



Gateway Community Services Maine

FINANCIAL STATEMENTS

and

Government Reports in Accordance with the
*Government Auditing Standards, the Uniform Guidance, and Maine Uniform
Accounting and Auditing Practices for Community Agencies*

December 31, 2023 and 2022

With Independent Auditor's Report



GATEWAY COMMUNITY SERVICES MAINE

Financial Statements

December 31, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Gateway Community Services Maine

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Gateway Community Services Maine (the Organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles (U.S. GAAP).

Basis for Opinion

We conducted our audits in accordance with U.S. generally accepted auditing standards (U.S. GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with U.S. GAAS and *Government Auditing Standards*, we:

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards (Schedule 1), as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of Department agreements (Schedule 2), as required by *Maine Uniform Accounting and Auditing Practices for Community Agencies*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such supplementary information directly to underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with U.S. GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report, dated January 6, 2025, on our consideration of the Organization'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 the Organization'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 the Organization's internal control over financial reporting and compliance.

Berry Dunn McNeil & Parker, LLC

Bangor, Maine
January 6, 2025

GATEWAY COMMUNITY SERVICES MAINE

Statements of Financial Position

December 31, 2023 and 2022

ASSETS

	<u>2023</u>	<u>2022</u>
Current assets		
Cash	\$ 200,873	\$ 69,147
Grants receivable	261,023	291,919
Prepaid expenses	<u>-</u>	<u>3,103</u>
Total current assets	461,896	364,169
Right-of-use assets - operating	186,379	243,475
Capitalized software, net of accumulated amortization	<u>27,000</u>	<u>-</u>
Total assets	<u>\$ 675,275</u>	<u>\$ 607,644</u>

LIABILITIES AND NET ASSETS

Current liabilities		
Current portion of operating lease liabilities	\$ 66,000	\$ 66,000
Accounts payable	30,989	41,232
Accrued payroll	<u>46,726</u>	<u>61,539</u>
Total current liabilities	143,715	168,771
Operating lease liabilities, net of current portion	<u>120,379</u>	<u>177,475</u>
Total liabilities	<u>264,094</u>	<u>346,246</u>
Net assets		
Without donor restrictions	324,905	192,980
With donor restrictions	<u>86,276</u>	<u>68,418</u>
Total net assets	<u>411,181</u>	<u>261,398</u>
Total liabilities and net assets	<u>\$ 675,275</u>	<u>\$ 607,644</u>

The accompanying notes are an integral part of these financial statements.

GATEWAY COMMUNITY SERVICES MAINE

Statement of Activities

Year Ended December 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating revenues			
Grants – corporate	\$ 1,672	\$ 500	\$ 2,172
Grants – foundation	65,050	112,792	177,842
Grants – federal and state government	1,313,116	-	1,313,116
Donations – individuals	8,555	-	8,555
Rental income	21,209	-	21,209
Net assets released from restrictions	<u>95,434</u>	<u>(95,434)</u>	<u>-</u>
Total operating revenues	<u>1,505,036</u>	<u>17,858</u>	<u>1,522,894</u>
Operating expenses			
Program services	976,865	-	976,865
Management and general	<u>396,246</u>	<u>-</u>	<u>396,246</u>
Total operating expenses	<u>1,373,111</u>	<u>-</u>	<u>1,373,111</u>
Change in net assets	131,925	17,858	149,783
Net assets, beginning of year	<u>192,980</u>	<u>68,418</u>	<u>261,398</u>
Net assets, end of year	<u>\$ 324,905</u>	<u>\$ 86,276</u>	<u>\$ 411,181</u>

The accompanying notes are an integral part of these financial statements.

GATEWAY COMMUNITY SERVICES MAINE

Statement of Activities

Year Ended December 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating revenues			
Grants – corporate	\$ 17,966	\$ -	\$ 17,966
Grants – foundation	117,887	192,068	309,955
Grants – federal and state government	990,980	-	990,980
Donations – individuals	15,535	-	15,535
Donations – in kind	20,000	-	20,000
Net assets released from restrictions	<u>174,575</u>	<u>(174,575)</u>	<u>-</u>
Total operating revenues	<u>1,336,943</u>	<u>17,493</u>	<u>1,354,436</u>
Operating expenses			
Program services	1,041,129	-	1,041,129
Management and general	<u>274,332</u>	<u>-</u>	<u>274,332</u>
Total operating expenses	<u>1,315,461</u>	<u>-</u>	<u>1,315,461</u>
Change in net assets	21,482	17,493	38,975
Net assets, beginning of year	<u>171,498</u>	<u>50,925</u>	<u>222,423</u>
Net assets, end of year	<u>\$ 192,980</u>	<u>\$ 68,418</u>	<u>\$ 261,398</u>

The accompanying notes are an integral part of these financial statements.

GATEWAY COMMUNITY SERVICES MAINE

Statement of Functional Expenses

Year Ended December 31, 2023

	<u>Program Services</u>	<u>Management and General</u>	<u>Total Expenses</u>
Expenses			
Salaries and benefits	\$ 791,210	\$ 176,721	\$ 967,931
Payroll taxes	63,227	13,183	76,410
Insurance	-	791	791
Food	12,057	4,580	16,637
Office supplies	9,036	9,825	18,861
Professional fees	57,978	24,847	82,825
Technology	3,240	70,326	73,566
Occupancy	8,228	67,032	75,260
Training	10,024	4,199	14,223
Transportation	9,737	216	9,953
Other	<u>12,128</u>	<u>24,526</u>	<u>36,654</u>
Total expenses	<u>\$ 976,865</u>	<u>\$ 396,246</u>	<u>\$ 1,373,111</u>

The accompanying notes are an integral part of these financial statements.

GATEWAY COMMUNITY SERVICES MAINE

Statement of Functional Expenses

Year Ended December 31, 2022

	<u>Program Services</u>	<u>Management and General</u>	<u>Total Expenses</u>
Expenses			
Salaries and benefits	\$ 731,754	\$ 156,319	\$ 888,073
Payroll taxes	60,149	10,914	71,063
Insurance	-	1,604	1,604
Food	27,365	3,559	30,924
Office supplies	-	6,000	6,000
Professional fees	20,173	26,623	46,796
Technology	1,555	9,203	10,758
Program supplies	17,311	-	17,311
Program expenses – stipends	148,368	-	148,368
Occupancy	13,784	18,000	31,784
Subgrantee expense	4,558	-	4,558
Training	650	4,002	4,652
Transportation	2,928	87	3,015
Other	<u>12,534</u>	<u>38,021</u>	<u>50,555</u>
Total expenses	<u>\$ 1,041,129</u>	<u>\$ 274,332</u>	<u>\$ 1,315,461</u>

The accompanying notes are an integral part of these financial statements.

GATEWAY COMMUNITY SERVICES MAINE

Statements of Cash Flows

Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Change in net assets	\$ 149,783	\$ 38,975
Adjustments to reconcile net assets to net cash flows provided (used) by operating activities		
Changes in operating assets and liabilities		
Grants receivable	30,896	(97,878)
Prepaid expenses	3,103	5,306
Accounts payable	(10,243)	25,821
Accrued payroll	<u>(14,813)</u>	<u>17,877</u>
Net cash flows provided (used) by operating activities	<u>158,726</u>	<u>(9,899)</u>
Cash flows from investing activities		
Purchase of software	<u>(27,000)</u>	-
Net increase (decrease) in cash	131,726	(9,899)
Cash, beginning of year	<u>69,147</u>	<u>79,046</u>
Cash, end of year	<u>\$ 200,873</u>	<u>\$ 69,147</u>

The accompanying notes are an integral part of these financial statements.

GATEWAY COMMUNITY SERVICES MAINE

Notes to Financial Statements

December 31, 2023 and 2022

1. Organization and Summary of Significant Accounting Policies

Organization

Gateway Community Services Maine (the Organization) was founded in 2016. The Organization was formed to address additional needs of community members who did not qualify for services at Gateway Community Services, LLC, our affiliated for-profit agency, due to MaineCare restrictions. Focused on immigrant, refugee, asylee and asylum seeker communities in Maine, the Organization aims to help future leaders thrive and connect to communities, making Maine an inclusive home for every resident. Part of this work includes civic education, a holistic approach to community wellness in and beyond the COVID-19 pandemic, and a holistic pathway to higher education and expanded job opportunities.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting.

Resources are reported, for accounting purposes, in separate classes of net assets based on the existence or absence of donor-imposed restrictions. In the accompanying financial statements, net assets that have similar characteristics have been combined into categories as follows:

Net assets without donor restrictions - Net assets that are not subject to donor imposed restrictions. Net assets without donor restrictions consist of assets and contributions available for the support of operations. These net assets may be designated for specific purposes by management or the Board of Directors.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by passage of time. Other donor-imposed stipulations are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. At December 31, 2023 and 2022, the Organization did not have any net assets with donor restrictions to be maintained in perpetuity.

Cash

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally-insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant risk with respect to these accounts.

Use of Estimates

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

GATEWAY COMMUNITY SERVICES MAINE

Notes to Financial Statements

December 31, 2023 and 2022

Income Taxes

The Organization is organized and operated exclusively for charitable and educational purposes. Income related to its charitable purpose is exempt from federal and state income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. Any unrelated business income is taxable according to applicable Internal Revenue Code sections. The Organization is subject to federal and state examinations by taxing authorities generally for the three years after the filing of a return.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Staff time has been allocated based on estimates of time and effort, and other management and general expenses have been allocated based on agreed upon indirect rates.

Revenue Recognition and Concentrations

Contributions, including unconditional promises to give, are recorded when made. All contributions are available for use without donor restrictions unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using a risk free rate of return. All other donor-restricted support is reported as an increase in net assets with restrictions. When a restriction expires, (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with restrictions are reclassified to net assets without restrictions and reported in the statements of activities as net assets released from restrictions.

The Organization's revenue is recognized primarily from grants generally structured as reimbursed contracts for services, and therefore revenue is recognized based on when their individual allowable budgeted expenditures occur. The Organization received approximately 86% and 73% of its revenue from federal and state grant agreements during the years ended December 31, 2023 and 2022, respectively. It is possible that in the future these programs could cease, which would cause a severe impact on the Organization's operations. The Organization does not expect that the revenue from these governmental agencies will be lost in the near term.

Right-of-Use Assets and Lease Liabilities

The Organization determines if an arrangement is a lease or contains a lease at inception of a contract. In evaluating its contracts, the Organization separately identifies lease and non-lease components, such as common area and other maintenance costs, in calculating the right-of-use (ROU) assets and lease liabilities.

GATEWAY COMMUNITY SERVICES MAINE

Notes to Financial Statements

December 31, 2023 and 2022

Leases result in the recognition of ROU assets and lease liabilities. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. At lease inception, the lease liability is measured at the present value of the lease payments over the lease term, typically calculated using the Organization's incremental borrowing rate. The Organization determines lease classification as operating or finance at the lease commencement date.

Recently Adopted Accounting Pronouncement

Effective July 1, 2023, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, and related guidance as amended, which modifies the measurement of expected claims and credit losses on certain financial instruments. FASB ASU 2016-13 requires measurement and recognition of expected versus incurred losses for financial assets held. The adoption of this ASU did not have a material impact on the Organization's financial statements.

Subsequent Events

Management has evaluated subsequent events through January 6, 2025, the date the financial statements were available to be issued, and determined that any subsequent events that would require recognition or disclosure have been considered in the preparation of the financial statements.

2. Liquidity and Availability of Financial Assets

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments.

The following financial assets are expected to be available within one year of the statements of financial position date to meet general expenditure as of December 31:

	<u>2023</u>	<u>2022</u>
Cash	\$ 200,873	\$ 69,147
Grants receivable	<u>261,023</u>	<u>291,919</u>
	461,896	361,066
Less: donor restricted cash	<u>(86,276)</u>	<u>(68,418)</u>
	<u>\$ 375,620</u>	<u>\$ 292,648</u>

GATEWAY COMMUNITY SERVICES MAINE

Notes to Financial Statements

December 31, 2023 and 2022

3. Commitments and Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the State of Maine Department of Health and Human Services. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Organization expects such amounts, if any, to be immaterial.

4. Contributed Nonfinancial Services

During 2022, the Organization recorded the fair value of contributed services in the amount of \$20,000. These services are contributed time on behalf of staff, without which the Organization would have to pay for this time. The staff time is valued based on fair value of the services in the United States market. There were no such contributed services in 2023.

5. Net Assets with Donor Restrictions

Net assets with donor restrictions are comprised of the following at December 31:

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specified purpose:		
Leadership	\$ 17,129	15,245
Welness	5,034	13,431
Community	10,381	23,486
Other	<u>53,732</u>	<u>16,256</u>
Total net assets with donor restrictions	\$ <u>86,276</u>	\$ <u>68,418</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specified purpose	\$ <u>95,434</u>	\$ <u>174,575</u>
Net assets released from restrictions	\$ <u>95,434</u>	\$ <u>174,575</u>

GATEWAY COMMUNITY SERVICES MAINE

Notes to Financial Statements

December 31, 2023 and 2022

6. Operating Leases

The Organization leases office space under two noncancelable operating leases expiring in 2026. The monthly lease payments range from \$1,000 to \$4,000 per month through the end of the lease terms. The following table presents the right-of-use asset and lease liability as of December 31:

	<u>2023</u>	<u>2022</u>
Assets		
Right-of-use - operating	\$ <u>186,379</u>	\$ <u>243,475</u>
Liabilities		
Current portion of operating lease liabilities	\$ 66,000	\$ 66,000
Operating lease liabilities, net of current portion	<u>120,379</u>	<u>177,475</u>
	<u>\$ 186,379</u>	<u>\$ 243,475</u>
Weighted-average discount rate	4.2 %	4.2 %
Weighted-average remaining lease term	3 years	4 years

Expense under the operating lease was \$66,000 and \$18,000 for the years ended December 31, 2023 and 2022, respectively, which approximated the cash paid on the leases, and is included in occupancy expense in the statements of functional expenses.

The maturity analysis of the annual undiscounted cash flows reconciled to the carrying value of the operating lease liabilities are as follows for the years ending December 31:

2024		\$ 66,000
2025		66,000
2026		<u>66,000</u>
		198,000
Less present value discount		<u>(11,621)</u>
		<u>\$ 186,379</u>

7. Related Party Transactions

The Organization is related to Gateway Community Services, LLC (LLC), a for-profit organization whose member is the Executive Director of the Organization. The Organization leases its office space from the LLC (see Note 6). Additionally, the Organization reimbursed the LLC for its share of health insurance premiums paid for by the LLC, totaling approximately \$28,000 and \$35,000 for the years ended December 31, 2023 and 2022, respectively. There are no amounts due to the LLC as of December 31, 2023 and 2022.

SUPPLEMENTARY INFORMATION

GATEWAY COMMUNITY SERVICES MAINE
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2023

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal AL Number</u>	<u>Pass-Through Grantor/Agreement Number</u>	<u>Federal Expenditure</u>
National Aeronautics & Space Administration (NASA)			
Science (Passed-through Gulf of Maine Research Institute)	43.001	30-NASARS-21-GCS	\$ <u>83,490</u>
Total NASA			<u>83,490</u>
U.S. Department of Health and Human Services (DHHS)			
Immunication Cooperative Agreements (Passed-through Maine Department of Health and Human Services (Maine DHHS))	93.268	CDM-23-1531	121,431
Demonstration Grants to States for Community Scholarship (Passed-through Maine DHHS)	93.931	CDM-23-1503	308,857
Demonstration Grants to States for Community Scholarship (Passed-through Maine DHHS)	93.931	CDM-23-1531	<u>123,131</u>
Total AL 93.931			431,988
Community Health Workers for Public Health Response and Resilient (Passed-through Maine DHHS)	93.495	CDM-23-4572	103,696
Community Youth Coalition	93.XXX	CD0-22-4454	33,687
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	N/A	<u>107,454</u>
Total DHHS			<u>798,256</u>
Total expenditures of federal awards			\$ <u>881,746</u>

GATEWAY COMMUNITY SERVICES MAINE

Notes to Schedule of Expenditures of Federal Awards

Year Ended December 31, 2023

1. **Basis of Presentation**

The Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of Gateway Community Services Maine (the Organization) and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.

2. **Summary of Significant Accounting Policies for Federal Awards**

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.

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

GATEWAY COMMUNITY SERVICES MAINE
Schedule of Expenditures of Department Agreements
Year Ended December 31, 2023

<u>Department Office DHHS:</u>	<u>Agreement #</u>	<u>Agreement Amount</u>	<u>Agreement Period</u>	<u>Agreement Service</u>	<u>Agreement Status</u>	<u>Federal Expenses</u>	<u>State Expenses</u>	<u>Total</u>
Direct								
Maine OAMHS	CD0-22-4454	\$ 71,945	05/01/2022 - 04/30/2023	Community Youth Coalition	Final	\$ 33,687	\$ -	\$ 33,687
Maine OAMHS	* MH4-23-106	351,563	01/01/2023 - 03/31/2024	Strengthen ME	Interim	-	240,081	240,081
Maine OAMHS	* CDM-23-1503	500,000	10/01/2022 - 05/31/2024	OPHE - Health Equity	Interim	308,857	-	308,857
Maine OAMHS	* CDM-23-1531	189,000	01/01/2023 - 12/31/2024	OPHE - Health Community	Interim	123,131	-	123,131
Maine OAMHS	* CDM-23-1531	174,000	01/01/2023 - 12/31/2024	OPHE - Vaccine Equity	Interim	121,431	-	121,431
Maine OAMHS	* CDM-23-4572	91,996	12/01/2022 - 11/30/2023	Community Health Workers	Final	91,996	-	91,996
Maine OAMHS	* CDM-23-4572	73,060	12/01/2022 - 08/31/2024	Community Health Workers	Interim	11,700	-	11,700
Subtotal (Direct)						690,802	240,081	930,883
Passed-through								
Catholic Charities Maine	2202MERSS	25,000	10/01/2022 - 09/30/2023	Youth Promotion Grant - Year 3	Final	15,816	-	15,816
Catholic Charities Maine	2302MERSS	50,000	10/01/2022 - 09/30/2023	Refugee Health Promotion - Year 3	Final	34,588	-	34,588
Catholic Charities Maine	2302MERSS	50,000	06/01/2022 - 09/30/2023	Afghan Youth Promotion Grant	Final	45,003	-	45,003
Catholic Charities Maine	2402MERSS	133,145	10/01/2023 - 09/30/2024	Refugee Health Promotion - Year 4	Interim	12,047	-	12,047
Subtotal (Passed-through)						107,454	-	107,454
Total						\$ 798,256	\$ 240,081	\$ 1,038,337

* Department agreement tested as major

The accompanying notes are an integral part of this schedule.

GATEWAY COMMUNITY SERVICES MAINE

Notes to Schedule of Expenditures of Department Agreements

Year Ended December 31, 2023

1. Basis of Presentation

The accompanying schedule of expenditures of Department agreements (the Schedule) includes the Department agreement activity of Gateway Community Services Maine (the Organization) under awards from the State of Maine Department of Health and Human Services (Department) for the year ended December 31, 2023. The information in the Schedule is presented in accordance with the requirements of the *Maine Uniform Accounting and Auditing Practices for Community Agencies* (MAAP). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

2. Summary of Significant Accounting Policies for Department Agreement Expenditures

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in MAAP, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Other Required Disclosures

Is the Organization required to have a federal Uniform Guidance audit? X yes ___ no

Percentage of major Department agreements tested in relation to total Department expenses: 86%



**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
Gateway Community Services Maine

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Gateway Community Services Maine (the Organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 6, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs related to federal awards as item 2023-001, that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

The Organization's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs related to federal awards. The Organization'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 the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Berry Dunn McNeil & Parker, LLC

Bangor, Maine
January 6, 2025



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

Board of Directors
Gateway Community Services Maine

Report on Compliance for the Major Federal Program

Opinion on Each Major Federal Program

We have audited Gateway Community Services Maine's (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Organization's major federal programs for the year ended December 31, 2023. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs related to federal awards.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each major federal program for the year ended December 31, 2023.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards (U.S. GAAS); 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 the Organization 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 the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements previously 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 the Organization'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 the Organization'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 U.S. GAAS, *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 the Organization's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with U.S. GAAS, *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 the Organization'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 the Organization'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 the Organization'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 compliance requirement of a major 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 compliance requirement of 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 compliance requirement of a major 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.

Board of Directors
Gateway Community Services Maine

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section 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 controls 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.

Berry Dunn McNeil & Parker, LLC

Bangor, Maine
January 6, 2025

GATEWAY COMMUNITY SERVICES MAINE

Schedule of Findings and Questioned Costs Related to Federal Awards

Year Ended December 31, 2023

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes None reported
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified: Yes No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes 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 Section 2 CFR 200.516(a)? Yes No

Identification of major programs:

<u>AL Number</u>	<u>Name of Federal Program or Cluster</u>
93.268	Immunization Cooperative Agreements
93.931	Demonstration Grants to States for Community Scholarship

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

GATEWAY COMMUNITY SERVICES MAINE

Schedule of Findings and Questioned Costs Related to Federal Awards (Concluded)

Year Ended December 31, 2023

Section II. Financial Statement Findings

Finding 2023-001

Criteria

Management is responsible for the design, implementation, and maintenance of effective internal control to reduce to a relatively low risk that material misstatements, caused by fraud or error, may occur and not be prevented, or detected and corrected, on a timely basis by employees in the normal course of performing their assigned functions.

Condition and Context

There were two significant adjustments made as part of the audit in order to present the financial statements in accordance with U.S. generally accepted accounting principles (U.S. GAAP).

Cause

The Organization has been going through significant turnover within its finance department for the past several years. While many of the account reconciliations and other review processes have been formalized, there was not a final review of the trial balance to ensure all proper accruals were recognized. This resulted in an adjustments to the accrued paid time off liability. Additionally, the Organization entered into a software agreement during the year and was not aware a portion of those costs should be capitalized. As a result, there was an adjustment to capitalize certain expenses relative to that contract.

Effect

The financial statements required audit adjustment,

Recommendation

We recommend management perform a thorough review of the trial balance and reconciliations at the end of the fiscal year to ensure all proper accruals are included. We also recommend management consult with its auditors when entering into new and significant contracts, if additional guidance could benefit proper accounting in line with U.S. GAAP.

Management's Response

Management agrees with this finding. See Corrective Action Plan.

Section III. Federal Award Findings

None noted.



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

Board of Directors
Gateway Community Services Maine

Report on Compliance for Each Major Department Agreement

Opinion

We have audited Gateway Community Services Maine's (the Organization) compliance with the types of compliance requirements identified as subject to audit in the *Maine Uniform Accounting and Auditing Practices for Community Agencies* (MAAP), and with the requirements identified in the Contract Compliance Riders of the Organization's agreements with the Maine Department of Health and Human Services (the Department) that could have a direct and material effect on each of the Organization's major Department agreements for the year ended December 31, 2023. The Organization's major Department agreements are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs related to Department agreements.

In our opinion, the Organization 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 Department agreements for the year ended December 31, 2023.

Basis for Opinion on Each Major Department Agreement

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards (U.S. GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*; and MAAP. Our responsibilities under those standards and MAAP are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization 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 Department agreement. Our audit does not provide a legal determination of the Organization'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 the Organization's Department agreements.

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 the Organization'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 U.S. GAAS, *Government Auditing Standards*, and MAAP 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 the Organization's compliance with the requirements of each of its major Department agreements as a whole.

In performing an audit in accordance with U.S. GAAS, *Government Auditing Standards*, and MAAP, 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 the Organization'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 the Organization'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 MAAP, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 Department agreement 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 Department agreement 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 Department agreement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Board of Directors
Gateway Community Services Maine

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 MAAP. Accordingly, this report is not suitable for any other purpose.

Berry Dunn McNeil & Parker, LLC

Bangor, Maine
January 6, 2025

GATEWAY COMMUNITY SERVICES MAINE

Schedule of Findings and Questioned Costs Related to Department Agreements

Year Ended December 31, 2023

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? [checked] Yes [] No

Significant deficiency(ies) identified that are not considered to be material weakness(es)? [] Yes [checked] None reported

Noncompliance material to financial statements noted? [] Yes [checked] No

State Department Agreements

Internal control over major Department agreements:

Material weakness(es) identified: [] Yes [checked] No

Significant deficiency(ies) identified that are not considered to be material weakness(es)? [] Yes [checked] None reported

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

Any audit findings disclosed that are required to be reported in accordance with Maine Uniform Accounting and Auditing Practices for Community Agencies regulations? [] Yes [checked] No

Identification of major Department agreements tested:

Agreement Number

Agreement Service

MH4-23-106

Strengthen ME

CDM-23-1503

OPHE – Health Equity

CDM-23-1531

OPHE - Health Community/Vaccine Equity

CDM-23-4572

Community Health Workers

Section II. Financial Statement Findings

See Finding 2023-001 in the Schedule of Findings and Questioned Costs Related to Federal Awards.

Section III. Department Agreement Findings and Questioned Costs

None noted.

GATEWAY COMMUNITY SERVICES MAINE

Summary Schedule of Prior Audit Findings Related to Department Agreements

Year Ended December 31, 2023

Section IV. Status of Prior Year Findings Reported under Government Auditing Standards:

Finding 2022-001

Condition and Context

The initial trial balance used to prepare the financial statements was incorrect, resulting in material adjustments. Additionally, there was a significant audit adjustment made subsequent to receiving the updated trial balance to present the financial statements in accordance with U.S. generally accepted accounting principles. This adjustment was made to adopt the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 842, *Leases*.

Recommendation

We recommended management review its internal policies regarding reconciliations of significant accounts. Significant and material accounts should be reconciled on a regular basis (i.e., monthly or quarterly). These reconciliations should be reviewed by an individual that is independent of the transactions recorded within the accounts. Additionally, we recommended management attend trainings on at least an annual basis to be made aware of significant accounting policies and changes that may impact the Organization in a future period.

Status

Partially Resolved. See Finding 2023-001 in the Schedule of Findings and Questioned Costs Related to Federal Awards.

Section V. Status of Prior Year Findings Related to Department Agreements:

Finding 2022-002

Department Agreements Affected

MH4-22-106C – Strengthen ME; COM-21-5719D – Vaccine Supports

Condition and Context

Of the five reports that were tested as part of the audit, four were submitted after the required deadline.

Recommendation

We recommended management implement the recommendations in the Section IV of this report. Additionally, we recommended management implement checklists related to its Department agreements. These checklists should summarize significant reporting requirements as required by the agreements to help assist the finance department in reporting in a timely manner

Status

Resolved.

GATEWAY COMMUNITY SERVICES MAINE

Summary Schedule of Prior Audit Findings Related to Department Agreements (Concluded)

Year Ended December 31, 2023

Finding 2022-003

Department Agreement Affected

COM-21-5719D – Vaccine Supports

Condition and Context

Testing identified one selection made for payroll testing that did not have documentation in their Human Resources file to support their rate of pay.

Recommendation

We recommended management revisit its current records retention policy and apply any updates if it appears stale. Additionally, we recommended management train all applicable department heads regarding the current policy and its importance to the Organization.

Status

Resolved.

Finding 2022-004

Department Agreement Affected

MH4-22-106C – Strengthen ME

Condition and Context

The testing during the year ended December 31, 2021 identified expenditures that lacked proper approval, did not have documentation to support the costs, or were costs that should have been allocated to program expense that were not. These issues were not resolved during the year ended December 31, 2022, for which a total expense of \$13,680 was impacted.

Recommendation

The Organization should implement an adequate internal control structure to prevent noncompliance, and proper training on grant compliance should also be implemented.

Status

Resolved.



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Finding 2023-001 Corrective Action Plan

As part of end of fiscal year closing, the Finance Manager (Joelle Rutembesa) and the Accountant (Kryston Lemay) will be performing a thorough review of the trial balance and reconciliation to ensure all proper accruals are included.

We will consult with the auditors (BerryDunn) when entering into new and significant contracts to ensure appropriate recording and proper accounting in line with US GAAP

Responsible Party: Samantha Hanson-Rolt: (207) 536-1590

Estimated Completion Date: December 31, 2024