000
NeighborWorks America / Training Grant (2025)	21.000	PL 119-4 R-SUPIN-2025-77301	10/01/24-Open	44,759
NeighborWorks America / Capital Grant (2024)	21.000	PL 118-83 R-SUPINT-2025-76416	12/10/24-Open	1,848
Subtotal AL #21.000				291,477
Pass-through Internal Revenue Service/New Ventures Maine:				
Community Volunteer Income Tax Assistance Matching Grant (VITA)	21.009	None	10/01/24-09/30/25	9,631
Total U.S. Department of Treasury				301,108
U.S. Department of Energy:				
Pass-through Maine State Housing Authority:				
Weatherization Assistance for Low-Income Persons/SERC	81.042	None	04/01/24-03/31/25	107,167
Weatherization Assistance for Low-Income Persons/IUA	81.042	None	04/01/25-03/31/27	172,073
Weatherization Assistance for Low-Income Persons	81.042	None	04/01/24-03/31/25	376,350
Total U.S. Department of Energy				655,590
U.S. Department of Education:				
Pass-through Kennebec Valley Community College:				
Child Care Access Means Parents in Schools / KVCC CCAMPIS	84.335	P335A220145	10/01/24-09/30/25	117,629
Total U.S. Department of Education				117,629
U.S. Department of Health and Human Services:				
Pass-through Maine Children's Trust:				
Title IV-E Prevention Program / Maine Families - Families First	93.472	Sub CDO-23-4230A	10/01/24-09/30/26	262,436
Pass-through State Department of Health & Human Services:				
Temporary Assistance for Needy Families / State Head Start	93.558	ECE-26-1406A	07/01/25-06/30/26	16,471
Temporary Assistance for Needy Families / Whole Families	93.558	OFI-24-403	07/01/23-06/30/25	182,567
Temporary Assistance for Needy Families / Whole Families	93.558	OFI-26-403	07/01/25-06/30/26	47,724

Kennebec Valley Community Action Program

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2025

Federal Grantor/Pass-Through Grantor/Program Title	AL Number	Award Number	Award Term	Federal Expenditures
Pass-through Alford Youth & Community Center:				
Temporary Assistance for Needy Families / South End Teen Center	93.558	BGCEIOY-2023-24GW	10/01/24-09/30/25	19,150
Subtotal AL #93.558				265,912
Pass-through Maine State Housing Authority:				
Low-Income Home Energy Assistance / Fuel Assistance	93.568	None	07/01/24-06/30/25	1,068,421
Low-Income Home Energy Assistance / Fuel Assistance	93.568	None	07/01/25-06/30/26	253,904
Low-Income Home Energy Assistance / Weatherization & CHIP Program (2025)	93.568	None	10/01/24-09/30/26	287,147
Low-Income Home Energy Assistance / Weatherization & CHIP Program (2024)	93.568	None	10/01/23-09/30/25	255,818
Subtotal AL #93.568				1,865,290
Pass-through State Department of Health & Human Services:				
Community Services Block Grant	93.569	CFS-25-7004A	10/01/24-09/30/25	460,210
Pass-through State Department of Health & Human Services/Maine Children's Trust:				
Community-Based Child Abuse Prevention Grants / Front Porch - Somerset	93.590	None	01/01/24-06/30/25	2,838
Community-Based Child Abuse Prevention Grants / Front Porch - Kennebec	93.590	None	01/01/24-06/30/25	3,950
Community-Based Child Abuse Prevention Grants / Public Awareness - Somerset	93.590	None	04/01/24-12/31/24	4,125
Community-Based Child Abuse Prevention Grants / Public Awareness - Kennebec	93.590	None	04/01/24-12/31/24	4,030
Community-Based Child Abuse Prevention Grants / Parent & Community Support Services	93.590	None	07/01/24-09/30/25	71,015
Community-Based Child Abuse Prevention Grants / Parent & Community Engagement and Leadership - Somerset County	93.590	None	07/01/25-06/30/26	566
Community-Based Child Abuse Prevention Grants / Parent & Community Engagement and Leadership - Kennebec County	93.590	None	07/01/25-06/30/26	375
Subtotal AL #93.590				86,899
Direct Awards:				
Head Start Cluster:				
Head Start	93.600	01CH012851-01-00	09/01/24-08/31/25	6,478,574
Head Start	93.600	01CH012851-02-00	09/01/25-08/31/26	609,799
Subtotal AL #93.600				7,088,373
Pass-through Maine Community Action Partnership:				
Social Services Research & Demonstration / MECAP Whole Families	93.647	90XP0450-01-00	09/01/22-09/30/25	23,743
Pass-through State Department of Health & Human Services:				
Social Services Block Grant / KV Van Low-Income & Child Welfare	93.667	CFS-25-4014D	07/01/24-09/30/25	187,884
Pass-through State Department of Health & Human Services/Maine Children's Trust:				
Maternal, Infant, & Early Childhood Home Visiting Grant / Maine Families	93.870	Sub CDO-23-4230A	10/01/24-09/30/26	691,553
Total U.S. Department of Health & Human Services				10,932,300
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ 12,911,499

Kennebec Valley Community Action Program

Schedule of Expenditures of Federal Awards
Year Ended September 30, 2025

Notes to Schedule of Expenditures of Federal Awards

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Kennebec Valley Community Action Program, under programs of the federal government for the year ended September 30, 2025. 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 of Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Kennebec Valley Community Action Program, it is not intended to and does not present the financial position, changes in net assets or cash flows of Kennebec Valley Community Action Program.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Note 3 - Indirect Cost Rate

Kennebec Valley Community Action Program has not elected to use the de minimis indirect cost rate of up to 15-percent as allowed under the Uniform Guidance. Kennebec Valley Community Action Program has an indirect rate that has been approved by the U.S. Department of Health and Human Services (DHHS).

Note 4 - Subrecipients

Kennebec Valley Community Action Program does not have any subrecipients and accordingly has not incurred any subrecipient expenditures.

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*

Board of Directors
Kennebec Valley Community Action Program and Subsidiaries
Waterville, Maine

We have audited, in accordance with the auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of Kennebec Valley Community Action Program and Subsidiaries, which comprise the consolidated statement of financial position as of September 30, 2025, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated May 4, 2026. The financial statements of Cony Village, LLC and KVCAP Real Estate Development, Inc. were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with those entities.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Kennebec Valley Community Action Program’s internal control over financial reporting (“internal control”) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Kennebec Valley Community Action Program’s internal control. Accordingly, we do not express an opinion on the effectiveness of Kennebec Valley Community Action Program’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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2025-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Kennebec Valley Community Action Program's consolidated 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 consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Kennebec Valley Community Action Program's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Kennebec Valley Community Action Program's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Kennebec Valley Community Action Program's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 Kennebec Valley Community Action Program's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Kennebec Valley Community Action Program's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The logo for Wipfli LLP, featuring the name "Wipfli LLP" in a stylized, handwritten-style font.

Wipfli LLP

Madison, Wisconsin
May 4, 2026

Independent Auditor’s Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

Board of Directors
Kennebec Valley Community Action Program
Waterville, Maine

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Kennebec Valley Community Action Program’s compliance with the types of compliance requirements identified as subject to audit in the *U.S. Office of Management and Budget (OMB) Compliance Supplement*, that could have a direct and material effect on each of Kennebec Valley Community Action Program’s major federal programs for the year ended September 30, 2025. Kennebec Valley Community Action Program’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, Kennebec Valley Community Action Program complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Kennebec Valley Community Action Program and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Kennebec Valley Community Action Program’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Kennebec Valley Community Action Program's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Kennebec Valley Community Action Program's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Kennebec Valley Community Action Program's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Kennebec Valley Community Action Program's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Kennebec Valley Community Action Program's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Kennebec Valley Community Action Program's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Wipfli LLP

Wipfli LLP

Madison, Wisconsin

May 4, 2026

Kennebec Valley Community Action Program

Schedule of Findings and Questioned Costs
Year Ended September 30, 2025

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?	No
Significant deficiency(ies) identified?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over the major federal programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported

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

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance [2 CFR 200.516(a)]? No

Identification of major federal programs:

<u>Name of Major Federal Program or Cluster</u>	<u>AL No.</u>
Formula Grants for Rural Areas	20.509
Enhanced Mobility of Seniors and Individuals with Disabilities	20.526
Head Start Cluster	93.600
Maternal, Infant, and Early Childhood Home Visiting Grant Program	93.870

Dollar threshold used to distinguish between Type A and Type B programs: \$1,000,000

Auditee qualified as low-risk auditee? Yes

Kennebec Valley Community Action Program

Schedule of Findings and Questioned Costs
Year Ended September 30, 2025

Section II - Financial Statement Findings

Finding 2025-001: Internal Control Over Financial Reporting

Criteria or Specific Requirement: The auditee is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States (GAAP), including appropriate recognition and classification of expenses and related liabilities and correction of prior-period errors, when applicable.

Condition: During the audit of the year ended September 30, 2025, we noted that the September 30, 2024 financial statements required a prior period adjustment related to the Organizations' partially self-insured health plan activity. Specifically, certain amounts related to actual claims and related costs were recorded as prepaid expenses rather than health insurance expense, and a liability for claims incurred but not reported (IBNR) was not recorded at September 30, 2024 and September 30, 2023.

Effect: The consolidated financial statements required restatement. Accordingly, we consider this matter to represent a significant deficiency in internal control over financial reporting.

Cause: Based on discussions with management, amounts were recorded in prepaid expenses related to health plan activity due to an expectation that such amounts could be recovered in a later period. This resulted in amounts being recognized and/or classified in a manner that was not in accordance with GAAP, including the recognition of related period-end liabilities.

Repeat: No

Auditor's Recommendation: We recommend that management implement and document procedures to ensure that health plan activity is recognized and presented in accordance with GAAP, including (1) periodic review of claims detail and reports provided by the third-party administrator, (2) timely accrual of incurred but not reported (IBNR) claims at year-end, and (3) review of amounts recorded as prepaid expenses to confirm they meet the definition of an asset. We further recommend that management perform and document a review of significant estimates and related account classifications as part of the consolidated financial statement closing process.

Views of Responsible Officials: Management agrees with the finding and has developed a written corrective action plan.

Section III - Federal Award Findings and Questioned Costs

None

Kennebec Valley Community Action Program

Schedule of Findings and Questioned Costs
Year Ended September 30, 2025

Section IV - Summary Schedule of Prior Year Findings

Finding 2024-001: Internal Control Over Financial Reporting

Condition: During the audit of the September 30, 2024 financial statements, it was noted that a prior period adjustment was required to restate net assets as of October 1, 2022 and restate activity recorded for the year ended September 30, 2023 due to activity associated with the fundraising for the Building Better Beginnings Campaign.

Status: Partially resolved, see Finding 2025-001.