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**GAINED**

**Auditor Communications**  
**Audit Committee**

**Presented By**  
Sarah Belliveau and Nathan Dunlap

**October 15, 2020**



**1** FINANCIAL STATEMENT AUDIT

**2** FINANCIAL STATEMENT HIGHLIGHTS

**3** REQUIRED AUDITOR COMMUNICATIONS

**4** OPPORTUNITY FOR QUESTIONS/EXECUTIVE SESSION



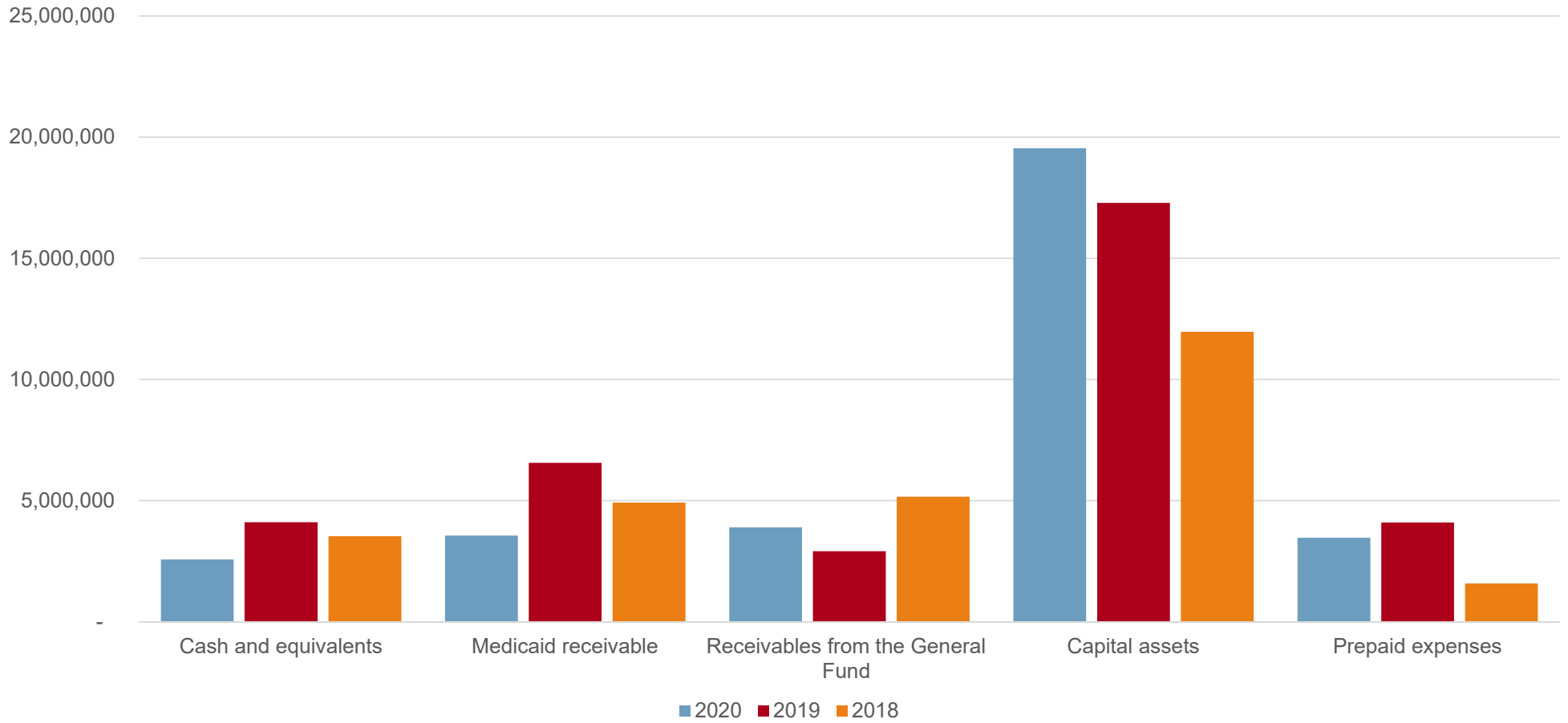
- Performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*
- Designed to obtain reasonable, not absolute assurance
- Performed on a test basis
- Requires understanding of internal control
- Discussion of significant audit areas and surprise procedure
- **UNMODIFIED OPINION** on the financial statements



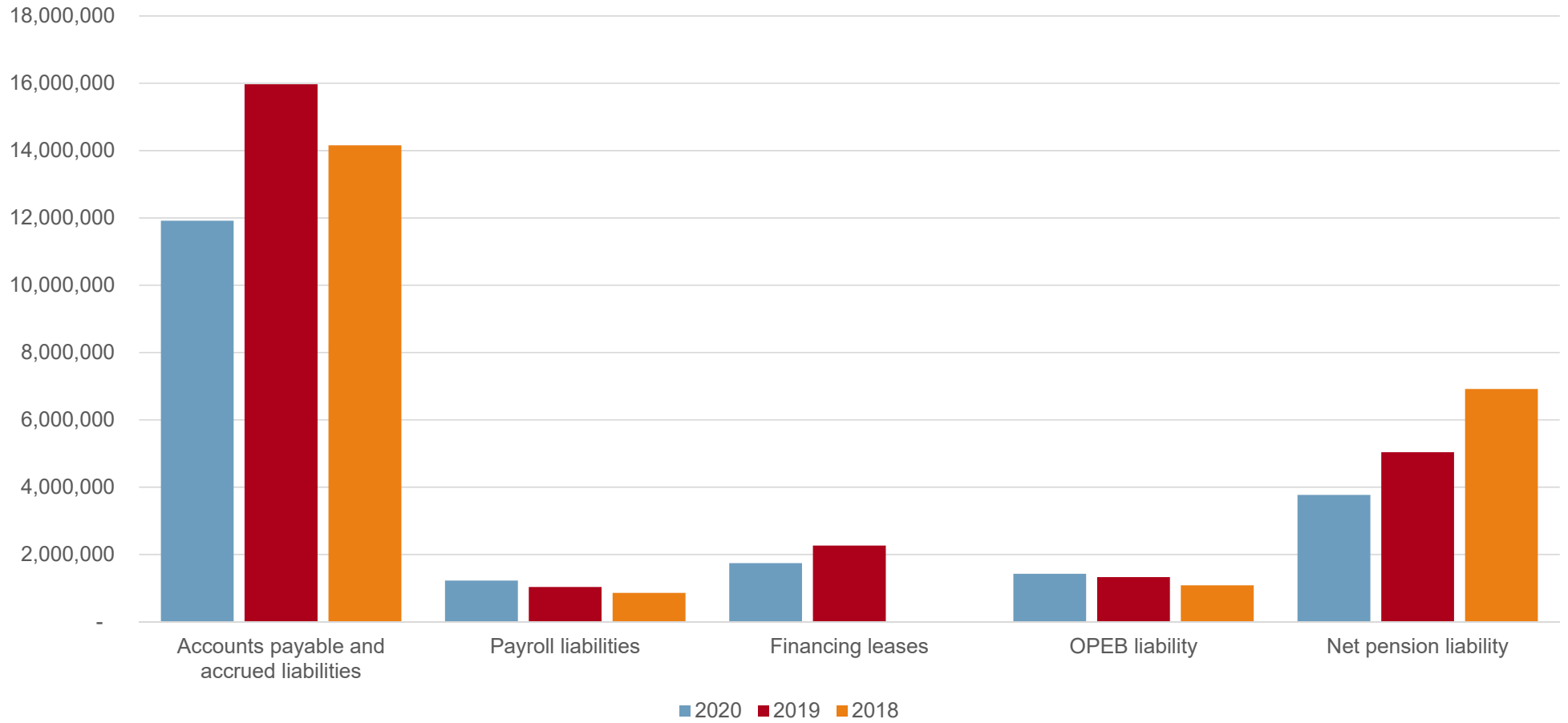
### KEY CHANGES IN THE FINANCIAL STATEMENTS

- Net position increased by approximately \$3.8 million in 2020
- Capital assets increased \$2.2 million in 2020
- Prepaid expenses decreased \$631 thousand in 2020
- Accounts payable and accrued expenses decreased \$4.1 million in 2020
- Amortized \$1.7 million of lease liability

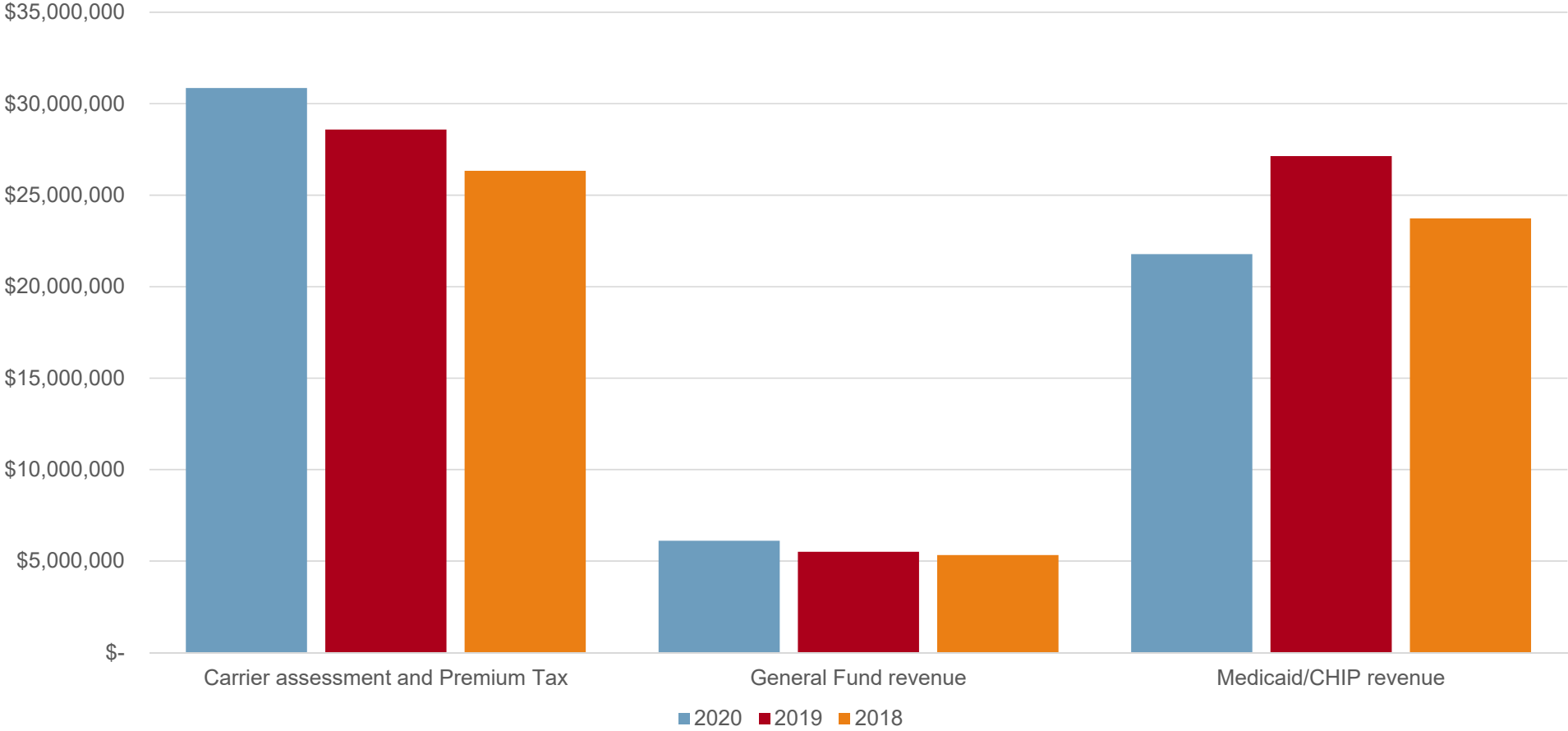
### Statement of Financial Position - Assets



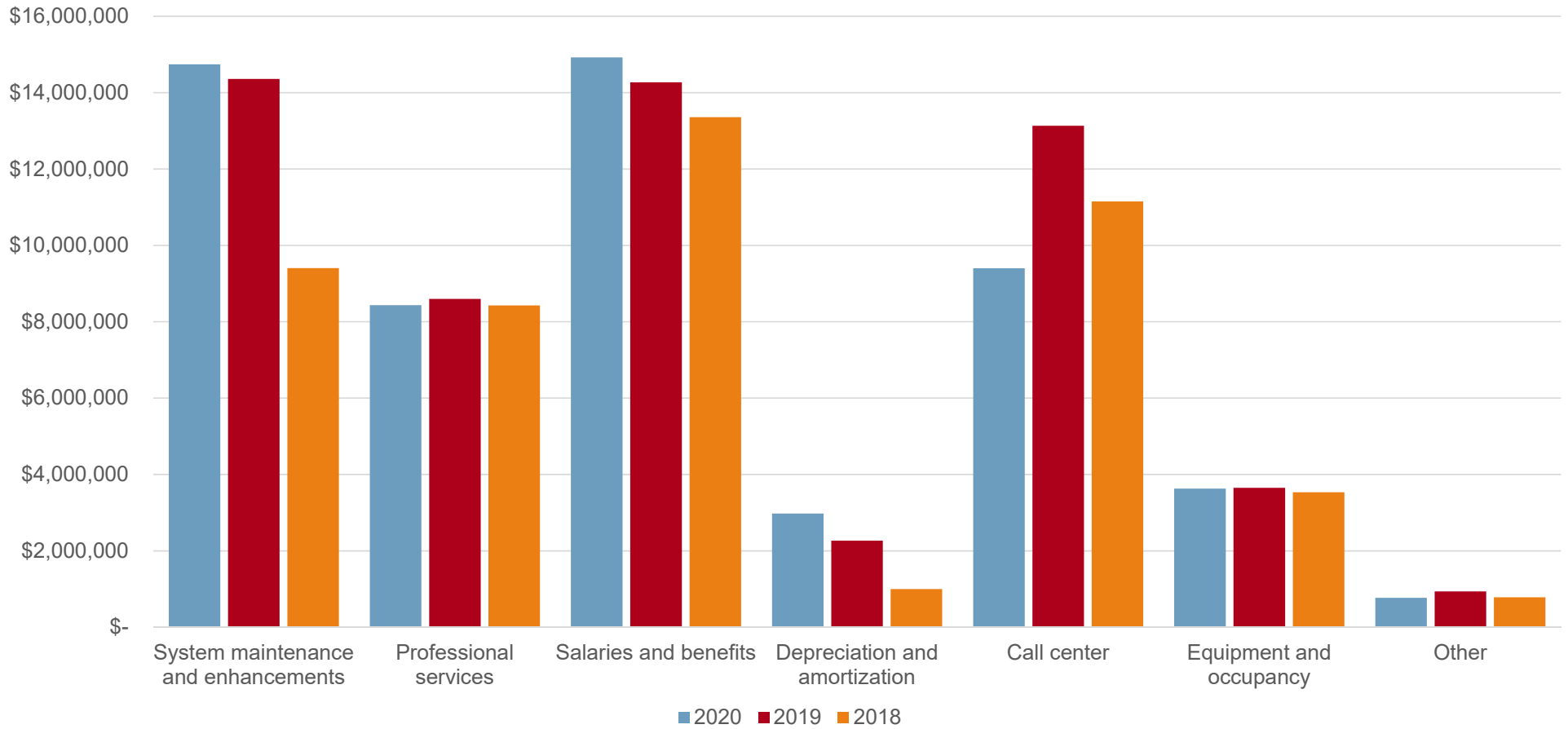
### Statement of Financial Position - Liabilities



### Total Revenues by Source



### Total Expenses by Function







### Cash Flow Statement Highlights

- Total cash and cash equivalents decreased by approximately \$1.5 million in 2020
- Cash flows from operations – (\$26.6M) and (\$26.8M) in 2020 and 2019, respectively. Negative due to the fact that Medicaid revenue and general fund reimbursements are considered noncapital financing activities for GASB reporting purposes.
- Medicaid revenue and general fund reimbursements consistent at nearly \$31M in 2019 and 2020
- Cash used for capital and related financing was (\$5.9M) and (\$3.7M) in 2020 and 2019, respectively, primarily related to \$5.2M acquisition of capital assets in 2020.



## FINANCIAL STATEMENT FOOTNOTES

- Note 6 – Commitments
- Note 7 – Pension
- Note 8 – Other Post Employment Benefits
- Note 10 - Uncertainty

## DEFINITION OF MATERIAL WEAKNESS

- A deficiency in internal control such that a material misstatement of the financial statements may not be prevented, or detected and corrected, by the Exchange's internal control.

## DEFINITION OF SIGNIFICANT DEFICIENCY

- A deficiency in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

## AUDIT RESULTS

- 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.
- No noncompliance with laws, regulations, contracts and grant agreements that would be direct and material

### OUR RESPONSIBILITY

- To express an opinion on the financial statements based on our audit performed in accordance with under U.S. Generally Accepted Auditing Standards and *Government Auditing Standards*.

### MANAGEMENT'S RESPONSIBILITY

- The preparation and fair presentation of the financial statements is management's responsibility.

### PLANNING AND PERFORMING THE AUDIT

- We consider internal control, but do not express an opinion on it.
- We perform tests in key audit areas; those tests may change from year to year.

**QUALITATIVE ASPECTS OF ACCOUNTING POLICIES**

- No other new accounting policies adopted and application of existing policies was not changed
- No transactions lacked authoritative guidance
- All significant transactions were recorded in the correct period

**MANAGEMENT'S JUDGMENTS AND ESTIMATES**

- Depreciation Expense
- OPEB liability
- Net pension liability

**CORRECTED AND UNCORRECTED MISSTATEMENTS**

- No significant audit adjustments
- No passed adjustments
- No reclassifying entries



### **DISAGREEMENTS OR DIFFICULTIES**

- No disagreements with management
- No difficulties in performing the audit; management was well prepared and proactive during the audit

### **MANAGEMENT'S REPRESENTATIONS**

- As part of the audit, we will obtain a signed letter from management attesting to certain representations made during the audit

### **CONSULTATIONS AND OTHER MATTERS**

- We are not aware of management having consultations with other accountants. If it were to be the case, standards require those auditors check with us to ensure they have all the relevant facts
- We communicate with management throughout the year on a variety of matters. Those discussions were in the ordinary course of business and not a condition of our retention



## Contact Us

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