

Financial Statements

**Maine Development
Foundation**



December 31, 2020

Contents

Maine Development Foundation

December 31, 2020

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Independent Auditors' Report

**To the Board of Directors
Maine Development Foundation
Hallowell, Maine**

We have audited the accompanying financial statements of Maine Development Foundation (a nonprofit organization) which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

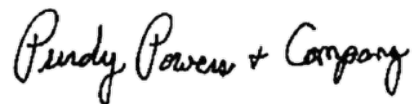
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Maine Development Foundation as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Maine Development Foundation's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 28, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2021, on our consideration of Maine Development Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Maine Development Foundation's internal control over financial reporting and compliance.


Professional Association

**Portland, Maine
June 30, 2021**

Statement of Financial Position

Maine Development Foundation

As of December 31, 2020

(with comparative totals for December 31, 2019)

	<u>2020</u>	<u>2019</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 917,912	\$ 255,421
Restricted cash	11,000	172,174
Accounts receivable (less allowance for doubtful accounts of \$0)	559,331	205,465
Prepaid expenses	<u>36,862</u>	<u>27,466</u>
Total Current Assets	1,525,105	660,526
Property and Equipment, net	40,855	50,287
Other Assets		
Security deposit	<u>2,405</u>	<u>2,405</u>
Total Other Assets	<u>2,405</u>	<u>2,405</u>
Total Assets	<u><u>\$ 1,568,365</u></u>	<u><u>\$ 713,218</u></u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 469,747	\$ 18,580
Accrued liabilities	52,499	36,780
Deferred revenue	580,795	136,038
Fiscal sponsorship funds	<u>158,057</u>	<u>130,226</u>
Total Current Liabilities	1,261,098	321,624
Net Assets		
Without donor restrictions	176,585	172,155
With donor restrictions	<u>130,682</u>	<u>219,439</u>
Total Net Assets	<u>307,267</u>	<u>391,594</u>
Total Liabilities and Net Assets	<u><u>\$ 1,568,365</u></u>	<u><u>\$ 713,218</u></u>

See accompanying independent auditors' report and notes to financial statements.

Statement of Activities

Maine Development Foundation

For the Year Ended December 31, 2020
(with comparative totals for December 31, 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenues and Other Support				
Program fees	\$ 153,163	\$ -	\$ 153,163	\$ 337,597
Contributions and corporate support	236,952	10,000	246,952	376,305
Contract income	505,444	32,334	537,778	499,285
Grant income	1,181,222	170,000	1,351,222	567,546
PPP loan forgiveness	225,600	-	225,600	-
Interest income	1,063	496	1,559	6,915
In-kind revenue	45,500	-	45,500	42,128
Miscellaneous income	50	-	50	3,825
Net assets released from restrictions	301,587	(301,587)	-	-
Total Revenues and Other Support	2,650,581	(88,757)	2,561,824	1,833,601
Expenses				
Program services	2,153,155	-	2,153,155	1,484,659
Management and general	350,649	-	350,649	288,819
Fundraising	142,347	-	142,347	118,084
Total Expenses	2,646,151	-	2,646,151	1,891,562
Increase (Decrease) in Net Assets	4,430	(88,757)	(84,327)	(57,961)
Net assets at beginning of year	172,155	219,439	391,594	449,555
Net Assets at End of Year	\$ 176,585	\$ 130,682	\$ 307,267	\$ 391,594

See accompanying independent auditors' report and notes to financial statements.

Statement of Functional Expenses

Maine Development Foundation

For the Year Ended December 31, 2020
(with comparative totals for December 31, 2019)

	2020										2019
	Program Services						Supporting Services				Total
	Leadership Maine	Downtown Center	Employers Education Initiative	Forest Economy	Other Programs	Total Programs	Management & General	Fundraising	Total		
Expenses:											
Salaries	\$ 57,728	\$ 202,122	\$ 70,333	\$ 230,150	\$ 224,049	\$ 784,382	\$ 188,166	\$ 108,061	\$ 1,080,609	\$ 883,506	
Payroll taxes	4,149	14,617	5,055	16,541	16,275	56,637	13,337	7,775	77,749	63,707	
Benefits	13,583	47,019	16,549	54,153	53,735	185,039	43,316	25,373	253,728	189,013	
Insurance	-	-	-	-	-	-	4,443	494	4,937	4,831	
Consultants	6,303	13,660	28,760	450	163,909	213,082	180	-	213,262	158,143	
Sponsorships	-	8,500	-	-	-	8,500	600	-	9,100	6,700	
Marketing and advertising	797	164	209	70	8,063	9,303	57	-	9,360	21,315	
Conferences and meetings	7,097	13,667	48,478	844	27,430	97,516	5,232	-	102,748	199,664	
Staff development	-	-	-	-	-	-	-	-	-	69	
Dues and subscriptions	1,814	12,745	983	2,058	2,543	20,143	2,595	-	22,738	15,229	
Office expense	122	778	16	139	2,349	3,404	4,151	340	7,895	41,728	
Postage	704	83	-	-	1,279	2,066	296	-	2,362	3,156	
Professional fees	-	-	60,395	156	-	60,551	11,250	-	71,801	99,948	
Occupancy	-	-	-	-	-	-	29,640	-	29,640	28,922	
Equipment rental and maintenance	-	-	-	-	-	-	16,492	-	16,492	7,958	
Janitorial	-	-	-	-	-	-	1,690	-	1,690	3,560	
Telecommunications	-	1,180	280	1,580	-	3,040	8,204	304	11,548	10,883	
Travel	244	543	199	1,618	2,652	5,256	4,727	-	9,983	45,853	
Miscellaneous	390	17	-	-	45,993	46,400	1,575	-	47,975	84,684	
Depreciation	-	-	-	-	-	-	14,698	-	14,698	12,353	
Grant expense	-	247,411	-	395,925	14,500	657,836	-	-	657,836	10,340	
Total expenses	\$ 92,931	\$ 562,506	\$ 231,257	\$ 703,684	\$ 562,777	\$ 2,153,155	\$ 350,649	\$ 142,347	\$ 2,646,151	\$ 1,891,562	

See accompanying independent auditors' report and notes to financial statements.

Statement of Cash Flows

Maine Development Foundation

For the Year Ended December 31, 2020
(with comparative totals for December 31, 2019)

	<u>2020</u>	<u>2019</u>
Operating Activities		
Decrease in net assets	\$ (84,327)	\$ (57,961)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation	14,698	12,353
Forgiveness of PPP loan	(225,600)	-
(Increase) decrease in operating assets:		
Accounts receivable	(353,866)	(19,399)
Prepaid expenses	(9,396)	(4,766)
Increase (decrease) in operating liabilities:		
Accounts payable	451,167	(47,459)
Accrued liabilities	15,719	12,098
Deferred revenue	444,757	(8,198)
Fiscal sponsorship funds	27,831	26,326
Net Cash Provided (Used) by Operating Activities	<u>280,983</u>	<u>(87,006)</u>
Investing Activities		
Purchase of property and equipment	(5,266)	(28,384)
Net Cash Used by Investing Activities	<u>(5,266)</u>	<u>(28,384)</u>
Cash Flows from Financing Activities		
Proceeds from PPP loan	225,600	-
Net Cash Provided by Financing Activities	<u>225,600</u>	<u>-</u>
Increase (Decrease) in Cash and Cash Equivalents	501,317	(115,390)
Cash and cash equivalents at beginning of year	427,595	542,985
Cash and Cash Equivalents at End of Year	<u>\$ 928,912</u>	<u>\$ 427,595</u>
Supplemental Disclosure of Cash Flow Information:		
Cash and cash equivalents	\$ 917,912	\$ 255,421
Restricted cash	11,000	172,174
	<u>\$ 928,912</u>	<u>\$ 427,595</u>

See accompanying independent auditors' report and notes to financial statements.

Notes to Financial Statements

Maine Development Foundation

Note A - Summary of Significant Accounting Policies

Foundation

Maine Development Foundation (the Foundation) is located in Hallowell, Maine and was created in October 1977. The Foundation is governed by a voluntary, statewide board of directors comprised of private and public sector leaders throughout Maine. The Foundation champions sustainable, long-term economic growth for Maine and is a catalyst for new ideas and a provider of common ground for solving problems and advancing issues. The Foundation receives membership dues from businesses and other organizations. The Foundation also sponsors several programs, which generate additional revenue. Operation of programs at the current level is dependent upon future program support.

Basis of Presentation

The accompanying financial statements include a statement of financial position, a statement of activities, a statement of functional expenses, and a statement of cash flow. The Foundation is required to report information regarding its financial position and activities according to two classes of net assets as follows:

Net Assets Without Donor Restrictions - Represents those resources that are not subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants), and can be used for any purpose designated by the Foundation's governing board.

Net Assets With Donor Restrictions - Represents resources and the portion of net assets resulting from contributions and other inflows of assets whose use is subject to donor-imposed restrictions.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Revenue Recognition

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

Revenues received are recorded as revenue without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in net assets with donor restrictions.

Notes to Financial Statements - Continued

Maine Development Foundation

Note A - Summary of Significant Accounting Policies - Continued

Revenue Recognition - Continued

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 Statement of Activities as net assets released from restrictions.

In accordance with ASC 606, the Foundation recognizes revenue when it satisfies a performance obligation by transferring control of a promised good or service, in an amount that reflects the consideration it expects to be entitled to in exchange for those goods or services.

Cash and Cash Equivalents

The Foundation considers cash in banks and all other highly liquid investments with a maturity of less than three months to be cash and cash equivalents for the purpose of cash flows. The Foundation maintains its cash and cash equivalents in bank deposit accounts, and at times balances may exceed federally insured limits. The Foundation has not experienced any losses in such accounts.

Grants and Accounts Receivable

Grants receivable consists primarily of amounts due from federal and state grants. The agency expects to collect the grant amounts in full; therefore, no allowance for doubtful accounts has been established for grants as of December 31, 2020.

Accounts receivable represent amounts due to the Foundation for program fees and program support. The allowance for doubtful accounts is provided based on an analysis by management of the collectability of outstanding balances. Management considers the age of outstanding balances and the credit worthiness of supporters in determining the allowance for doubtful accounts. Management has estimated no allowance for doubtful accounts is necessary as of December 31, 2020.

Promises To Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. The Foundation uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. At December 31, 2020, management estimated that there was no need for an allowance for uncollectible promises to give.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over appropriate estimated useful lives ranging from 3-5 years.

Notes to Financial Statements - Continued

Maine Development Foundation

Note A - Summary of Significant Accounting Policies - Continued

Property and Equipment - Continued

Depreciation expense for the years ended December 31, 2020 and 2019 was \$14,698 and \$12,353, respectively. Expenditures for repairs and maintenance are expensed when incurred and betterments are capitalized. Assets sold or otherwise disposed of are removed from the accounts, along with the related depreciation allowances, and any gain or loss is recognized.

Deferred Revenue

The Foundation's programs are primarily funded by program fees, grants and other revenue. Amounts received prior to providing services are deferred until the related services are rendered. Revenue is recorded when the related services are provided.

In-Kind Transactions

The Foundation records donated goods and services at fair value at the date of donation. Donated goods and services of \$45,500 and \$42,128 were reported as support for the years ended December 31, 2020 and 2019, respectively.

Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program or supporting functions of the Foundation. Those expenses include salaries, payroll taxes and benefits, conferences and meetings, office expenses, and travel. Salaries, payroll taxes and benefits are allocated based on estimates of time and effort, certain costs of conferences and meetings, office expenses, and travel are based on management's estimate of the appropriate allocations for each expense.

Advertising Expenses

Advertising costs are expensed as incurred. Advertising expense was \$9,360 and \$21,315 for the years ended December 31, 2020 and 2019, respectively.

Pending Accounting Pronouncement

In February 2016, the Financial Accounting Standards Board issued ASU 2016-02, Leases (Topic 842). This new standard will provide users of the financial statements a more accurate picture of the assets and the long-term financial obligations of organizations that lease. The standard is for a dual-model approach: a lessee will account for most existing capital leases as Type A leases, and most existing operating leases as Type B leases. Both will be reported on the statement of financial position of the organization for leases with a term exceeding 12 months. Lessors will see some changes too, largely made to align with the revised lease model. For nonpublic organizations, the new leasing standard will apply for fiscal years beginning after December 15, 2021. The standard requires retroactive application to previously issued financial statements, if presented. Management is currently evaluating the impact of adoption on its financial statements.

Notes to Financial Statements - Continued

Maine Development Foundation

Note B - Restricted Cash

At December 31, 2020 the Foundation's assets included cash in the amount of \$11,000, which was restricted for implementing an adult promise program through the Maine Education Employer's Initiative required by the donor in accordance with the grant agreement.

Note C - Certificate of Deposit

A certificate of deposit of \$9,500 is included in cash and cash equivalents in the accompanying financial statements. The certificate bears interest at .30% and matures in August 2021. Any penalties for early withdrawal would not have a material effect on the financial statements.

Note D - Property and Equipment

Property and equipment consisted of the following as of December 31:

	<u>2020</u>	<u>2019</u>
Equipment and furnishings	\$ 153,977	\$ 148,711
Vehicles	<u>17,400</u>	<u>17,400</u>
	171,377	166,111
Less accumulated depreciation	<u>130,522</u>	<u>115,824</u>
	<u>\$ 40,855</u>	<u>\$ 50,287</u>

Note E - Paycheck Protection Program Loan

During the year ended December 31, 2020, Maine Development Foundation received a loan through the U.S. SBA (Small Business Administration) Paycheck Protection Program (PPP), established as part of the 2020 CARES Act. The \$225,600 promissory note would be forgiven if the loan was used for payroll, rent, mortgage interest, or utilities incurred over the twenty four week period starting from the day the funds were received from the lender (with at least 60% of the loan being used for payroll). In addition, the Foundation had to maintain staffing and 75% of salaries as assessed individually, subject to certain exemptions. For any portion of the loan not forgiven, principal and interest payments shall begin on the seven month anniversary of execution of the note, with interest at a rate of 1% and principal in an amount so that the remaining loan balance fully amortized by the maturity date of April 20, 2022.

During the year ended December 31, 2020, Maine Development Foundation received notification of forgiveness from the SBA. Accordingly, the Foundation has recognized the entire balance of \$225,600, on the accompanying Statement of Activities for the year ended December 31, 2020.

Notes to Financial Statements - Continued

Maine Development Foundation

Note F - Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods at December 31:

	<u>2020</u>	<u>2019</u>
<i>Subject to expenditure for specified purpose:</i>		
Maine Employers' Education Initiative	\$ 11,000	\$ 172,174
Downtown Center	80,000	8,750
Policy Leaders Academy	10,000	9,000
Realize Maine	29,682	27,515
Staff professional development	-	2,000
Total net assets with donor restrictions	<u>\$ 130,682</u>	<u>\$ 219,439</u>

Note G - Liquidity and Availability

Financial assets consist of the Foundation's cash and cash equivalents and net accounts receivable. The following reflects the Foundation's financial assets as of December 31, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the date of the Statement of Financial Position.

Financial assets available to meet cash needs for general expenditures within one year consists of the following at December 31:

	<u>2020</u>	<u>2019</u>
Financial assets, at year-end	\$ 1,488,243	\$ 633,060
Less those unavailable for general expenditures within one year, due to:		
<i>Contractual or donor-imposed restrictions:</i>		
Restricted by donor with time or purpose restrictions	<u>(130,682)</u>	<u>(219,439)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,357,561</u>	<u>\$ 413,621</u>

The Foundation's financial assets available to meet cash needs for general expenditures within one year represents funding for ongoing operational requirements and planned increases in program expenditures in 2021.

The Foundation is substantially supported by contributions from donations solicited and contributions received. The Foundation actively manages its cash flow to ensure funds are available for general expenditures, liabilities, and other obligations as they come due.

Notes to Financial Statements - Continued

Maine Development Foundation

Note G - Revenue Recognition

Disaggregation of Revenue

The following table shows the Foundation's contract revenue disaggregated according to product type/revenue stream and the timing of transfer of goods or services:

	<u>2020</u>	<u>2019</u>
<i>Revenue Recognized over Time</i>		
Fees for service - private	\$ 21,292	\$ 24,598
Program income - private	<u>131,871</u>	<u>312,999</u>
Total contract revenue recognized over time	<u>153,163</u>	<u>337,597</u>
Total Revenue from Contracts with Customers	<u>\$ 153,163</u>	<u>\$ 337,597</u>

Contract Assets and Contract Liabilities

In accordance with FASB ASC 606-10-50, the Foundation has considered the need to record contract assets and contract liabilities from contracts with its customers. No contract assets exist as of December 31, 2020 and 2019. The Foundation has \$19,550 and \$107,342 of contract liabilities at December 31, 2020 and 2019, respectively, which are reported as "Deferred revenue" on the Statement of Financial Position.

Receivables

The Foundation has accounts receivable from contracts with customers of \$5,000 and \$100, respectively, at December 31, 2020 and 2019.

Performance Obligations

The Foundation receives revenue from its various programs. The Foundation recognizes revenue as the promised activity is provided to and utilized by the customer.

There are no special credit terms extended to any customers. Accounts receivable are typically due within 30 days of invoicing, and an allowance for doubtful accounts is provided for based on an analysis of individual balances.

Management has determined that there are no significant warranties or return, refund, or discount obligation related to contracts with its customers.

The Foundation has no significant shipping and handling costs.

Transaction Price Allocated to Remaining Performance Obligations

Revenue expected to be recognized in the future related to performance obligations that are unsatisfied (or partially satisfied) is estimated to be \$0 at December 31, 2020 and 2019, respectively. No consideration from contracts with customers is excluded from the transaction price.

Notes to Financial Statements - Continued

Maine Development Foundation

Note G - Revenue Recognition - Continued

Significant Judgments

Contract transaction price includes the Foundation's judgment of variable consideration. Variable consideration is broadly defined and includes incentives, price concessions, rebates and refunds, as well as if the amount to be received is contingent on the occurrence of a future event. Based on available information, management must include an estimate of any variable consideration when determining the contract transaction price, using either the "expected value" or the "most likely amount" approach.

For service contracts in which the Foundation bills a fixed amount for each hour of service provided, the Company has elected the "right to invoice" practical expedient. The expedient allows the Foundation to bypass certain steps of the 606 model and recognize revenue equal to the amount it has a right to invoice, which corresponds directly with the value to the customer of the Foundation's performance completed to date. Contracts with billing rate changes, minimum or upfront or back-end payments require management to evaluate whether the right to consideration corresponds directly with the "value to the customer" in such instances, and thus whether the practical expedient is applicable.

The determination of which performance obligations are distinct within the context of certain overall contracts, and the estimated standalone selling price of each performance obligation requires significant judgement by management of the Foundation. In instances where observable selling prices for distinct products or services are not available, the Foundation generally estimates the standalone selling price of each performance obligation based on either a cost plus margin or a market assessment approach, with a residual value being assigned to any additional obligations.

The Foundation has elected not to identify promised goods or services that are immaterial in the context of the contract for further evaluation under ASC 606, and has applied the decision consistently to similar types of transactions.

The Foundation has elected the practical expedient that allows it to apply ASC 606 to a portfolio of similar performance obligations if doing so is not reasonably expected to result in materially different outcomes compared to individually accounting for the performance obligations. The practical expedient has been applied consistently to performance obligations with similar characteristics in similar situations.

Financing Components

The Foundation's contracts with customers contain no significant financing components.

Notes to Financial Statements - Continued

Maine Development Foundation

Note H - Lease Commitments

In December 2018, the Foundation leased new office space under a non-cancelable operating lease which expires in November 2023. The lessor may pass on certain increases in taxes as additional rental charges, which are included in rental expense. The Foundation also leases certain office equipment which expire at various dates through September 2022. Rent expense under these agreements for the years ended December 31, 2020 and 2019 was \$32,484 and \$31,776, respectively.

Future minimum lease payments are as follows:

2021	\$ 33,225
2022	33,278
2023	29,209

Note I - Concentrations

The Foundation received approximately 68% and 36%, of its revenues for the years ended December 31, 2020 and 2019, respectively, from programs and agencies administered by the Federal Government or the State of Maine. As of December 31, 2020, approximately 83% of the accounts receivable was due from four sources. As of December 31, 2019, approximately 68% of the accounts receivable was due from three sources.

Note J - Contingencies

Amounts received or receivable from grantors, principally State and Federal agencies, may be subject to audit and adjustment. Failure to fulfill the conditions as set forth in the instrument of grant could result in the return of funds. Management deems the possibility of returning funds to be remote and expects amounts, if any, to be immaterial.

Note K - Benefit Plans

The Foundation maintains a 403(b) plan which covers substantially all employees. The plan calls for the Foundation to contribute up to 5% of each eligible employee's annual salary. The contributions for the years ended December 31, 2020 and 2019 were \$48,684 and \$41,593, respectively.

Notes to Financial Statements - Continued

Maine Development Foundation

Note L - Income Taxes

The Foundation qualifies as an organization exempt from federal income tax under Internal Revenue Code Section 501(c)(3). The Foundation files a Form 990 tax return in the U.S. federal jurisdiction. With few exceptions, the Foundation is no longer subject to U.S. federal or tax examinations for fiscal years before 2017 due to the statute of limitations. The Foundation has adopted the provisions of FASB *Accounting Standards Codification, Income Taxes*. Management of the Foundation believes it has no material uncertain tax positions and, accordingly it will not recognize any liability for unrecognized tax benefits.

Note M - Subsequent Events

Management has made an evaluation of subsequent events to and including June 30, 2021, which was the date the financial statements were available to be issued and determined that any subsequent events that would require recognition or disclosure have been considered in the preparation of the financial statements.

**Independent Auditors' 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***

**To the Board of Directors
Maine Development Foundation
Hallowell, Maine**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Maine Development Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 30, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Maine Development Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Maine Development Foundation'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 Maine Development Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


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