FINANCIAL STATEMENTS

June 30, 2020

With Independent Auditor's Report

and

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

THE OPPORTUNITY ALLIANCE AND AFFILIATE

June 30, 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Opportunity Alliance and Affiliate

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of The Opportunity Alliance and Affiliate, which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Board of Directors
The Opportunity Alliance and Affiliate

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Opportunity Alliance and Affiliate as of June 30, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the Organization adopted Financial Accounting Standards Board Accounting Standards Update No. 2016-18, *Restricted Cash,* during the year ended June 30, 2020. Our opinion is not modified with respect to this matter.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating information is presented for purposes of additional analysis, rather than to present the financial position and results of operations of the individual entities, and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and schedule of expenditures of Department agreements, as required by the *Maine Uniform Accounting and Auditing Practices for Community Agencies*, are presented for purposes of additional analysis and are not required parts 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 U.S. generally accepted auditing standards. 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 October 28, 2020 on our consideration of The Opportunity Alliance and Affiliate's internal control over financial reporting and on our tests of their 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 Opportunity Alliance and Affiliate'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 Opportunity Alliance and Affiliate's internal control over financial reporting and compliance.

Berry Dunn McNeil & Parker, LLC

Portland, Maine
October 28, 2020

THE OPPORTUNITY ALLIANCE AND AFFILIATE

Consolidated Statements of Financial Position

June 30, 2020 and 2019

ASSETS

	2020	2019
Current assets		
Cash and cash equivalents	**$ 4,566,635**	$ 56,962
Accounts receivable, net of estimated allowance for doubtful accounts of $27,000 and $7,500 in 2020 and 2019, respectively	**1,200,631**	578,724
Grants receivable	**1,828,775**	1,934,929
Prepaid expenses and supplies	**235,768**	126,493
Assets whose use is limited, required for current liabilities	**220,709**	213,877
Total current assets	**8,052,518**	2,910,985
Property and equipment		
Land	**943,691**	1,014,971
Building and building improvements	**13,037,398**	13,455,532
Equipment	**2,808,671**	2,382,174
Vehicles	**284,441**	292,441
Construction in progress	**-**	31,255
	17,074,201	17,176,373
Less accumulated depreciation	**8,231,038**	7,886,040
Net property and equipment	**8,843,163**	9,290,333
Other assets		
Notes receivable	**504**	1,379
Assets whose use is limited, net of amount required for current liabilities	**1,971,860**	869,298
Investments	**1,547,216**	2,043,153
Total other assets	**3,519,580**	2,913,830
Total assets	**$ 20,415,261**	$ 15,115,148

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

LIABILITIES AND NET ASSETS

	2020	2019
Current liabilities		
Current portion of long-term debt	**$ 274,911**	$ 260,903
Current portion of capital leases payable	**139,676**	114,769
Accounts payable and accrued expenses	**670,515**	819,510
Line of credit	**-**	131,780
Current portion of third-party settlements	**915,086**	372,756
Due to State of Maine	**5,922**	5,972
Deferred revenue	**734,062**	349,869
Accrued payroll and related liabilities	**2,003,040**	1,531,415
Security deposits and other liabilities	**5,846**	5,568
Refundable advance	**4,119,600**	-
Total current liabilities	**8,868,658**	3,592,542
Long-term liabilities, net of current portion		
Long-term debt, net of premium on bonds and unamortized debt issuance costs	**5,257,779**	5,883,987
Capital leases payable	**171,622**	221,207
Third-party settlements	**-**	24,994
Deferred revenue	**31,750**	31,749
Total long-term liabilities	**5,461,151**	6,161,937
Total liabilities	**14,329,809**	9,754,479
Net assets		
Without donor restrictions	**4,701,699**	4,251,388
With donor restrictions	**1,383,753**	1,109,281
Total net assets	**6,085,452**	5,360,669
Total liabilities and net assets	**$20,415,261**	$ 15,115,148

THE OPPORTUNITY ALLIANCE AND AFFILIATE

Consolidated Statements of Activities

Years Ended June 30, 2020 and 2019

	2020	2019
Changes in net assets without donor restrictions		
Support and revenue		
MaineCare and Medicare	**$ 12,765,154**	$ 10,263,883
Adjustments to prior year third party settlements	**(6,470)**	(28,754)
Grants from government agencies	**16,532,533**	15,277,825
Grants from United Way	**404,678**	435,089
Other grant revenue	**1,061,978**	1,012,667
Maine Department of Health and Human Services (DHHS) room and board	**-**	12,742
Private revenue - fee-for-service	**317,970**	426,321
Contributions	**284,078**	179,147
In-kind donations	**256,902**	391,005
Miscellaneous	**199,792**	97,866
Investment income	**95,863**	201,711
Rental income	**380,023**	269,745
Total support and revenue before net assets released from restrictions	**32,292,501**	28,539,247
Net assets released from restrictions		
Satisfaction of time and purpose restrictions	**984,034**	1,008,246
Total support and revenue	**33,276,535**	29,547,493
Expenses		
Program services	**29,566,079**	26,130,046
Supporting services		
Administrative	**2,945,301**	2,864,247
Fundraising	**372,013**	373,103
Total expenses	**32,883,393**	29,367,396
Increase in net assets without donor restrictions before other changes	**393,142**	180,097
Other changes		
Gain on sale of property and equipment	**57,170**	364,542
Increase in net assets without donor restrictions	**450,312**	544,639
Changes in net assets with donor restrictions		
Contributions	**1,258,505**	1,261,429
Net assets released from restrictions	**(984,034)**	(1,008,246)
Increase in net assets with donor restrictions	**274,471**	253,183
Change in net assets	**724,783**	797,822
Net assets at beginning of year	**5,360,669**	4,562,847
Net assets at end of year	**$ 6,085,452**	$ 5,360,669

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

THE OPPORTUNITY ALLIANCE AND AFFILIATE

Consolidated Statements of Functional Expenses

Years Ended June 30, 2020 and 2019

	2020						2019					
	Program Services			Supporting Services			Program Services			Supporting Services		
	The Opportunity Alliance	Ingraham Housing Corp.	Total Program	Administrative	Fundraising	**Total**	The Opportunity Alliance	Ingraham Housing Corp.	Total Program	Administrative	Fundraising	Total
Salaries	$ 16,240,484	$ -	$ 16,240,484	$2,025,195	$ 187,818	**$ 18,453,497**	$ 14,062,007	$ -	$ 14,062,007	$ 1,812,010	$ 146,665	$ 16,020,682
Payroll taxes and benefits	4,441,816	-	4,441,816	478,970	45,476	**4,966,262**	3,982,856	-	3,982,856	470,596	37,654	4,491,106
Consultants/professional services	842,168	12,392	854,560	132,740	12,761	**1,000,061**	916,622	3,631	920,253	274,117	25,137	1,219,507
Client support	1,110,789	-	1,110,789	53	48,232	**1,159,074**	1,143,541	-	1,143,541	191	24,560	1,168,292
Purchased services	950,830	-	950,830	-	-	**950,830**	980,605	-	980,605	-	-	980,605
Volunteer	460,952	-	460,952	-	-	**460,952**	451,613	-	451,613	-	-	451,613
Home repair and heating	561,816	-	561,816	-	-	**561,816**	12,433	-	12,433	-	-	12,433
Equipment and vehicle	69,711	-	69,711	5,951	-	**75,662**	80,753	-	80,753	3,431	1,685	85,869
Supplies and janitorial	691,487	-	691,487	22,967	6,980	**721,434**	642,728	-	642,728	13,929	27,651	684,308
Insurance	176,408	1,159	177,567	15,455	1,027	**194,049**	165,963	-	165,963	17,710	1,106	184,779
Rent	474,004	-	474,004	1,436	-	**475,440**	352,640	-	352,640	30,684	6,827	390,151
Utilities	517,785	84	517,869	4,930	3	**522,802**	487,002	-	487,002	5,751	3	492,756
Maintenance	835,886	300	836,186	588	10,752	**847,526**	739,986	-	739,986	6,679	-	746,665
Travel	206,837	-	206,837	11,720	22	**218,579**	288,012	-	288,012	9,965	2	297,979
Staff development	105,418	-	105,418	53,674	993	**160,085**	114,068	-	114,068	36,907	1,006	151,981
Taxes	524,681	2,810	527,491	-	-	**527,491**	345,599	-	345,599	-	-	345,599
In-kind	234,324	-	234,324	-	41,442	**275,766**	336,542	-	336,542	-	69,494	406,036
Miscellaneous	235,167	887	236,054	147,352	16,507	**399,913**	259,337	-	259,337	123,961	31,313	414,611
Depreciation	464,126	115,143	579,269	2,550	-	**581,819**	451,354	81,067	532,421	3,622	-	536,043
Interest expense	166,288	122,327	288,615	41,720	-	**330,335**	173,821	57,866	231,687	54,694	-	286,381
Total expenses	**$ 29,310,977**	**$ 255,102**	**$ 29,566,079**	**$2,945,301**	**$ 372,013**	**$ 32,883,393**	$ 25,987,482	$ 142,564	$ 26,130,046	$ 2,864,247	$ 373,103	$ 29,367,396

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

THE OPPORTUNITY ALLIANCE AND AFFILIATE

Consolidated Statements of Cash Flows

Years Ended June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities		
Change in net assets	**$ 724,783**	$ 797,822
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	**584,950**	539,174
Gain on sale of property and equipment	**(57,170)**	(364,542)
Realized and unrealized gains on investments	**(67,570)**	(193,142)
Bad debt expense	**14,933**	37,983
Decrease (increase) in		
Accounts receivable	**(636,839)**	476,335
Grants receivable	**106,154**	137,922
Prepaid expenses and supplies	**(109,275)**	46,407
Pledges receivable	**-**	35,847
Increase (decrease) in		
Accounts payable and accrued expenses	**(148,995)**	131,525
Third party settlements	**517,336**	(260,240)
Due to State of Maine	**(50)**	(1,187)
Deferred revenue	**384,194**	(138,181)
Accrued payroll and related liabilities	**471,625**	13,886
Security deposits and other liabilities	**278**	2,382
Net cash provided by operating activities	**1,784,354**	1,261,991
Cash flows from investing activities		
Purchase of property and equipment	**(367,486)**	(402,139)
Proceeds from sale of property and equipment	**300**	352,482
Notes receivable repayments	**875**	501,584
Net proceeds from sales (purchases) of investments	**563,507**	(5,749)
Net cash provided by investing activities	**197,196**	446,178
Cash flows from financing activities		
Principal payments on long-term debt	**(271,004)**	(238,146)
Proceeds from issuance of long-term debt	**48,883**	-
Payments on capital lease obligations	**(128,182)**	(105,357)
Refundable advance	**4,119,600**	-
Net repayments on line of credit	**(131,780)**	(1,068,941)
Net cash provided (used) by financing activities	**3,637,517**	(1,412,444)
Net increase in cash, cash equivalents and restricted cash	**5,619,067**	295,725
Cash, cash equivalents and restricted cash, beginning of year	**1,140,137**	844,412
Cash, cash equivalents and restricted cash, end of year	**$ 6,759,204**	$ 1,140,137
Composition of cash, cash equivalents and restricted cash		
Operating cash and cash equivalents	**$ 4,566,635**	$ 56,962
Assets whose use is limited by lenders	**728,067**	724,217
Restricted cash, donors	**1,464,502**	358,958
	$ 6,759,204	$ 1,140,137

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

Nature of Activities

The Opportunity Alliance and Affiliate (Organization) provide advocacy and support for families and children, early childhood education and child care, nutrition programming, crisis intervention and prevention, substance abuse and co-occurring disorder treatment, information and referral, and place-based community programming that strengthens neighborhoods. The Organization is comprised of 62 integrated community-based and clinical programs serving more than 20,000 people annually and is the state's designated crisis services provider for Cumberland County. The Organization provides mental health services through crisis response programs, residential mental health treatment facilities, case management programs for children, youth, and adults, and therapeutic foster care programs. The Organization is a co-occurring competent agency offering programs for individuals attempting to recover from substance use and mental health co-occurring disorders, and is a leader in peer-to-peer and parent-to-parent partnering supports and services.

The Organization's programming blends evidence-based practices with practical experience and community resources because the Organization believes that the pathway to healthier families is forged with an integrated continuum of supports and services and the building of partnerships with community organizations and nontraditional partners. To that end, the Organization believes it is critical to convene all members of a community so that collectively they can impact the fundamental factors that place families and communities at risk, such as housing instability and food insecurity, high rates of substance abuse and co-occurring substance use and mental health disorders, and domestic violence.

A fundamental aspect to the Organization's mission is to keep families intact, in stable homes, and integrated into a neighborhood community where all family members can thrive and pursue their aspirations. Therefore, the Organization places a particularly high value on services and supports that empower families to move out of isolation and connect with their community. The Organization supports families by first encouraging them to define their needs and then connecting the family to informal and formal supports and services in their own neighborhoods. To that end, it has fostered many collaborative partnerships with groups that have become valuable resources for the families who come to them for help. These include the Maine Department of Health and Human Services (DHHS), the Maine Department of Corrections, Mercy Hospital, the City of Portland, THRIVE and Youth MOVE Maine, Preble Street Resource Center, Maine Parent Federation, Kids First, and many others across the state.

The Opportunity Alliance is the administrator and lead partner of the innovative Community Partnerships for Protecting Children (CPPC). CPPC works with residents to build community in distressed neighborhoods, helps eliminate silos between providers, and has developed relationships with a broad range of people, organizations, and community institutions. CPPC is at work in nine neighborhoods in Southern Maine engaging community partners to become a strong infrastructure of informal supports in their neighborhoods.

The Organization is also a participant in The Maine Children's Trauma Response Initiative, a statewide trauma-informed system of care for children who are suffering as a result of exposure to violence and other traumas. In addition, the Organization provides comprehensive clinical services and has for many years provided evidence-based trauma-informed practices through its work at Long Creek Youth Development Center, in its residential treatment programs, and statewide Children's Mental Health

Case Management program. The Organization staff is trained and highly skilled in an array of evidence-based practices including: Trauma-Focused Cognitive Behavioral Therapy (providing for the distinct needs of girls or boys who have experienced trauma); Cognitive Behavioral Therapy; Motivational Interviewing; Cognitive Skills Building; Risk Reduction; Anger Replacement Therapy; Stress Management Therapy and; Child-Parent Psychotherapy.

Ingraham Housing Corporation, Inc. (IHC) is a separate corporation established to develop and own community based housing. It has received Community Housing Development Organization status with Maine State Housing Authority (MSHA). IHC is controlled by The Opportunity Alliance financially and through common Board membership. Accordingly, it has been included in the Organization financial statements.

1. Summary of Significant Accounting Policies

Basis of Accounting

The Organization's consolidated financial statements have been prepared using the accrual method of accounting in accordance with U.S. generally accepted accounting principles (GAAP).

Basis of Presentation

The accompanying financial statements of the Organization have been prepared in accordance with GAAP, which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

For purposes of display, peripheral or incidental transactions are reported as other changes in net assets.

Principles of Consolidation

The consolidated financial statements include the accounts of the Organization and IHC. All material intercompany balances and transactions have been eliminated in consolidation.

Estimates

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

Cash and Cash Equivalents

The Organization maintains its cash in bank deposit accounts that, 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 credit risk from cash and cash equivalents.

Accounts and Grants Receivable

Accounts and grants receivable are stated at the amount management expects to collect from balances outstanding at year-end. Management provides for probable uncollectible amounts in accounts receivable through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Grants receivable are considered fully collectible.

Property and Equipment

Property and equipment are stated at cost, except for donated assets which are recorded at fair value at the date of donation. Depreciation on equipment and vehicles is calculated on a straight-line basis using estimated useful lives of 3 to 7 years. Building and building improvements are depreciated on a straight-line basis over estimated useful lives of 15 to 50 years.

Investments

Investments are recorded at fair value. Donated securities are recorded as contribution revenue at their fair value on the date received from the donor.

Debt Issuance Costs

Debt issuance costs are being amortized into interest expense over the terms of the related loans using the straight-line method and are reported with long-term debt.

Contributions

All contributions are considered to be net assets without donor restrictions unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as increases in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Relief Legislation and Refundable Advance

During the year ended June 30, 2020, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating the temporary shut-down of business in many sectors and imposing limitations on travel and the size and duration of group meetings. Most sectors are experiencing disruption to business operations.

The U.S. government has responded with three phases of relief legislation, as a response to the COVID-19 outbreak. The most recent legislation was enacted into law on March 27, 2020, called the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), a statute to address the economic impact of the COVID-19 outbreak. The CARES Act, among other things, 1) authorizes emergency loans to distressed businesses by establishing, and providing funding for, forgivable bridge loans, 2) provides additional funding for grants and technical assistance, 3) delays due dates for employer payroll taxes and estimated tax payments for organizations, and 4) revises provisions of the Internal Revenue Code (IRC), including those related to losses, charitable deductions, and business interest. Management has evaluated the impact of the CARES Act on the Organization, including its potential benefits and limitations that may result from additional funding.

The refundable advances consists of an advance through the Payroll Protection Program provision of the CARES Act. The $4,119,600 advance may be substantially forgiven if the Organization meets certain requirements defined under the CARES Act. Any outstanding balance not forgiven is to be repaid monthly over five years beginning November 2020, with interest at a fixed rate of 1%.

Support and Revenue

Governmental grants are provided to support specific programs and are subject to various budgetary restrictions. Grants received are expended within the time stated in the guidelines of the grant. Grant revenue earned, but not yet received, is recorded as grants receivable, and funds received, but not yet earned, are recorded as deferred revenue.

MaineCare revenue represents amounts billed to the State of Maine Medicaid program for reimbursable services to clients. Client service revenue billed to MaineCare is subject to audit and retroactive adjustment. Estimated MaineCare cost settlements have been recorded in the year that the services were provided.

Donated Services and Materials

Certain services and materials have been donated in-kind to the Organization. The estimated value of these services and materials has been reflected in the accompanying financial statements as contributions with a like amount included in expenses such as program and supporting services expenses.

Statements of Cash Flows

For purposes of the statements of cash flows, the Organization considers all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents, except for cash restricted by an outside party.

In 2020, the Organization sold a property which resulted in noncash proceeds of $412,967: long-term debt of $393,210 and selling expenses of $19,757 were assumed by the buyer. In 2019, the Organization sold a property which resulted in noncash proceeds of $129,336: long-term debt of $100,233 and selling expenses of $29,103 were assumed by the buyer.

In 2020, the Organization acquired property and equipment in exchange for capital lease obligations totaling $103,504.

In 2019, the Organization acquired property and equipment in exchange for long-term debt totaling $1,040,000.

Cash paid for interest was $333,607 and $286,050 for the years ended June 30, 2020 and 2019, respectively.

Functional Expenses

The financial statements report certain expense categories that are attributable to more than one program or supporting functions of the Organization. Those expenses include but are not limited to payroll and employee benefits, professional services, facilities, information technology, supplies, and equipment. The Organization charges all allowable direct costs, those that can be identified specifically with a particular cost objective, directly to programs, grants, or activities. Allowable direct costs that benefit more than one program are prorated individually as direct costs using a base most appropriate to the particular cost being prorated such as time spent, usage, square footage, payroll and full-time equivalents. General and administrative costs, those that benefit all programs and cannot be identified with a specific program, are allocated using direct costs.

Income Tax Status

The Opportunity Alliance and Ingraham Housing Corporation, Inc. are exempt from federal income taxes under Section 501(c)(3) of the IRC.

Subsequent Events

For purposes of the preparation of these financial statements, the Organization has considered transactions or events occurring through October 28, 2020, the date the financial statements were available to be issued.

Newly Adopted Accounting Principle

During 2020, the Organization adopted Financial Accounting Standards Board Accounting Standards Update (ASU) No. 2016-18, *Restricted Cash*. This ASU requires an entity to present restricted deposits and funded reserves with operating cash in the statement of cash flows, rather than reporting the change as investing activities. A reconciliation of the operating cash and amounts generally described as restricted cash in the statement of cash flows to the statement of financial position is also required. The impact of adoption in the statement of cash flows during the year ended June 30, 2019 is an increase in cash, cash equivalents and restricted cash, beginning of year of $738,554, an increase in net cash provided by investing activities of $446,178, and an increase in cash provided by operating activities of $1,613.

2. Availability and Liquidity of Financial Assets

The Organization's funding is substantively derived from Federal and State contracts. This funding is designated for the respective programs which are ongoing and central to the Organization's annual operations. A significant majority of these contracts are funded on a reimbursement basis, i.e., costs are incurred prior to receipt of funding. Therefore, management believes it is imperative that the Organization manages its liquidity and reserves in order to fund near-term operating needs and to provide reasonable assurance that long-term obligations will be met. To accomplish its goal, the Organization uses a series of performance measures and benchmarks, monitored monthly by management, the Finance Committee, and the Board of Directors. As financial and operating conditions change, the Organization adapts its measures accordingly using a data driven model to identify needed changes.

The Organization monitors program performance, as well as revenues, expenses, ratios, and related data monthly. The overall performance year-to-date is compared to a long-term business plan allowing the Organization to adjust operations in a timely manner, and prioritize its long term strategies. Liquidity is a key component of the business plan, and the Organization was in compliance with its self-imposed plan goals at June 30, 2020.

The following table shows the financial assets held by the Organization and amounts that could be made readily available within one year to meet general expenditures:

	2020	2019
Cash and cash equivalents	**$ 4,566,635**	$ 56,962
Investments	**1,547,216**	2,043,153
Accounts receivable	**1,200,631**	578,724
Grants receivable	**1,828,775**	1,934,929
Assets whose use is limited	**2,192,569**	1,083,175
Notes receivable	**504**	1,379
Total financial assets	**11,336,330**	5,698,322
Less donor restricted endowment funds	**(37,983)**	(37,098)
Less Board designated funds	**(1,509,233)**	(2,006,055)
Less assets whose use is limited	**(2,192,569)**	(1,083,175)
Less revolving loan fund notes receivable	**(504)**	(1,379)
Financial assets available to meet cash needs for general expenditures within one year	**$ 7,596,041**	$ 2,570,615

The Organization holds endowment funds consisting of donor restricted and quasi, or Board Designated, funds. The donor restricted funds are to be held in perpetuity and are not available for general operating expenditures. The quasi endowed funds, derived from the sale of property, were designated as such by Board action. The intent of the Board was to hold the funds for long-term investment and growth; however, these funds could be made available if necessary. Certain deposits within the investment portfolio have time restrictions which could reduce the amounts that may be made available. In addition, as described in Note 7, the Organization maintains a line of credit which can be drawn upon on a rolling basis.

3. Notes Receivable

Through a gift from the Portland Young Women's Christian Association, the Organization established a revolving loan fund to promote self reliance, innovation, and business development. Loans are awarded at a fixed 4% rate of interest to qualified applicants. Interest income is accrued monthly using the compound interest method using a 365-day year. Outstanding loans from the fund totaled $504 and $1,379 at June 30, 2020 and 2019, respectively.

4. Assets Whose Use is Limited

Assets whose use is limited consist of the following:

	2020	2019
Debt service fund	**$ 220,709**	$ 213,877
Restricted cash, MSHA	**507,358**	510,340
Restricted cash, donor	**1,464,502**	358,958
	2,192,569	1,083,175
Less amount required for current liabilities	**220,709**	213,877
	$ 1,971,860	$ 869,298

The Organization maintains separate reserve accounts for repairs and maintenance as required by the long-term debt agreements with MSHA. The Organization also maintains debt service accounts with bond trustees as required by the long-term debt agreement with Maine Health and Higher Educational Facilities Authority (MHHEFA). The Organization is required to make monthly deposits of principal and interest sufficient to enable semi-annual interest payments and annual principal payments to be made when due.

5. Investments

Investments at fair value consist of the following:

	2020	2019
Cash and short-term investments	**$ 234,388**	$ 110,299
Equity mutual funds	**257,637**	304,516
Fixed income mutual funds	**342,063**	488,646
Exchange traded products	**73,900**	90,355
Common stocks	**614,289**	1,028,892
Other	**24,939**	20,445
	$ 1,547,216	$ 2,043,153

The purpose of the investment fund is to provide spendable income to present and future beneficiaries of the Organization, with neither group favored at the expense of the other. The basic objectives of the Organization's investment policy are:

- To maintain the real market value of the assets, after inflation, while recognizing that security price gyrations may keep market values over- or under-priced for several years at a time.

- To have the spendable income stream be somewhat predictable in the near term, and to have the real spendable income not decline significantly at any time.

The target asset mix developed and periodically reviewed is as follows:

Asset Class	Range (Min-Max)
Equities	30% - 70%
Fixed income securities	30% - 60%
Cash and cash equivalents	0% - 15%

The Board's primary long-term investment objective for the equity portion of the fund is to provide a dividend stream that grows at least as fast as the inflation rate stated in the Consumer Price Index for Urban Consumers. The objective of the bond portfolio is to provide a higher income stream to supplement current income from stocks and to dampen overall portfolio volatility.

Investment income is comprised of the following

	2020	2019
Unrealized and realized gains	**$ 67,570**	$ 193,142
Interest and dividends	**28,293**	8,569
	$ 95,863	$ 201,711

6. Fair Value Measurements

GAAP defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. GAAP also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect an entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Assets and liabilities measured at fair value on a recurring basis are summarized below.

	Fair Value Measurements at June 30, 2019 Using:			
	Total	Level 1	Level 2	Level 3
Investments:				
Cash and short-term investments	**$ 234,388**	**$ 234,388**	**$ -**	**$ -**
Capital growth				
Equity mutual funds	**257,637**	**257,637**	**-**	**-**
Exchange traded products	**73,900**	**73,900**	**-**	**-**
Common stocks	**614,289**	**614,289**	**-**	**-**
Total capital growth	**945,826**	**945,826**	**-**	**-**
Income generation				
Fixed income mutual funds	**342,063**	**342,063**	**-**	**-**
Other	**24,939**	**-**	**-**	**24,939**
	$ 1,547,216	**$ 1,522,277**	**$ -**	**$ 24,939**

	Fair Value Measurements at June 30, 2018 Using:			
	Total	Level 1	Level 2	Level 3
Investments:				
Cash and short-term investments	$ 110,299	$ 110,299	$ -	$ -
Capital growth				
Equity mutual funds	304,516	304,516	-	-
Exchange traded products	90,355	90,355	-	-
Common stocks	1,028,892	1,028,892	-	-
Total capital growth	1,423,763	1,423,763	-	-
Income generation				
Fixed income mutual funds	488,646	488,646	-	-
Other	20,445	-	-	20,445
	$ 2,043,153	$ 2,022,708	$ -	$ 20,445

Significant activity for the years ended June 30, 2020 and 2019, for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3), is as follows:

	2020	2019
Investments at July 1	**$ 20,445**	$ 27,392
Purchases	**5,311**	-
Withdrawals	**-**	(9,382)
Investment (loss) gains	**(817)**	2,435
Investments at June 30	**$ 24,939**	$ 20,445

The Level 3 assets are comprised of the Organization's allocable share of real estate investment trusts as of June 30, 2020 and 2019.

7. Line of Credit

The Opportunity Alliance has a $3,300,000 line of credit with TD Bank. This line of credit is collateralized by a first security interest in substantially all business assets of the Organization up to a maximum of $1,000,000. Any remaining outstanding balance is subordinate to the MHHEFA debt. This credit facility carries an interest rate of Wall Street prime plus one-quarter percent, 3.50% at June 30, 2020. The line expires and is renewable at the bank's discretion on March 31, 2021.

8. Long-Term Debt

Long-term debt consists of the following:

	2020	2019
The Opportunity Alliance		
Tax-exempt revenue bonds issued by MHHEFA, interest ranging from 3.0% - 5.0%, principal maturing in annual amounts ranging from $155,000 to $255,000 through July 2035, with unamortized premium of $129,635 as of June 30, 2020; collateralized by real estate and equipment.	**$ 3,034,598**	$ 3,188,240
Note payable to MSHA, due in monthly payments of $3,441, including interest fixed at 7%, through July 2030; collateralized by real estate.	**296,353**	316,141
Note payable to a bank, due in monthly payments of $502, including interest fixed at 4.25%, through December 2030.	**47,566**	-
Note payable to MSHA, due in monthly payments of $719, including interest fixed at 6%, through September 2039; collateralized by property, building and assignment of leases and rent.	**98,427**	101,068
Note payable to MSHA, due in one interest-free balloon payment in August 2039; collateralized by property, building and assignment of leases and rent.	**173,785**	173,785

	2020	2019
Note payable to MSHA, with no scheduled payments, to be forgiven in the year 2039, as long as the building operates as transitional housing for people who are homeless.	**66,500**	66,500
Note payable to MSHA with no scheduled payments, to be forgiven in 2029, as long as the building operates as an emergency youth shelter; collateralized by mortgage and security agreement on property.	**135,000**	135,000
Ingraham Housing Corporation, Inc.		
Note payable to MSHA, due in monthly payments of $1,817, including interest fixed at 2%, through May 2026; collateralized by real estate.	**128,024**	147,064
Note payable to MSHA, due in monthly payments of $1,761, including interest fixed at 8%, through December 2026; collateralized by real estate.	**105,958**	118,082
Note payable to MSHA, due in monthly payments of $2,505, including interest fixed at 7%, through October 2031; collateralized by real estate. Assumed by buyer with sale of property.	**-**	254,084
Note payable to MSHA, due in monthly payments of $4,039, including interest fixed at 7%, through August 2029; collateralized by real estate.	**327,254**	351,876
Note payable to MSHA with no scheduled payments, to be forgiven ratably annually through 2026, as long as the building operates as a residential facility for youth.	**11,958**	14,350
Note payable to the City of Portland with no scheduled payments, to be forgiven in the year 2026, as long as the building operates as a residential facility for youth.	**140,700**	140,700
Note payable to MSHA with no scheduled payments, to be forgiven in the year 2031, as long as the building operates as a residential facility for youth. Assumed by buyer with sale of property.	**-**	150,000
Note payable to bank, due in monthly payments of $5,614, including interest fixed at 5.92%, through October 2028, when interest changes to the U.S. Prime Rate through maturity in October 2048; collateralized by real estate.	**916,262**	928,095

	2020	2019
Note payable to bank, interest only through October 2019. Commencing in November 2019 monthly payments due of $2,144, including interest fixed at 6.24%, through October 2024; collateralized by real estate.	**97,269**	110,000
	5,579,654	6,194,985
Unamortized debt issuance costs	**46,964**	50,095
Less current portion	**274,911**	260,903
Long-term debt, net of current portion	**$ 5,257,779**	$ 5,883,987

Principal maturities of long-term debt at June 30 are as follows:

2021	$ 274,911
2022	287,300
2023	302,300
2024	313,500
2025	310,200
Thereafter	4,091,443
	$ 5,579,654

The MHHEFA bond agreement and various debt agreements contain various restrictive covenants limiting the Organization in the buying and selling of significant assets or incurring new significant debt, along with stipulated events of default. In addition to the payment of an annual administrative fee, the Organization must also maintain certain financial ratios, the most significant of which is the maintenance of the ratio of income available for debt service to annual debt service of at least 1.15. At June 30, 2020, the Organization was in compliance with the financial covenants.

9. Capital Leases

During the year ended June 30, 2014, the Organization entered into two capital lease agreements for copier machines with monthly payments of $1,110 and $462, respectively. Both of these leases expired in 2019 and were replaced. During the year ended June 30, 2017, the Organization entered into capital lease agreements for an information technology infrastructure upgrade and new computers with total monthly lease payments of $3,449. These leases expire in 2021 and 2022, respectively. During the year ended June 30, 2018, the Organization entered into capital lease agreements for new computers with monthly payments of $2,874 and copier machines with monthly payments of $480. These leases expire in 2021 and 2023, respectively.

During the year ended June 30, 2019, the Organization entered into three capital lease agreements for copier machines with monthly payments of $196, $260, and $2,019, respectively. Two of these leases expire in 2023 and the other expires in 2024. Also during the year ended June 30, 2019, the Organization entered into capital lease agreements for new computers with monthly payments of $1,544. These agreements expire in 2022. During the year ended June 30, 2020, the Organization entered into a capital lease agreement for electronic hardware with monthly payments of $3,117, expiring in January, 2023. The assets are depreciated over the lower of their related lease terms or their estimated useful lives. Depreciation of assets under capital leases is included in depreciation expense and was $82,601 and $57,793 for 2019 and 2018, respectively.

The following is a summary of equipment held under capital leases:

	2020	2019
Equipment	**$ 637,533**	$ 535,354
Less accumulated depreciation	**426,015**	309,562
Net equipment held under capital leases	**$ 211,518**	$ 225,792

Future minimum lease payments are as follows:

2021	$ 152,907
2022	123,161
2023	54,400
2024	1,898
Total	332,366
Less amount representing interest	21,068
	311,298
Less current portion	139,676
Capital lease payable, net of current portion	$ 171,622

10. Commitments and Contingencies

Operating Leases

The Organization leases various space and office equipment under operating leases with current lease and related maintenance payments ranging from $17 to $12,000 per month, with expiration dates through 2027.

Lease expense for the years ended June 30, 2020 and 2019 was approximately $831,000 and $641,000, respectively.

Approximate future minimum payments under non-cancelable operating leases having initial or remaining terms in excess of one year as of June 30, 2020 are as follows:

2021	$ 355,000
2022	354,000
2023	360,000
2024	366,000
2025	366,000
Thereafter	601,000
	$ 2,402,000

Land Lease

During the year ended June 30, 2006, the Organization entered into a lease agreement to lease land and an existing barn structure to house the new Family Center and administrative offices. The lease agreement allows for significant improvements of the barn structure and new construction. The lease term is for 90 years, at which time the buildings and the improvement revert back to the lessor. Total lease payments of approximately $778,000 were paid during the year ended June 30, 2006. Prepaid lease amounts of approximately $450,000 and $328,000 are capitalized in land and buildings, respectively. No further payments are due under the lease. Prepaid lease amounts are being depreciated over the life of the underlying asset or the lease, whichever is shorter.

State and Federal Grant Programs

The Organization participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies. Therefore, to the extent that the Organization has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants. Therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Third Party Settlements and Due to State of Maine

The Organization renders short-term and long-term residential care and services to children and individuals who are beneficiaries of the MaineCare program. The difference between the cost of this care, as defined by the "Principles of Reimbursement" which govern the programs, and the prospective rates of reimbursement received during the year, is determined by the filing of prescribed cost reports. This difference is payable to or receivable from the State of Maine. The estimated amounts due to or from the MaineCare program are reflected in the accompanying financial statements and are recorded as an increase or decrease to MaineCare revenue in the year the related services are rendered. This amount does not become final until the prescribed cost reports are examined and accepted to revenue in the year of final determination. Cost reports for 2019 and 2020 for all facilities have not yet been settled. Amounts included in due to the state of Maine represent amounts owed by the Organization due to overpayments on individual client accounts.

The Organization entered into a repayment agreement during October 2016 related to a DHHS Program Integrity Unit (PIU) audit which resulted in an overpayment debt in the crisis programs related to the period January 2007 through August 2011. The amount owed to DHHS under this audit was $91,221 at June 30, 2019. There was no balance outstanding at June 30, 2020. This amount is included in third-party settlements in the accompanying 2019 consolidated statement of financial position. The repayment agreement bore no interest and was paid in monthly installments of $22,814 through October 2019.

The Organization entered into a repayment agreement during October 2017 related to a DHHS PIU audit which resulted in an overpayment debt in the children's case management program related to the period September 2010 through August 2014. The amount owed to DHHS under this audit was $24,994 and $58,330 at June 30, 2020 and 2019, respectively. These amounts are included in third-party settlements in the accompanying consolidated statements of financial position. The repayment agreement bears no interest and is being paid in quarterly installments of $8,334 through January 2021.

Litigation

The Organization is involved in litigation and regulatory investigations arising in the normal course of business. After consultation with legal counsel, management estimates these matters will be resolved without material adverse effect on the Organization's future financial position or results of operations.

11. Service Provider Tax

A Service Provider Tax of 6% is assessed on the "value" (i.e., sales price) of certain services provided including Private Non-Medical Institution services. The Organization's residential care and other mental health services are subject to this tax. Providers are taxed based on all revenue, regardless of source, received for the purpose of providing food, shelter and treatment. MaineCare is reimbursing facilities for their portion of the tax by increasing their direct care per diem rate. The portion of tax paid on revenue generated from private pay residents is not funded by MaineCare. Total service provider tax expense was $524,681 and $345,599 for the years ended June 30, 2020 and 2019, respectively.

12. Net Assets

Net assets with donor restrictions are as follows:

	2020	2019
Lee Perry Memorial Fund - opportunities for kids	**$ 5,167**	$ 11,296
D. Reardon - recreation for kids	**770**	2,008
Programs support	**871,025**	540,752
Derrah Scholarship Fund	**44,287**	45,789
Michael J. Tarpinian Opportunity Fund	**243,716**	278,488
Miscellaneous	**188,288**	200,448
Perpetual in nature	**30,500**	30,500
	$ 1,383,753	$ 1,109,281

13. Tax Deferred Annuity Plan

The Opportunity Alliance sponsors a tax deferred annuity plan under Section 403(b) of the Internal Revenue Code. The plan covers substantially all employees. The Organization matches employee contributions fifty cents on the dollar, up to 8% of an employee's salary. The expense for the years ended June 30, 2020 and 2019 was $278,188 and $260,561, respectively.

14. Uncertainty

As discussed in Note 1, most sectors are experiencing disruption to business operations and may feel further impacts related to delayed government reimbursement, volatility in investment returns, and reduced philanthropic support. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Therefore, while management expects this matter to negatively impact the Organization's operating results, the full financial impact and duration cannot be reasonably estimated at this time.

SUPPLEMENTARY INFORMATION

THE OPPORTUNITY ALLIANCE AND AFFILIATE

Consolidating Statement of Financial Position

June 30, 2020

ASSETS	The Opportunity Alliance	Ingraham Housing Corp.	Total
Current assets			
Cash and cash equivalents	$ 4,566,635	$ -	$ 4,566,635
Accounts receivable, net	1,200,631	-	1,200,631
Grants receivable	1,828,775	-	1,828,775
Prepaid expenses and supplies	235,768	-	235,768
Assets whose use is limited, required for current liabilities	220,709	-	220,709
Due from (to) affiliates	480,240	(480,240)	-
Total current assets	8,532,758	(480,240)	8,052,518
Property and equipment			
Land	698,662	245,029	943,691
Building and building improvements	9,936,824	3,100,574	13,037,398
Equipment	2,808,671	-	2,808,671
Vehicles	284,441	-	284,441
	13,728,598	3,345,603	17,074,201
Less accumulated depreciation	6,818,877	1,412,161	8,231,038
Net property and equipment	6,909,721	1,933,442	8,843,163
Other assets			
Notes receivable	504	-	504
Assets whose use is limited, net of amount required for current liabilities	1,589,925	381,935	1,971,860
Investments	1,547,216	-	1,547,216
Total other assets	3,137,645	381,935	3,519,580
Total assets	$ 18,580,124	$ 1,835,137	$ 20,415,261
LIABILITIES AND NET ASSETS (DEFICIT)			
Current liabilities			
Current portion of long-term debt	$ 183,092	$ 91,819	$ 274,911
Current portion of capital leases payable	139,676	-	139,676
Accounts payable and accrued expenses	666,442	4,073	670,515
Line of credit	-	-	-
Third party settlements	915,086	-	915,086
Due to State of Maine	5,922	-	5,922
Deferred revenue	734,062	-	734,062
Accrued payroll and related liabilities	2,003,040	-	2,003,040
Security deposits and other liabilities	5,846	-	5,846
Refundable advances	4,119,600	-	4,119,600
Total current liabilities	8,772,766	95,892	8,868,658
Long-term liabilities, net of current portion			
Long-term debt, premium on bonds and unamortized debt issuance costs	3,622,173	1,635,606	5,257,779
Capital leases payable	171,622	-	171,622
Third party settlements	-	-	-
Deferred revenue	-	31,750	31,750
Total long-term liabilities	3,793,795	1,667,356	5,461,151
Total liabilities	12,566,561	1,763,248	14,329,809
Net assets (deficit)			
Without donor restrictions	4,723,780	(22,081)	4,701,699
With donor restrictions	1,289,783	93,970	1,383,753
Total net assets	6,013,563	71,889	6,085,452
Total liabilities and net assets	$ 18,580,124	$ 1,835,137	$ 20,415,261

THE OPPORTUNITY ALLIANCE AND AFFILIATE

Consolidating Statement of Activities

Year Ended June 30, 2020

	The Opportunity Alliance	Ingraham Housing Corp.	Eliminations	Total
Changes in net assets without donor restrictions				
Support and revenue without donor restrictions				
MaineCare and Medicare	$ 12,765,154	$ -	$ -	$ 12,765,154
Adjustments to prior year third party settlements	(6,470)	-	-	(6,470)
Grants from government agencies	16,532,533	-	-	16,532,533
Grants from United Way	404,678	-	-	404,678
Other grant revenue	1,061,978	-	-	1,061,978
DHHS room and board	-	-	-	-
Private revenue - fee-for-service	317,970	-	-	317,970
Contributions	284,078	-	-	284,078
In-kind donations	256,902	-	-	256,902
Miscellaneous	197,400	2,392	-	199,792
Investment income	94,480	1,383	-	95,863
Rental income	354,527	231,225	(205,729)	380,023
Total support and revenue before net assets released from restrictions	32,263,230	235,000	(205,729)	32,292,501
Net assets released from restrictions				
Satisfaction of time and purpose restrictions	980,775	3,259	-	984,034
Total support and revenue	33,244,005	238,259	(205,729)	33,276,535
Expenses				
Program services	29,516,706	255,102	(205,729)	29,566,079
Supporting services				
Administrative	2,945,301	-	-	2,945,301
Fundraising	372,013	-	-	372,013
Total supporting services	3,317,314	-	-	3,317,314
Total expenses	32,834,020	255,102	(205,729)	32,883,393
Increase (decrease) in net assets without donor restrictions before other changes	409,985	(16,843)	-	393,142
Other changes				
Gain on sale of property and equipment	300	56,870	-	57,170
Increase in net assets without donor restrictions	410,285	40,027	-	450,312
Changes in net assets with donor restrictions				
Contributions	1,258,460	45	-	1,258,505
Net assets released from restrictions	(980,775)	(3,259)	-	(984,034)
Increase (decrease) in net assets with donor restrictions	277,685	(3,214)	-	274,471
Change in net assets	687,970	36,813	-	724,783
Net assets at beginning of year	5,325,593	35,076	-	5,360,669
Net assets at end of year	$ 6,013,563	$ 71,889	$ -	$ 6,085,452

THE OPPORTUNITY ALLIANCE AND AFFILIATE

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2020

Federal grantor/pass-through grantor/program title	Federal CFDA Number	Pass-through Number	Pass-through to Subrecipients	Federal Expenditures
U.S. Corporation For National And Community Service				
Foster Grandparent/Senior Companion Cluster				
Direct Programs:				
Foster Grandparent Program	94.011	17SFAME001	$ -	$ 395,096
Foster Grandparent Program	94.011	20SFAME001	-	133,314
Total CFDA Number 94.011:			-	528,410
Senior Companion Program	94.016	19SCAME001	-	109,009
Total Foster Grandparent/Senior Companion Cluster			-	637,419
Total U.S. Corporation For National And Community Service:			-	637,419
U.S. Department of Agriculture				
SNAP Cluster				
Passed through: Maine Department of Health & Human Services (MDHHS) / University of New England (UNE)				
State Administrative Matching Grants for The Supplemental Nutrition Assistance Program	10.561	OFI-19-351	-	41,727
State Administrative Matching Grants for The Supplemental Nutrition Assistance Program	10.561	OFI-20-351	-	117,532
Total SNAP Cluster and CFDA Number 10.561:			-	159,259
Passed through: MDHHS				
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	CD2-19-4657	-	207,920
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	CD2-20-4657	-	597,462
Total CFDA Number 10.557:			-	805,382
Direct Programs:				
Child and Adult Care Food Program	10.558	St of ME	-	78,272
Passed through: Maine Department of Education				
Child and Adult Care Food Program	10.558	FP-19-466	-	101,887
Total CFDA Number 10.558:			-	180,159
Passed through: MDHHS				
WIC Farmers' Market Nutrition Program (FMNP)	10.572	CD2-20-4657	-	505
Total U.S. Department of Agriculture:			-	1,145,305
U.S. Department of Energy				
Passed through: Maine State Housing Authority				
Weatherization Assistance for Low-Income Persons	81.042	PY2019	-	148,443
Weatherization Assistance for Low-Income Persons	81.042	PY2020	-	46,203
Total CFDA Number 81.042:			-	194,646
Total U.S. Department of Energy:			-	194,646

See accompanying notes to schedule of expenditures of federal awards

THE OPPORTUNITY ALLIANCE AND AFFILIATE

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2020

Federal grantor/pass-through grantor/program title	Federal CFDA Number	Pass-through Number	Pass-through to Subrecipients	Federal Expenditures
U.S. Department of Health And Human Services				
Passed through: MDHHS				
Temporary Assistance for Needy Families	93.558	CD0-18-4416A	$ 161,061	$ 339,352
Temporary Assistance for Needy Families	93.558	CD0-20-4416	409,790	1,026,934
Temporary Assistance for Needy Families	93.558	CFS-18-8313C	-	112,347
Temporary Assistance for Needy Families	93.558	CFS-20-1408	-	48,580
Passed through: MDHHS / Maine Children's Trust (MCT)				
Temporary Assistance for Needy Families	93.558	MCT-18-113	-	49,910
Total CFDA Number 93.558:			570,851	1,577,123
Head Start Cluster				
Direct Programs:				
Head Start	93.600	01CH010582-02	-	3,685,063
Head Start	93.600	01CH010582-02C3	-	40,088
Total Head Start Cluster and CFDA Number 93.600:			-	3,725,151
Passed through: MDHHS				
Projects for Assistance in Transition From Homelessness (PATH)	93.150	MH4-19-1014	-	70,804
Direct Programs:				
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	1H79SP081511-01	-	146,466
Passed through: MDHHS / UNE				
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	CDO-18-4425	-	26,920
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	CDO-20-4425	-	40,652
Total CFDA Number 93.243:			-	214,038
Passed through: Maine State Housing Authority				
Low-Income Home Energy Assistance	93.568	PY2017	-	231,711
Low-Income Home Energy Assistance	93.568	PY2018	-	249,070
Low-Income Home Energy Assistance	93.568	PY2019	-	427,690
Low-Income Home Energy Assistance	93.568	PY2020	-	216,766
Total CFDA Number 93.568:			-	1,125,237
Passed through: MDHHS				
Community Services Block Grant	93.569	CFS-19-7006B	-	94,047
Community Services Block Grant	93.569	CFS-20-7006A	-	321,778
Total CFDA Number 93.569:			-	415,825
Passed through: MDHHS / MCT				
Maternal, Infant and Early Childhood Home Visiting Grant Program	93.870	MCT-18-113	-	130,005
Maternal, Infant and Early Childhood Home Visiting Grant Program	93.870	MCT-19-113A	-	513,294
Total CFDA Number 93.870:			-	643,299

See accompanying notes to schedule of expenditures of federal awards

THE OPPORTUNITY ALLIANCE AND AFFILIATE

Schedule of Expenditures of Federal Awards (Concluded)

Year Ended June 30, 2020

Federal grantor/pass-through grantor/program title	Federal CFDA Number	Pass-through Number	Pass-through to Subrecipients	Federal Expenditures
Passed through: MDHHS				
Block Grants for Prevention and Treatment of Substance Abuse	93.959	CD0-18-4416A	11,576	25,543
Block Grants for Prevention and Treatment of Substance Abuse	93.959	CD0-20-4416	29,453	72,657
Block Grants for Prevention and Treatment of Substance Abuse	93.959	OSA-20-600	-	78,180
Passed through: MDHHS / UNE				
Block Grants for Prevention and Treatment of Substance Abuse	93.959	CDO-18-4425	-	10,474
Block Grants for Prevention and Treatment of Substance Abuse	93.959	CDO-20-4425	-	73,537
Total CFDA Number 93.959:			41,029	260,391
Total U.S. Department of Health And Human Services:			611,880	8,031,868
U.S. Department of Homeland Security				
Direct Programs:				
Emergency Food and Shelter National Board Program	97.024	373000-009	-	6,915
Total U.S. Department of Homeland Security:			-	6,915
U.S. Department of Housing And Urban Development				
CDBG - Entitlement Grants Cluster				
Passed through: Cumberland County				
Community Development Block Grants/Entitlement Grants	14.218	FY2020	-	54,982
Passed through: The Redbank Hub				
Community Development Block Grants/Entitlement Grants	14.218	2019-2020	-	18,251
Total CDBG - Entitlement Grants Cluster and CFDA Number 14.218:			-	73,233
Direct Programs:				
Continuum of Care Program	14.267	ME0110L1T001702	-	15,536
Continuum of Care Program	14.267	ME0115L1T001701	-	29,823
Total CFDA Number 14.267:			-	45,359
Total U.S. Department of Housing And Urban Development:			-	118,592
U.S. Department of Treasury				
Passed through: MDHHS				
Coronavirus Relief Fund	21.019	COM-20-4005A	-	6,203
			-	6,203
Total U.S. Department of Treasury:			-	6,203
Total Expenditures of Federal Awards:			$ 611,880	$ 10,140,948

See accompanying notes to schedule of expenditures of federal awards

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of The Opportunity Alliance and Affiliate (the Organization) under programs of the federal government for the year ended June 30, 2020. The information in the Schedule is presented in accordance with the Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (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

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.

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

THE OPPORTUNITY ALLIANCE AND AFFILIATE
Schedule of Expenditures of Department Agreements
Fiscal Year Ended June 30, 2020

	Department Office	Agreement Number	Agreement Amount	Agreement Period	Agreement Service	Agreement Status	Federal Expense	State Expense	Total Department Expense
	DHHS								
	ADS	ADS-20-2225	$ 18,252	7/1/2019-6/30/2020	Residential Services	Final	$ -	$ 4,016	$ 4,016
	ADS	ADS-20-2629	57,360	7/1/2019-6/30/2021	Volunteer Grant Program	Interim	-	28,362	28,362
	CDC	CD0-18-4416A	2,236,978	11/1/2017-9/30/2019	Maternal & Child Health Services Block Grant	Final	364,895	-	364,895
	CDC	CD0-20-4416	2,236,978	10/1/2019-9/30/2021	Maternal & Child Health Services Block Grant	Interim	1,099,591	-	1,099,591
*	CDC	CD2-19-4657	701,384	10/1/2018-9/30/2019	Special Supplemental Nutrition Program For Women, Infants, and Children	Final	207,920	-	207,920
*	CDC	CD2-20-4657	857,500	10/1/2019-9/30/2020	Special Supplemental Nutrition Program For Women, Infants, and Children	Interim	597,967	-	597,967
	COM	COM-20-4005A	129,000	6/1/2020-11/30/2020	Coronavirus Relief Fund	Interim	6,203	-	6,203
	CFS	CFS-18-8313C	472,294	1/1/2018-6/30/2020	Homeless Youth Services	Final	112,347	-	112,347
*	CFS	CFS-19-7006B	390,574	10/1/2018-9/30/2019	Community Services Block Grant	Final	94,047	-	94,047
	CFS	CFS-20-1408	490,928	7/1/2019-6/30/2021	Early Head Start	Interim	48,580	182,371	230,951
*	CFS	CFS-20-7006A	500,083	10/1/2019-9/30/2020	Community Services Block Grant	Interim	321,778	-	321,778
*	CFS	CFS-20-8201B	808,900	7/1/2019-6/30/2020	CPPC - Promoting Safe & Stable Families	Final	-	758,289	758,289
*	MH1	MH1-19-4005A	401,602	7/1/2018-6/30/2020	Wrap Fund	Final	-	165,482	165,482
	MH1	MH1-20-207	58,695	7/1/2019-6/30/2021	Residential Services	Interim	-	23,816	23,816
	MH1	MH1-20-698	278,610	7/1/2019-6/30/2020	Residential Services	Final	-	229,632	229,632
*	MH4	MH4-19-1014	795,416	2/1/2019-12/31/2020	Projects for Assistance in Transition from Homelessness	Interim	70,804	210,788	281,592
	MHC	MHC-19-699A	1,214,887	4/1/2019-6/30/2020	Crisis Services	Final	-	730,951	730,951
	MHC	MHC-19-700	2,267,647	4/1/2019-6/30/2020	Maine Crisis Line	Final	-	1,778,794	1,778,794
	OMS	OMS-19-4021B	67,892	4/21/2019-6/30/2020	Opioid Health Home	Final	-	6,980	6,980
	OSA	OSA-20-600	84,000	7/1/2019-6/30/2020	Parent Coaching	Final	78,180	-	78,180
							3,002,312	4,119,481	7,121,793
	DHHS Indirect								
	Maine Children's Trust	MCT-18-113	851,619	10/1/2018-9/30/2019	Maine Families	Final	179,915	16,949	196,864
	Maine Children's Trust	MCT-19-113A	1,152,587	10/1/2019-12/31/2020	Maine Families	Interim	513,294	91,587	604,881
	Maine Children's Trust	MCT-20-1600	34,000	7/1/2019-6/30/2020	Child Abuse & Neglect Council	Final	-	34,000	34,000
	University of New England	CDO-18-4425	144,290	10/1/2018-9/30/2019	Statewide Substance Abuse Prevention Services	Final	37,394	-	37,394
	University of New England	CDO-20-4425	201,113	10/1/2019-9/30/2020	Statewide Substance Abuse Prevention Services	Interim	114,189	-	114,189
	University of New England	OFI-19-351	169,891	10/1/2018-9/30/2019	Supplemental Nutrition Assistance Program	Final	41,727	-	41,727
	University of New England	OFI-20-351	176,325	10/1/2019-9/30/2020	Supplemental Nutrition Assistance Program	Interim	117,532	-	117,532
							1,004,051	142,536	1,146,587
							$ 4,006,363	$ 4,262,017	$ 8,268,380

* Department agreement tested as major

The accompanying notes are an integral part of this schedule.

THE OPPORTUNITY ALLIANCE AND AFFILIATE

Notes to Schedule of Expenditures of Department Agreements

Year Ended June 30, 2020

1. Basis of Presentation

The accompanying schedule of expenditures of Department agreements includes the Department agreement activity of The Opportunity Alliance and Affiliate (the Organization) under programs of the State of Maine Department of Health and Human Services, and is presented in accordance with *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.

Basis of Settlement

Grants which are cost settled include an estimated settlement of state funds based upon the available grant revenue and other revenue based upon allowable costs.

2. Summary of Significant Accounting Policies for State Agreement Expenditures

Expenditures reported on the schedule consist of direct and indirect costs which are recognized as incurred using the accrual method of accounting. Such expenditures are recognized following the cost principles contained in the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and MAAP. Under those cost principles, certain types of expenditures are not allowable or are limited as to reimbursement.

3. Other Disclosures

Is your Agency required to have a federal Uniform Guidance audit? __X__ yes ______ no

Percentage of major agreements tested in relation to total Department expenses: 29%

SCHEDULES AND REPORTS IN ACCORDANCE WITH *GAS*, THE UNIFORM GUIDANCE AND MAAP

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
The Opportunity Alliance and Affiliate

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 consolidated financial statements of The Opportunity Alliance and Affiliate (the Organization), which comprise the consolidated statement of financial position as of June 30, 2020, 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 October 28, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated 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 consolidated 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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*.

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

Portland, Maine
October 28, 2020

BerryDunn

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

Board of Directors
The Opportunity Alliance and Affiliate

Report on Compliance for Each Major Federal Program

We have audited The Opportunity Alliance and Affiliate's (the Organization) compliance with the types of compliance requirements described in the Office of Management and Budget *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020. 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.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, The Opportunity Alliance and Affiliate 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 June 30, 2020.

Other Matter

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs related to federal awards as finding 2020-001. Our opinion on each major federal program is not modified with respect to this matter.

The Organization's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs related to federal awards. The Organization's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as finding 2020-001, that we consider to be a significant deficiency.

The Organization's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs related to federal awards. The Organization's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Portland, Maine
October 28, 2020

THE OPPORTUNITY ALLIANCE AND AFFILIATE

Schedule of Findings and Questioned Costs Related to Federal Awards

Year Ended June 30, 2020

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:			Unmodified	
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 with Section 2 CFR 200.516(a)?	☑	Yes	☐	No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children
93.568	Low-Income Home Energy Assistance
93.569	Community Services Block Grant

Dollar threshold used to distinguish between Type A and Type B programs:		$750,000		
Auditee qualified as low-risk auditee?	☑	Yes	☐	No

Section II. Financial Statement Findings

Not applicable

Section III. Federal Award Findings and Questioned Costs

Finding 2020-001

Programs Affected

CFDA No. 10.557 - Special Supplemental Nutrition Program for Women, Infant, and Children (WIC); passed through Maine Department of Health and Human Services; Contract No. CD2-19-4657/ CD2-20-4657; Grant period 10/1/2018 - 9/30/2020

Criteria

The grant agreement budget does not allow staff appreciation expenses to be charged to the contract.

Condition and Context

In a nonstatistical sample of 40 transactions tested, we identified 2 that relate to unallowable staff appreciation expenses. In response to identifying these expenses, we expanded the sample to test an additional 13 transactions which comprise all staff development expenses greater than $100 charged to credit cards. This sample identified an additional 2 charges for staff appreciation expenses. The total unallowable staff appreciation costs identified in our expanded sample was $2,037.

Questioned Costs

$2,037

Identification of Repeat Findings

Not applicable

Cause and Effect

The cause of the questioned costs was that the program director approved staff appreciation expenses that were not allowed under the grant agreement. This breakdown in internal controls resulted in the Organization charging unallowable expenses to the grant.

Recommendation

The Organization should enforce established policies to help ensure adherence with grant requirements. Program management should be trained to identify unallowable costs.

Views of Responsible Officials

Management concurs with the finding and recommendation.

Responsible party: Dawn Ouellette, Chief Financial Officer 207.523.5021

THE OPPORTUNITY ALLIANCE AND AFFILIATE

Summary Schedule of Prior Year Findings and Questioned Costs Related to Federal Awards

Year Ended June 30, 2020

None

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

Board of Directors
The Opportunity Alliance and Affiliate

Report on Compliance for Each Major Department Program

We have audited The Opportunity Alliance and Affiliate's (the Organization) compliance with the types of compliance requirements described 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 June 30, 2020. The Organization's major Department agreements are identified in the summary of auditor's results section in the accompanying schedule of findings and questioned costs related to Department agreements.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major Department agreements based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and MAAP. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Department agreement occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Department agreement. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Department Agreement

In our opinion, The Opportunity Alliance and Affiliate 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 June 30, 2020.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with MAAP and which is described in the accompanying schedule of findings and questioned costs related to Department agreements as finding 2020-001. Our opinion on each major Department agreement is not modified with respect to this matter.

The Organization's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs related to Department agreements. The Organization's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Department agreement on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs related to Department agreements as finding 2020-001, that we consider to be a significant deficiency.

The Organization's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs related to Department agreements. The Organization's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Berry Dunn McNeil & Parker, LLC

Portland, Maine
October 28, 2020

THE OPPORTUNITY ALLIANCE AND AFFILIATE

Schedule of Findings and Questioned Costs Related to Department Agreements

Year Ended June 30, 2020

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:			Unmodified	
Internal control over financial reporting:				
Material weakness(es) identified?	☐	Yes	☑	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

State Agreements

Internal control over programs tested:				
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 programs tested:			Unmodified	
Any audit findings disclosed that are required to be reported in accordance with MAAP regulations?	☑	Yes	☐	No

Identification of programs tested:

CD2-19/20-4657	Special Supplemental Nutrition Program for Women, Infants, and Children
CFS-20-7006A/ CFS-19-7006B	Community Services Block Grant
CFS-20-8201B	CPPC - Promoting Safe & Stable Families
MH1-19-4005A	Wrap Fund
MH4-19-1014	Projects for Assistance in Transition from Homelessness

THE OPPORTUNITY ALLIANCE AND AFFILIATE

Schedule of Findings and Questioned Costs
Related to Department Agreements (Concluded)

Year Ended June 30, 2020

Section II. Financial Statement Findings

N/A

Section III. Department Agreement Findings and Questioned Costs

Finding 2020-001

See Finding 2020-001 reported in the Schedule of Findings and Questioned Costs Related to Federal Awards.

THE OPPORTUNITY ALLIANCE AND AFFILIATE

Summary Schedule of Prior Year Findings and Questioned Costs Related to Department Agreements

Year Ended June 30, 2020

None

Views of Responsible Officials and Corrective Action Plan

Management concurs with Audit Finding 2020-001. Management believes proper internal controls are in place, and although regular training is important, this particular instance was not a deficiency in Uniform Guidance training as it relates to allowable costs. Management has determined there were several contributing factors, some of which prevailed as a result of the pandemic environment. To address all the contributing factors, the following will be accomplished:

1. Bank purchase cards, which limit purchases to TOA approved vendors, will be explored and issued in lieu of Agency Business cards provided costs are reasonable.
2. The Business Card Purchasing Policy will be revised and will require improved supporting documentation for processing.
3. Appropriate Finance staff will perform formal quarterly internal audits and the results will be reviewed by the Finance Committee.
4. All Managers and Directors will participate in Uniform Guidance training specific to select items of cost.

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