

**WESTBAY COMMUNITY ACTION, INC.
AND WESTBAY HOUSING CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2019**

**WESTBAY COMMUNITY ACTION, INC.
AND WESTBAY HOUSING CORPORATION
FOR THE YEAR ENDED JUNE 30, 2019**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Westbay Community Action, Inc.
and Westbay Housing Corporation
Warwick, Rhode Island

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Westbay Community Action, Inc., and Westbay Housing Corporation (nonprofit organizations, collectively the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year 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 consolidated 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2019, and the results of their activities and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. 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*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. 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 November 15, 2019, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS

Providence, Rhode Island
November 15, 2019

**WESTBAY COMMUNITY ACTION, INC.
AND WESTBAY HOUSING CORPORATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019**

ASSETS

Current assets:

| | |
|------------------------|---------------|
| Cash | \$ 963,342 |
| Grants receivable, net | 461,636 |
| Accounts receivable | 256,402 |
| Inventory | 34,779 |
| Other assets | <u>47,811</u> |
| Total current assets | 1,763,970 |

| | |
|-----------------------------|------------------|
| Property and equipment, net | <u>1,692,174</u> |
|-----------------------------|------------------|

| | |
|---------------------|-----------------------------------|
| TOTAL ASSETS | <u><u>\$ 3,456,144</u></u> |
|---------------------|-----------------------------------|

LIABILITIES AND NET ASSETS

Current liabilities:

| | |
|---------------------------------------|--------------|
| Accounts payable and accrued expenses | \$ 327,859 |
| Accrued payroll and related expenses | 103,270 |
| Unapplied grant revenue | 111,676 |
| Current portion of long-term debt | <u>7,883</u> |

| | |
|----------------------------|---------|
| Total current liabilities: | 550,688 |
|----------------------------|---------|

| | |
|--------------------------------------|----------------|
| Long-term debt, less current portion | <u>247,585</u> |
|--------------------------------------|----------------|

| | |
|-------------------|----------------|
| Total liabilities | <u>798,273</u> |
|-------------------|----------------|

Commitments and contingency (Notes 5, 10, and 13)

Net assets:

Without donor restrictions:

| | |
|---|----------------|
| Undesignated | 965,697 |
| Invested in property and equipment, net of related debt | <u>795,121</u> |
| | 1,760,818 |

| | |
|-----------------------------------|----------------|
| With donor restrictions, property | <u>897,053</u> |
|-----------------------------------|----------------|

| | |
|------------------|------------------|
| Total net assets | <u>2,657,871</u> |
|------------------|------------------|

| | |
|---|-----------------------------------|
| TOTAL LIABILITIES AND NET ASSETS | <u><u>\$ 3,456,144</u></u> |
|---|-----------------------------------|

**WESTBAY COMMUNITY ACTION, INC.
AND WESTBAY HOUSING CORPORATION
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2019**

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|---------------------------------------|------------------------------------|---------------------|
| Revenue and support: | | | |
| Grants and contracts | \$ 7,955,167 | \$ - | \$ 7,955,167 |
| Program income | 1,066,430 | - | 1,066,430 |
| Contributions and fundraising, net of fundraising expense of \$14,209 | 67,796 | - | 67,796 |
| In-kind donations | 334,191 | - | 334,191 |
| Net assets released from restrictions | <u>34,027</u> | <u>(34,027)</u> | <u>-</u> |
| Total revenue and support | <u>9,457,611</u> | <u>(34,027)</u> | <u>9,423,584</u> |
| Expenses: | | | |
| Program services: | | | |
| Nutrition | 354,343 | - | 354,343 |
| Farm | 45,233 | - | 45,233 |
| Market Place | 446,858 | - | 446,858 |
| Women, infants and children program | 1,369,034 | - | 1,369,034 |
| Children's services | 571,577 | - | 571,577 |
| Case Management | 655,089 | - | 655,089 |
| RSVP | 193,639 | - | 193,639 |
| Service Jobs | 2,658 | - | 2,658 |
| Adult education | 262,405 | - | 262,405 |
| Family services | 3,100,139 | - | 3,100,139 |
| Housing | 107,990 | - | 107,990 |
| Weatherization | <u>1,685,796</u> | <u>-</u> | <u>1,685,796</u> |
| Total program expenses | <u>8,794,761</u> | <u>-</u> | <u>8,794,761</u> |
| Management and general | <u>657,368</u> | <u>-</u> | <u>657,368</u> |
| Total expenses | <u>9,452,129</u> | <u>-</u> | <u>9,452,129</u> |
| Change in net assets | 5,482 | (34,027) | (28,545) |
| Net assets - beginning | <u>1,755,336</u> | <u>931,080</u> | <u>2,686,416</u> |
| NET ASSETS - ENDING | <u>\$ 1,760,818</u> | <u>\$ 897,053</u> | <u>\$ 2,657,871</u> |

See notes to consolidated financial statements.

WESTBAY COMMUNITY ACTION, INC. AND WESTBAY HOUSING CORPORATION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

Program Services

| | Nutrition | Farm | Market Place | Women, Infants and Children Program | Children's Services | Case Management | RSVP | Service Jobs | Adult Education | Family Services | Housing | Weatherization | Total Program Services | Management and General | Total Expenses |
|--------------------------------------|-------------------|------------------|-------------------|--|------------------------|--------------------|-------------------|-----------------|--------------------|---------------------|-------------------|---------------------|---------------------------|---------------------------|---------------------|
| Salaries | \$ 48,337 | \$ 20,243 | \$ 36,872 | \$ 191,204 | \$ 284,932 | \$ 402,276 | \$ 54,614 | \$ - | \$ 174,244 | \$ 505,064 | \$ 5,212 | \$ 186,206 | \$ 1,909,204 | \$ 372,135 | \$ 2,281,339 |
| Payroll taxes and benefits | 13,950 | 9,292 | 10,001 | 46,094 | 86,508 | 81,722 | 7,156 | - | 30,244 | 124,218 | 550 | 53,373 | 463,108 | 59,337 | 522,445 |
| Workers compensation | 687 | 366 | 679 | 2,737 | 3,186 | 5,761 | 789 | - | 2,487 | 7,217 | 74 | 2,663 | 26,646 | 2,274 | 28,920 |
| Payroll service fees | 267 | 108 | 195 | 1,020 | 1,547 | 2,138 | 274 | - | 930 | 2,693 | 24 | 1,060 | 10,256 | 1,961 | 12,217 |
| Advertising | 486 | 154 | - | - | 130 | - | 853 | - | - | 137 | - | 44 | 1,804 | 2,558 | 4,362 |
| Boiler Materials | - | - | - | - | - | - | - | - | - | - | - | 778,396 | 778,396 | - | 778,396 |
| Conferences and training | 7,672 | - | - | 566 | 756 | 1,013 | 3,680 | - | 1,135 | 60 | - | 26,888 | 41,770 | 1,992 | 43,762 |
| Consultants | 259,465 | 500 | - | 3,410 | 19,357 | 77,041 | 3,033 | - | - | - | - | 468,055 | 830,861 | 23,320 | 854,181 |
| Dues and fees | 464 | 9 | - | 176 | 839 | 5,491 | 1,467 | 70 | - | 238 | 772 | 1,504 | 11,030 | 10,055 | 21,085 |
| Emergency services - case management | - | - | - | - | - | 935 | - | - | - | 58,754 | - | - | 59,689 | - | 59,689 |
| Insurance | 794 | - | 2,055 | 1,517 | 5,024 | 2,732 | 4,589 | 277 | 1,224 | 3,343 | 4,662 | 6,539 | 32,756 | 11,547 | 44,303 |
| Interest expense | - | - | - | - | - | - | - | - | - | - | - | - | - | 14,472 | 14,472 |
| LHHEAP payments | - | - | - | - | - | - | - | - | - | 2,282,243 | - | - | 2,282,243 | - | 2,282,243 |
| Maintenance and repairs | 119 | 378 | 2,643 | 1,151 | 35,795 | 5,884 | 2,428 | 154 | 4,140 | 15,119 | 44,953 | 9,248 | 122,012 | 32,593 | 154,605 |
| Miscellaneous expense | 50 | 894 | 3,350 | - | 5,914 | 43 | 4,538 | - | 12,300 | 514 | - | 3,471 | 31,074 | 999 | 32,073 |
| Office expense | 1,697 | - | 1,914 | 12,426 | 32,459 | 18,821 | 8,731 | 1,331 | 9,225 | 37,071 | 1,095 | 8,079 | 132,849 | 31,800 | 164,649 |
| Professional fees | - | - | - | - | - | - | - | - | - | - | - | - | - | 29,660 | 29,660 |
| Program supplies | 15,025 | 7,429 | 77,821 | 1,075,264 | 12,812 | 6,256 | 2,775 | 59 | 3,898 | 12,232 | - | 114,221 | 1,327,792 | 14,553 | 1,342,345 |
| Property taxes | - | - | - | - | - | - | - | - | - | - | 8,855 | - | 8,855 | - | 8,855 |
| Raw food and prepared meals | 30 | - | 3,355 | - | 24,290 | - | - | - | - | - | - | - | 27,675 | - | 27,675 |
| Rent | - | - | 37,727 | 30,960 | - | 26,406 | 10,200 | - | 20,983 | 34,231 | - | 13,724 | 174,231 | 3,930 | 178,161 |
| Travel | 4,704 | - | 2,028 | 676 | 16,088 | 13,284 | 6,073 | - | 1,595 | 7,927 | 348 | 2,939 | 55,662 | 1,312 | 56,974 |
| Utilities | 596 | 843 | 8,947 | 1,833 | 18,471 | 5,286 | 7,447 | 767 | - | 6,615 | 26,113 | 2,383 | 79,301 | 12,074 | 91,375 |
| In-kind market | - | - | 254,413 | - | - | - | 74,713 | - | - | - | - | - | 329,126 | - | 329,126 |
| Depreciation | - | 5,017 | 4,858 | - | 23,469 | - | 279 | - | - | 2,463 | 15,332 | 7,003 | 58,421 | 30,796 | 89,217 |
| | \$ 354,343 | \$ 45,233 | \$ 446,858 | \$ 1,369,034 | \$ 571,577 | \$ 655,089 | \$ 193,639 | \$ 2,658 | \$ 262,405 | \$ 3,100,139 | \$ 107,990 | \$ 1,685,796 | \$ 8,794,761 | \$ 657,368 | \$ 9,452,129 |

See notes to consolidated financial statements.

**WESTBAY COMMUNITY ACTION, INC.
AND WESTBAY HOUSING CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019**

| | |
|---|--------------------------|
| Cash flows from operating activities: | |
| Change in net assets | \$ (28,545) |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | |
| Depreciation | 89,217 |
| Changes in operating assets and liabilities: | |
| Grants receivable | 543,688 |
| Accounts receivable | (152,350) |
| Inventory | (5,066) |
| Other assets | (13,054) |
| Accounts payable and accrued expenses | 67,826 |
| Unapplied grants | <u>(14,871)</u> |
| Net cash provided by operating activities | 486,845 |
| Cash used in investing activities, purchases of property and equipment | (6,610) |
| Cash used in financing activities, principal payments on long-term debt | <u>(7,331)</u> |
| Increase in cash | 472,904 |
| Cash - beginning | <u>490,438</u> |
| CASH - ENDING | <u>\$ 963,342</u> |
| Supplemental disclosures of cash flow information: | |
| Interest paid | <u>\$ 14,472</u> |

See notes to consolidated financial statements.

**WESTBAY COMMUNITY ACTION, INC.
AND WESTBAY HOUSING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Organization

Westbay Community Action, Inc. ("WCA") is a not-for-profit corporation located in Warwick, Rhode Island. This community action agency provides various social and rehabilitative services including fuel assistance, childcare, supportive housing, and nutrition programs to the elderly and low-income residents of Warwick, West Warwick, Coventry, East Greenwich, and other areas of Rhode Island.

Westbay Housing Corporation ("WHC") is a not-for-profit organization established on October 14, 2003 in accordance with the laws of the State of Rhode Island. The purpose of Westbay Housing Corporation is to assist low to moderate income individuals and families to achieve and sustain self-sufficiency by providing home ownership and rental opportunities.

Principles of Consolidation

In accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), the consolidated financial statements include the accounts of Westbay Community Action, Inc. and Westbay Housing Corporation (collectively the "Organization"). WCA and WHC have substantially the same Board of Directors and share office space and certain employees. Inter-company transactions have been eliminated so as not to overstate the consolidated financial position and consolidated total change in net assets of the Organization.

Recently Adopted Accounting Pronouncement

On August 18, 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-14 ("ASU 2016-14"), *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these consolidated financial statements accordingly.

**WESTBAY COMMUNITY ACTION, INC.
AND WESTBAY HOUSING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Issued but not yet Effective Accounting Pronouncements

Revenue Recognition

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended (commonly referred to as "ASC 606"), which requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration which the entity expects to be entitled to receive in exchange for those goods or services. ASC 606 replaces most existing revenue recognition standards in U.S. GAAP, including industry-specific standards, when it becomes effective. For annual reporting periods, this standard is effective for the Organization on July 1, 2019. The standard permits the use of either the retrospective or cumulative-effect transition method. The Organization has completed its initial assessment and evaluation of the impact that ASC 606 will have on the Organization's financial statements and related disclosures, and has determined that it will not be material. In that regard, the adoption of ASC 606 will result in expanded disclosures that will enable the users of the consolidated financial statements to better understand the nature, amount, timing, and uncertainty, if any, of revenues and cash flows arising from contracts with customers.

Leases

In February 2016, the FASB issued ASU No. 2016-02, *Leases* ("ASU 2016-02"). The update requires all leases with a term greater than 12 months to be recognized on the statement of financial position through a right-of-use asset and a lease liability and the disclosure of key information pertaining to leasing arrangements. This new guidance is effective for years beginning after December 15, 2020, with early adoption permitted. The Organization is evaluating the effect that ASU 2016-02 will have on its consolidated financial statements and related disclosures, but has not yet selected a transition method or determined the timing of adoption.

Contributions

In June 2018, the FASB issued ASU No. 2018-08, *Not-For-Profit Entities* (Topic 958) - *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* ("ASU 2018-08"), which provides guidance for determining whether a transaction should be accounted for as a contribution or an exchange transaction, and whether a contribution is conditional or unconditional. This ASU is effective for years beginning after December 15, 2018. The Organization is evaluating the effect that ASU 2018-08 will have on its consolidated financial statements and related disclosures.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. 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 consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**WESTBAY COMMUNITY ACTION, INC.
AND WESTBAY HOUSING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

The consolidated financial statements of the Organization have been prepared in accordance with U.S. 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 available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service.

The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. Contributions with donor restrictions that are used for the purpose specified by the donor in the same year as the contribution is received are recognized as unrestricted revenue.

Revenue, gains and other support are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions or by law. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments or other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

When a donor 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 and changes in net assets as net assets released from restrictions.

Contributions

Contribution revenue is recorded as received or unconditionally promised. If the contribution is made in assets other than cash, the amount of the contribution is measured at the fair value of the asset contributed at the date the contribution or unconditional promise to give is made by the donor.

**WESTBAY COMMUNITY ACTION, INC.
AND WESTBAY HOUSING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

The Organization recognizes grant and contract revenue and program income when services to clients have been rendered and/or contractual obligations have been met.

Grants and awards are reported when the services are provided or when expenditures covered by a grant are incurred. Grants and contracts are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds or awarding of contracts. Any liability for reimbursement which might arise out of these audits is not considered by the Organization to be material.

The Organization records unapplied grant revenue upon receipt of payment in advance of services being rendered.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with original maturities of six months or less to be cash equivalents. There were no cash equivalents as of June 30, 2019.

Grants and Accounts Receivable

The Organization reports its grants and accounts receivable at net realizable value. On a periodic basis, the Organization evaluates its contracts and other receivables and establishes an allowance for doubtful accounts as necessary, based on a history of past bad debt expense and collections and current credit conditions.

The Organization does not accrue interest on grants and accounts receivable. A receivable is considered past due if payment has not been received within stated terms. The Organization will then exhaust all methods in-house to collect the receivable. Once all practical resources to collect the receivable have been utilized without success, the receivable is deemed uncollectible and charged to bad debt expense. As of June 30, 2019, based on an analysis of contracts and accounts receivable, management recorded an allowance for uncollectible accounts in the amount of \$30,000. This has been recorded in the grants receivable, net line on the consolidated statement of financial position.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. All expenditures for property and equipment in excess of \$1,000 are capitalized. The fair value of donated assets is similarly recorded. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets, which are as follows:

| | |
|-------------------------|------------|
| Building | 40 years |
| Improvements | 20 years |
| Furniture and equipment | 5-10 years |
| Vehicles | 5 years |

**WESTBAY COMMUNITY ACTION, INC.
AND WESTBAY HOUSING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of Long-Lived Assets

The Organization evaluates long-lived assets held and used by the Organization for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. An impairment loss is recognized if the sum of the expected undiscounted future cash flows from the use and disposition of the asset is less than its carrying amount. Generally, the amount of the impairment loss is measured as the difference between the carrying amount of the asset and the estimated fair value of the asset. The Organization did not record an impairment loss during the year ended June 30, 2019.

Inventory

Inventory consists of food and clothing donated to the Organization. Food activity is recorded in the consolidated financial statements as a contribution based on per-pound values established by America's Second Harvest.

Business clothing is supplied for low income clients to get them ready to enter the workforce. Clothing activity is recorded in the consolidated financial statements as a contribution based on Thrift Store values.

In-kind Donations

Contributions of services that create or enhance non-financial assets or that require specialized skills, which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recorded as in-kind donations at their fair values in the period received. The Organization records in-kind donations for food and clothing donated to the Organization (Note 8) based on published values as previously described.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statement of activities. The consolidated statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The expenses that are allocated include the following:

| <u>Expense</u> | <u>Method of allocation</u> |
|---------------------------------------|------------------------------------|
| Salaries, payroll taxes, and benefits | Time and effort |
| Consultants | Time and effort |
| Insurance | Time and effort, square footage |
| Office expense | Time and effort, consumption |
| Program supplies | Usage, consumption |
| Repairs and maintenance | Square footage, usage, consumption |
| Utilities | Square footage, consumption |
| Depreciation | Square footage, usage |

**WESTBAY COMMUNITY ACTION, INC.
AND WESTBAY HOUSING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

WCA and WHC qualify as tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code ("IRC"). As not-for-profit entities, WCA and WHC are subject to unrelated business income tax ("UBIT"), if applicable. In accordance with FASB ASC 740, *Income Taxes*, WCA and WHC apply the "more likely than not" threshold to the recognition and derecognition of tax positions for its financial statements. Management has evaluated WCA and WHC's tax positions and has concluded that there were no uncertain tax positions that qualified for either recognition or disclosure in these consolidated financial statements.

WCA and WHC file income tax returns in the U.S. federal jurisdiction.

Subsequent Events

The Organization has evaluated subsequent events through November 15, 2019, the date that the accompanying consolidated financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these consolidated financial statements.

NOTE 2. PROPERTY AND EQUIPMENT

| | |
|-------------------------------|---------------------|
| Land | \$ 138,275 |
| Federally funded land | 346,300 |
| Federally funded properties | 597,822 |
| Building and improvements | 1,448,838 |
| Furniture and equipment | 288,108 |
| Vehicles | <u>101,661</u> |
| | 2,921,004 |
| Less accumulated depreciation | <u>(1,228,830)</u> |
| Property and equipment, net | <u>\$ 1,692,174</u> |

Depreciation expense for the year ended June 30, 2019 totaled \$89,217.

**WESTBAY COMMUNITY ACTION, INC.
AND WESTBAY HOUSING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 2. PROPERTY AND EQUIPMENT (CONTINUED)

The Organization has received federal funding passed through various state and municipal agencies for the acquisition and rehabilitation of properties to be used in its supportive housing program. The properties are to be used in the supportive housing program for a minimum of 15 years. Under the terms of these agreements, if the Organization sells, assigns, transfers or encumbers the premises, or any part of the premises, or if any part of the premises is sold and no longer used as supportive housing as prescribed by the applicable federal programs, the Organization is considered in breach of the agreements and will be liable to repay the funding received for acquisition and rehabilitation of the properties.

The Organization also holds title to certain parcels of land related to a low-income first time buyer program. The Organization and the purchasers of these homes have entered into a 99- year land lease for the lot on which the purchased home is located.

At year-end, the net book value of the aforementioned real estate is included in net assets with donor restrictions in the amount of of \$897,053 (Note 7).

NOTE 3. LINE OF CREDIT

The Organization has a \$250,000 line of credit available with a commercial bank, secured by substantially all of its unrestricted assets, that expires on February 28, 2020. As of June 30, 2019, bank advances on the line of credit are payable on demand and carry interest at the London InterBank Offered Rate ("LIBOR") plus 3%. At year-end the Organization had no outstanding balance on its line of credit.

NOTE 4. LONG-TERM DEBT

On June 12, 2008, the Organization entered into a commercial mortgage payable by obtaining \$320,000 from a local financial institution. The term of the mortgage payable is 30 years and calls for monthly principal and interest payments of approximately \$1,817 with an initial fixed rate of 5.5% for the first fifteen years. At July 2023, the interest rate will be determined according to the weekly average yield on United States Securities, adjusted to a constant maturity of five years as made available by the Federal Reserve Board, forty-five days before each interest rate change date, plus two point seventy-five percentage points (2.75%). The mortgage is secured by the property located at 216-224 Buttonwoods Avenue in Warwick, Rhode Island.

| | |
|---|-------------------|
| Mortgage note payable | \$ 255,468 |
| Less: current portion of long-term debt | <u>(7,883)</u> |
| Mortgage note payable, less current portion | <u>\$ 247,585</u> |

**WESTBAY COMMUNITY ACTION, INC.
AND WESTBAY HOUSING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 4. LONG-TERM DEBT (CONTINUED)

At June 30, 2019, aggregate future maturities of long-term debt are as follows:

| <u>Year Ending June 30:</u> | |
|-----------------------------|-------------------|
| 2020 | \$ 7,883 |
| 2021 | 8,328 |
| 2022 | 8,798 |
| 2023 | 9,294 |
| 2024 | 9,818 |
| Thereafter | <u>211,347</u> |
| Total | <u>\$ 255,468</u> |

Interest expense for the year ended June 30, 2019 totaled \$14,472.

NOTE 5. OPERATING LEASES

The Organization leases various properties and office equipment for use in its Working Wardrobe, WIC, Adult Education, and other social service programs. The terms of the leases extend through various dates through May 2021.

Aggregate rental commitments, excluding real estate taxes and CAM charges for the noncancelable portion of operating leases for the years ending June 30, are as follows:

| <u>Year</u> | <u>Buildings</u> | <u>Office Equipment</u> | <u>Total</u> |
|-------------|------------------|-------------------------|------------------|
| 2020 | \$ 52,728 | \$ 21,132 | \$ 73,860 |
| 2021 | <u>-</u> | <u>19,371</u> | <u>19,371</u> |
| | <u>\$ 52,728</u> | <u>\$ 40,503</u> | <u>\$ 93,231</u> |

Total rent for 2019 was approximately \$178,000 and is included in rent expense in the accompany consolidated statement of functional expenses.

NOTE 6. LIQUIDITY AND AVAILABILITY

The following represents the Organization's financial assets as of June 30, 2019:

| | |
|---|---------------------|
| Financial assets at year-end: | |
| Cash | \$ 963,342 |
| Grants receivable, net | 461,636 |
| Accounts receivable | <u>256,402</u> |
| Total financial assets at year-end | 1,681,380 |
| Less amounts not available to be used within one year | <u>-</u> |
| Financial assets available to meet general expenditures over the next twelve months | <u>\$ 1,681,380</u> |

**WESTBAY COMMUNITY ACTION, INC.
AND WESTBAY HOUSING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 6. LIQUIDITY AND AVAILABILITY (CONTINUED)

The Organization's goal is generally to maintain financial assets to meet two month's worth of operating expenses (approximately \$1,575,000). The Organization has a \$250,000 line of credit available to meet cash flow needs.

NOTE 7. NET ASSETS WITH DONOR RESTRICTIONS

At June 30, 2019, net assets with donor restrictions are available for the following purposes:

| | |
|--|-------------------|
| East Avenue Property - Supportive Housing | \$ 109,535 |
| Warwick Avenue Property - Supportive Housing | 212,000 |
| Earl Street Property - Supportive Housing | 276,287 |
| 22 Astral Street - Improvements | 266,877 |
| Weatherization and LIHEAP transportation and equipment | 140,409 |
| Building and leasehold improvements | 134,466 |
| Land - East | 26,000 |
| Land - Warwick Ave | 53,000 |
| Land - Earl | 69,000 |
| Land - Belt Street | 48,000 |
| Land - Vine Street | 52,300 |
| Land - Wilson Street | 48,000 |
| Land - Lincoln | 50,000 |
| Less accumulated depreciation | <u>(588,821)</u> |
| Total | <u>\$ 897,053</u> |

Releases from net assets with donor restrictions during the year ended June 30, 2019 represent depreciation expense of \$34,027 associated with the restricted property.

NOTE 8. DONATED SERVICES, MATERIALS AND FACILITIES

The Organization receives services from a variety of unpaid volunteers assisting the Organization in its administrative and program service and the volunteer hours do not qualify for accounting recognition. At June 30, 2019, \$334,191 in donations for clothing and food have been recognized in the accompanying consolidated statement of activities and changes in net assets because the criteria for recognition in the consolidated financial statements in accordance with generally accepted accounting principles was met.

NOTE 9. EMPLOYEE RETIREMENT PLANS

The Organization maintains a retirement plan under IRC Section 401(k). The plan covers all non-union employees who are at least twenty-one years of age and have completed three months of service. The Organization makes contributions to the plan on a discretionary basis.

During the year ended June 30, 2019, contributions made to this plan were 2.75% of eligible participating employee's annual wages. Pension expense under this plan for the year ended June 30, 2019 was approximately \$41,114.

**WESTBAY COMMUNITY ACTION, INC.
AND WESTBAY HOUSING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 9. EMPLOYEE RETIREMENT PLANS (CONTINUED)

The Organization also makes contributions to a defined contribution pension plan sponsored by the employee's labor union (Note 10). Contributions to the plan in accordance with the Organization's agreement with the Union are 8% of eligible participating union member's annual wages. During the year ended June 30, 2019, the Organization made contributions of approximately \$15,010 to this plan.

NOTE 10. EMPLOYEE UNION

Approximately one-quarter of the Organization's labor force belongs to an employee union, subject to a collective bargaining agreement effective through June 30, 2021. At year-end, management expects no interruption in operations related to the agreement with this Union.

NOTE 11. RELATED-PARTY TRANSACTIONS

Two members of the Organization's Board of Directors are employed at agencies that receive grant funding from the Organization's programs. Payments to these agencies totaled \$74,968 during the year ended June 30, 2019.

NOTE 12. CONCENTRATION OF CREDIT RISK AND MARKET RISK

Cash

At June 30, 2019, the Organization had \$829,858 of cash on deposit with a financial institution in excess of the amount insured by the Federal Deposit Insurance Corporation ("FDIC"). Management regularly monitors the financial condition of the banking institutions holding the Organization's deposits in order to minimize potential risk.

Revenue and Receivables

Most of the Organization's outstanding receivables at year-end are from federal and state governmental agencies. Based on collections to date and past history of collections, the Organization has determined that the credit risk related to these receivables is minimal.

The Organization receives approximately 85% of its revenue through Federal, State and Municipal grants and contracts. According to the grant and contract provisions, any grant or contract may be terminated within 90 days upon written notice from either party. At June 30, 2019, management expects all current grants and contracts to continue into the foreseeable future.

NOTE 13. CONTINGENCY

The Organization is party to a claim which is being contested and for which the Organization and legal counsel are unable to determine the likelihood of an unfavorable outcome or the amount or range of potential loss. No amounts have been recorded in the accompanying consolidated financial statements. It is reasonably possible that the outcome of this matter could be determined in the near term, however, management believes that this claim is not expected to have a material adverse effect on the Organization's financial position, results of operations or cash flows.

SUPPLEMENTARY INFORMATION

**WESTBAY COMMUNITY ACTION, INC.
AND WESTBAY HOUSING CORPORATION
CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019**

| Federal/Grantor/Pass-Through Grantor/Program or Cluster Title | Federal CFDA Number | Grant Number/Pass-through Entity Identifying Number | Total Federal Expenditures |
|--|---------------------|---|----------------------------|
| U.S. Department of Agriculture: | | | |
| Pass-through programs from the State of Rhode Island Department of Health: | | | |
| Block Grants for Special Supplemental Nutrition Program for Women, Infants and Children (WIC) | 10.557 | 4R1700705 | \$ 298,357 |
| Block Grants for Special Supplemental Nutrition Program for Women, Infants and Children (WIC) - Vouchers | 10.557 | 4R1700705 | <u>1,070,012</u> |
| | | | 1,368,369 |
| Pass-through program from Rhode Island Department of Elementary and Secondary Education: | | | |
| Child and Adult Care Food Program | 10.558 | | <u>20,105</u> |
| Pass-through program from the State of Rhode Island Department of Human Services, Food Distribution Cluster: | | | |
| Emergency Food Assistance Program - Commodities | 10.569 | 17174RI810Y8105 | <u>75,881</u> |
| Total U.S. Department of Agriculture | | | <u>1,464,355</u> |
| U.S. Department of Housing and Urban Development: | | | |
| Pass-through program from the City of Warwick: | | | |
| Community Development Block Grants | 14.218 | | <u>66,500</u> |
| Pass-through programs from Rhode Island Housing: | | | |
| Supportive Housing Program | 14.235 | | 31,910 |
| Lead Hazard - Program | 14.907 | | <u>47,381</u> |
| | | | <u>79,291</u> |
| Total U.S. Department of Housing and Urban Development | | | <u>145,791</u> |

See independent auditor's report and accompanying notes to schedule of expenditures of federal awards.

**WESTBAY COMMUNITY ACTION, INC.
AND WESTBAY HOUSING CORPORATION
CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019**

| Federal/Grantor/Pass-Through Grantor/Program or Cluster Title | Federal CFDA Number | Grant Number/Pass- through Entity Identifying Number | Total Federal Expenditures |
|--|---------------------------|--|-------------------------------|
| U.S. Department of Health and Human Services: | | | |
| Pass-through program from State of Rhode Island Department of Health: | | | |
| Healthy Homes Program - Lead Poisoning | 93.197 | | <u>23,423</u> |
| Pass-through programs from the State of Rhode Island Office of Healthy Aging: | | | |
| Aging cluster: | | | |
| Special Programs for the Aging - (Integrated) | 93.044 | 18AARIT3SS | 101,528 |
| Special Programs for the Aging - Title IIIB | 93.044 | 18AARIT3SS | 113,777 |
| Special Programs for the Aging - Title III NFCG | 93.044 | 18AARIT3SS | 32,140 |
| Special Programs for the Aging - Nutrition Services | 93.045 | 19AARIT3CM | <u>287,265</u> |
| | | | 534,710 |
| Special Programs for the Aging - Preventative Health | 93.043 | 18AARIT3PH | <u>36,777</u> |
| | | | <u>571,487</u> |
| Pass-through programs from the State of Rhode Island Energy Office: | | | |
| LIHEAP | 93.568 | G19R1RILIEA | 2,282,323 |
| LIHEAP - Administration | 93.568 | G19R1RILIEA | 398,943 |
| LIHEAP - Assurance 16 | 93.568 | G19R1RILIEA | 67,291 |
| Weatherization - Assistance Program HHS | 93.568 | G19R1RILIEA | 339,190 |
| Boiler Repair & Replacement Program | 93.568 | G19R1RILIEA | <u>273,758</u> |
| | | | <u>3,361,505</u> |

See independent auditor's report and accompanying notes to
schedule of expenditures of federal awards.

**WESTBAY COMMUNITY ACTION, INC.
AND WESTBAY HOUSING CORPORATION
CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019**

| Federal/Grantor/Pass-Through Grantor/Program or Cluster Title | Federal CFDA Number | Grant Number/Pass- through Entity Identifying Number | Total Federal Expenditures |
|---|---------------------------|--|-------------------------------|
| Pass-through programs from the State of Rhode Island Department of Human Services: | | | |
| Community Service Block Grant | 93.569 | G-19BIRICOSR | <u>301,671</u> |
| Temporary Assistance for Needy Families - Working Wardrobe | 93.558 | | 17,889 |
| Temporary Assistance for Needy Families - Youth Success | 93.558 | | 123,094 |
| Pass-through program from the State of Rhode Island Department of Education: | | | |
| Project Opportunity | 93.558 | 1901RITANF | <u>19,832</u> |
| | | | <u>160,815</u> |
| Pass-through programs from the State of Rhode Island Department of Health: | | | |
| CDC Diabetes Prevention Program | 93.757 | | <u>13,878</u> |
| Total U.S. Department of Health and Human Services | | | <u>4,432,779</u> |
| Corporation for National and Community Service: | | | |
| Retired Senior Volunteer Program | 94.002 | | <u>82,049</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 6,124,974</u> |

See independent auditor's report and accompanying notes to
schedule of expenditures of federal awards.

**WESTBAY COMMUNITY ACTION, INC.
AND WESTBAY HOUSING CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019**

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards ("Schedule") includes the federal award activity of Westbay Community Action, Inc. and Westbay Housing Corporation (a Nonprofit Organization) (the "Organization") under programs of the federal government for the year ended June 30, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("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.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Organization has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 3. AWARDS TO SUBRECIPIENTS

For the year ended June 30, 2019, the Organization did not pass through federal funds to subrecipients.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Westbay Community Action, Inc. and Westbay Housing Corporation
Warwick, Rhode Island

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 consolidated financial statements of June 30, 2019 (a Nonprofit Organization) (the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities and changes in net assets, 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 November 15, 2019.

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) to determine the 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 consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.



CERTIFIED PUBLIC ACCOUNTANTS

Providence, Rhode Island
November 15, 2019



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

To the Board of Directors
Westbay Community Action, Inc. and Westbay Housing Corporation
Warwick, Rhode Island

Report on Compliance for Major Federal Program

We have audited Westbay Community Action, Inc. and Westbay Housing Corporation's (a Nonprofit Organization) (the "Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended June 30, 2019. The Organization's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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 Westbay Community Action, Inc. and Westbay Housing Corporation's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). 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 its major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Major Federal Program

In our opinion, Westbay Community Action, Inc. and Westbay Housing Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2019.

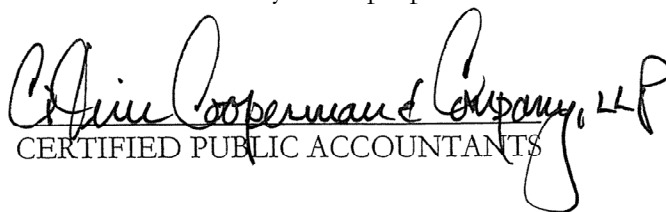
Report on Internal Control over Compliance

Management of the Organization 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 its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.



CERTIFIED PUBLIC ACCOUNTANTS

Providence, Rhode Island
November 15, 2019

**WESTBAY COMMUNITY ACTION, INC.
AND WESTBAY HOUSING CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019**

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 | _____ <u>x</u> _____ no |
| Significant deficiency(ies) identified? | _____ | yes | _____ <u>x</u> _____ none reported |
| Noncompliance material to financial statements noted? | _____ | yes | _____ <u>x</u> _____ no |

Federal Awards

| | | | |
|--|------------|-----|------------------------------------|
| Internal control over major federal programs: | | | |
| Material weakness(es) identified? | _____ | yes | _____ <u>x</u> _____ no |
| Significant deficiency(ies) identified? | _____ | yes | _____ <u>x</u> _____ none reported |
| Type of auditor's report issued on compliance for major federal programs: | Unmodified | | |
| Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | _____ | yes | _____ <u>x</u> _____ no |

Identification of major federal programs:

| <u>CFDA Number</u> | <u>Name of Federal Program or Cluster</u> |
|--------------------|---|
| 10.557 | Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) |

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

| | | | | |
|--|----------------------|-----|-------------|----|
| Auditee qualified as low-risk auditee? | _____ <u>x</u> _____ | yes | _____ _____ | no |
|--|----------------------|-----|-------------|----|

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings

No matters were reported.