

**WESTBAY COMMUNITY ACTION, INC.
AND WESTBAY HOUSING CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2022**

**WESTBAY COMMUNITY ACTION, INC.
AND WESTBAY HOUSING CORPORATION
FOR THE YEAR ENDED JUNE 30, 2022**

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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 Audit of the Financial Statements

Opinion

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, 2022, 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.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2022, and their changes in net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

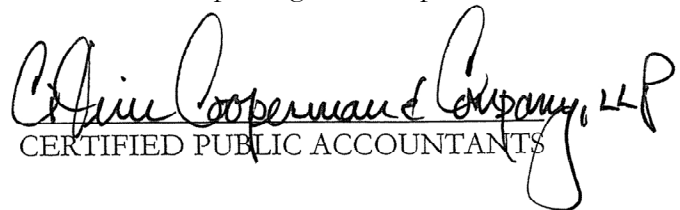
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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 consolidated 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 consolidated schedule of expenditures of federal awards, 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 February 6, 2023, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS

Providence, Rhode Island
February 6, 2023

**WESTBAY COMMUNITY ACTION, INC.
AND WESTBAY HOUSING CORPORATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022**

ASSETS

Current assets	
Cash	\$ 1,161,737
Grants receivable, net of allowance of \$12,000	2,329,067
Accounts receivable, net of allowance of \$3,294	357,300
Inventory	82,142
Prepaid expenses and other	<u>233,292</u>
Total current assets	4,163,538
Property and equipment, net	<u>1,809,189</u>
TOTAL ASSETS	<u>\$ 5,972,727</u>

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable and accrued expenses	\$ 361,784
Accrued payroll and related expenses	240,196
Unapplied grant revenue	307,675
Current portion of long-term debt	<u>9,294</u>
Total current liabilities	918,949
Long-term debt, less current portion	<u>220,981</u>
Total liabilities	<u>1,139,930</u>
Commitments and contingencies (Notes 4, 9, and 11)	
Net assets	
Without donor restrictions:	
Undesignated	2,658,806
Invested in property and equipment	<u>978,723</u>
	<u>3,637,529</u>
With donor restrictions:	
Restricted for future periods	364,802
Property and equipment	<u>830,466</u>
	<u>1,195,268</u>
Total net assets	<u>4,832,797</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,972,727</u>

See notes to consolidated financial statements.

**WESTBAY COMMUNITY ACTION, INC.
AND WESTBAY HOUSING CORPORATION
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and support:			
Grants and contracts	\$ 8,615,264	\$ 3,797,205	\$ 12,412,469
Program income	1,059,381	-	1,059,381
Contributions and fundraising, net of fundraising expense of \$1,878	56,174	-	56,174
In-kind donations	1,291,310	-	1,291,310
Other income	19,653	-	19,653
Net assets released from restrictions	<u>3,786,465</u>	<u>(3,786,465)</u>	<u>-</u>
Total revenue and support	<u>14,828,247</u>	<u>10,740</u>	<u>14,838,987</u>
Expenses:			
Program services:			
Nutrition	315,023	-	315,023
Farm	52,289	-	52,289
Market Place	1,504,644	-	1,504,644
Women, infants and children (WIC) program	1,152,792	-	1,152,792
Children's services	813,277	-	813,277
Case Management	2,871,670	-	2,871,670
RSVP	92,494	-	92,494
Adult education	267,608	-	267,608
Family services	4,077,205	-	4,077,205
Housing	42,006	-	42,006
Weatherization	<u>2,204,849</u>	<u>-</u>	<u>2,204,849</u>
Total program expenses	<u>13,393,857</u>	<u>-</u>	<u>13,393,857</u>
Management and general	<u>878,218</u>	<u>-</u>	<u>878,218</u>
Total expenses	<u>14,272,075</u>	<u>-</u>	<u>14,272,075</u>
Change in net assets	556,172	10,740	566,912
Net assets - beginning	<u>3,081,357</u>	<u>1,184,528</u>	<u>4,265,885</u>
NET ASSETS - ENDING	<u><u>\$ 3,637,529</u></u>	<u><u>\$ 1,195,268</u></u>	<u><u>\$ 4,832,797</u></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, 2022

	Program Services											Total Program Services	Management and General	Total Expenses
	Nutrition	Farm	Market Place	Women, Infants and Children Program	Children's Services	Case Management	RSVP	Adult Education	Family Services	Housing	Weatherization			
Salaries	\$ 45,595	\$ 32,231	\$ 30,838	\$ 209,302	\$ 439,161	\$ 698,110	\$ 42,362	\$ 179,926	\$ 890,634	\$ 341	\$ 405,580	\$ 2,974,080	\$ 512,902	\$ 3,486,982
Payroll taxes and benefits	5,213	4,061	9,252	49,394	127,240	151,276	8,687	37,078	175,469	115	77,941	645,726	89,285	735,011
Workers compensation	231	155	156	1,006	2,130	3,235	211	872	4,223	2	1,933	14,154	2,478	16,632
Payroll service fees	199	126	135	891	1,923	2,942	205	787	3,752	2	1,747	12,709	2,308	15,017
Advertising	406	-	185	344	2,465	2,017	148	-	7,226	-	1,029	13,820	19,611	33,431
Boiler materials	-	-	-	-	11,729	-	-	-	-	-	786,575	798,304	-	798,304
Conferences and training	324	-	-	-	-	1,695	250	395	1,472	-	34,838	38,974	6,228	45,202
Consultants	151,983	1,025	-	17	11,351	849,228	-	356	442	-	-	1,014,402	24,822	1,039,224
Dues and fees	957	191	270	471	3,349	6,354	705	-	13,700	520	2,548	29,065	26,049	55,114
Emergency services - case management	-	-	-	-	5,000	15,969	-	-	100,671	-	-	121,640	-	121,640
Insurance	662	-	1,712	1,264	4,189	4,803	2,087	1,020	2,560	3,090	5,450	26,857	9,894	36,731
Interest expense	-	-	-	-	-	-	-	-	-	-	-	-	14,240	14,240
LIHEAP payments	-	-	-	-	-	-	-	-	2,572,749	-	-	2,572,749	-	2,572,749
Maintenance and repairs	4,058	1,021	6,331	2,123	39,136	15,946	1,596	5,008	32,356	2,269	13,274	123,118	37,737	160,855
Miscellaneous expense	8	942	753	-	11,407	-	2,355	200	620	-	3,103	19,388	4,328	23,716
Office expense	5,344	1,679	20,923	18,035	44,871	61,126	15,054	14,258	120,917	694	68,626	371,527	55,236	426,763
Professional fees	-	-	-	-	-	-	-	-	-	-	-	-	38,219	38,219
Program supplies	7,676	4,427	69,024	837,861	27,450	35,099	287	5,958	42,530	-	715,204	1,745,516	-	1,745,516
Property taxes	-	-	-	-	-	-	-	-	-	9,993	-	9,993	-	9,993
Raw food and prepared meals	78,221	-	-	-	34,583	-	-	-	-	-	-	112,804	-	112,804
Rent	10,216	-	36,753	29,305	-	999,235	13,111	21,395	71,686	-	26,481	1,208,182	1,584	1,209,766
Travel	2,225	153	4,259	3	114	10,613	1,277	78	4,364	29	18,499	41,614	624	42,238
Bad debt expense	-	-	11,614	-	-	-	-	-	-	-	-	11,614	-	11,614
Utilities	1,705	1,213	6,171	2,776	24,760	14,022	4,159	277	15,743	16,868	6,683	94,377	9,403	103,780
In-kind market	-	-	1,287,742	-	-	-	-	-	-	-	-	1,287,742	-	1,287,742
Depreciation	-	5,065	18,526	-	22,419	-	-	-	16,091	8,083	35,338	105,522	23,270	128,792
	<u>\$ 315,023</u>	<u>\$ 52,289</u>	<u>\$ 1,504,644</u>	<u>\$ 1,152,792</u>	<u>\$ 813,277</u>	<u>\$ 2,871,670</u>	<u>\$ 92,494</u>	<u>\$ 267,608</u>	<u>\$ 4,077,205</u>	<u>\$ 42,006</u>	<u>\$ 2,204,849</u>	<u>\$ 13,393,857</u>	<u>\$ 878,218</u>	<u>\$ 14,272,075</u>

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, 2022**

Cash flows from operating activities:	
Change in net assets	\$ 566,912
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	128,792
Changes in operating assets and liabilities:	
Grants receivable	308,858
Accounts receivable	(52,533)
Inventory	(3,568)
Prepaid expenses and other	(92,940)
Accounts payable and accrued expenses	(1,408,606)
Unapplied grant revenue	196,345
Refundable advances	<u>(212,750)</u>
Net cash used in operating activities	(569,490)
Cash used in investing activities, purchases of property and equipment	(170,504)
Cash used in financing activities, principal payments on long-term debt	<u>(9,381)</u>
Decrease in cash	(749,375)
Cash - beginning	<u>1,911,112</u>
CASH - ENDING	<u>\$ 1,161,737</u>
Supplemental disclosures of cash flow information:	
Interest paid	<u>\$ 14,240</u>

See notes to consolidated financial statements.

**WESTBAY COMMUNITY ACTION, INC.
AND WESTBAY HOUSING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022**

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

Description of organization and 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. ("WCA") and Westbay Housing Corporation ("WHC") (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.

WCA is a not-for-profit corporation established on January 27, 1966 in accordance with the laws of the State of 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.

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 WHC is to assist low to moderate income individuals and families to achieve and sustain self-sufficiency by providing home ownership and rental opportunities.

Recently issued but not yet effective accounting pronouncement

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-02, *Leases* ("ASU 2016-02"). This 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. The FASB also issued ASU No. 2018-10, *Codification Improvements to Topic 842* and ASU No. 2018-11, *Leases: Targeted Improvements* in July 2018. These updates provide narrow amendments to clarify how to apply certain aspects of the new leases standard and options regarding transition. The standard requires either a modified retrospective transition approach with application in all comparative periods presented, or an alternative transition method, which permits the Organization to use its effective date as the date of initial application without restating the comparative period financial statements and recognizing any cumulated effect adjustment to the opening statement of financial position. The FASB also issued ASU No. 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)*, which provides for deferral of the adoption of ASU 2016-02 for another year. ASU 2016-02, as amended, is effective for fiscal years beginning after December 15, 2021. The Organization is evaluating the effect that ASU 2016-02 will have on its consolidated financial statements and related disclosures.

**WESTBAY COMMUNITY ACTION, INC.
AND WESTBAY HOUSING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022**

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

Recently adopted accounting pronouncement

In September 2020, the FASB issued ASU No. 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets* ("ASU 2020-07"), which requires a nonprofit organization to present contributed nonfinancial assets apart from contributions of cash and other financial assets, and it provides for enhanced disclosures in the consolidated financial statements. This ASU is effective for years beginning after June 15, 2021. The Organization adopted the provisions of ASU 2020-07 for the year ended June 30, 2022.

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.

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.

Revenue is reported as an increase 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 decrease in net assets without donor restrictions. Gains and losses on investments or other assets or liabilities are reported as increase or decrease in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law.

**WESTBAY COMMUNITY ACTION, INC.
AND WESTBAY HOUSING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022**

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

Contributions

Contributions of cash and other assets are presented as restricted support if they are received with donor stipulations that limit the use of the donated assets. 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 consolidated statement of activities as net assets released from restrictions.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give, that is, those with a measurable performance or other barrier, are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met.

Revenue recognition

The Organization recognizes revenue in accordance with Accounting Standards Codification ("ASC") Topic 606 *Revenue from Contracts with Customers* ("Topic 606"). Under Topic 606, revenue is measured based on the consideration specified in a contract with a customer, and excludes any amounts collected on behalf of the third parties. The Organization recognizes revenue when it satisfies a performance obligation by transferring control over a product or rendering a service to a customer. The Organization determines the transaction price based on contractually agreed upon rates, as adjusted for any variable consideration.

Revenue subject to recognition under Topic 606 includes revenue derived from case management and child care services. Case management revenue is recognized monthly on a fee-for-service basis, as services are rendered. Child care revenue is recognized weekly on a fee-for-service basis, as the care is provided. At June 30, 2022, case management and childcare revenue totaled \$524,515 and \$360,237, respectively, and are included in program income in the accompanying consolidated statement of activities and changes in net assets. Gross accounts receivable related to revenue recognized under ASC 606 totaled \$360,594 and \$320,011 at June 30, 2022 and 2021, respectively.

Disaggregation of revenues

The Organization provides its case management and child care services to individuals within the State of Rhode Island, primarily those who reside in the Kent County communities.

**WESTBAY COMMUNITY ACTION, INC.
AND WESTBAY HOUSING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022**

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

Grants and contracts, and unapplied grant revenue

The Organization's grant and contract revenue is derived primarily from cost-reimbursable and/or unit-rate federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures or provided the related services in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures or providing the related services are reported as unapplied grant revenue in the consolidated statement of financial position.

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.

Cash and cash equivalents

The Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents. There were no cash equivalents as of June 30, 2022.

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 recorded against the allowance for doubtful accounts.

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:

Buildings	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, 2022**

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, 2022.

Inventory

Inventory consists of food 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.

In-kind donations

Contributions of nonfinancial assets or services that create or enhance nonfinancial 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 donated to the Organization (Note 7) 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 and change in net assets. 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
Rent	Square footage
Maintenance and repairs	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, 2022**

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 consolidated 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 informational tax returns in the U.S. federal jurisdiction.

Subsequent events

The Organization has evaluated subsequent events through February 6, 2023, the date that the accompanying consolidated financial statements were available to be issued. Except for the matter described in Note 6, 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	320,300
Federally funded properties	488,287
Buildings and improvements	1,591,179
Furniture and equipment	287,806
Vehicles	<u>236,473</u>
	3,062,320
Less accumulated depreciation	<u>(1,253,131)</u>
	<u>\$ 1,809,189</u>

Depreciation expense for the year ended June 30, 2022 totaled \$128,792.

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.

**WESTBAY COMMUNITY ACTION, INC.
AND WESTBAY HOUSING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2. PROPERTY AND EQUIPMENT (CONTINUED)

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 \$830,466 (Note 6).

NOTE 3. LONG-TERM DEBT AND LINE OF CREDIT

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	\$ 230,275
Less: current portion of long-term debt	<u>(9,294)</u>
Mortgage note payable, less current portion	<u>\$ 220,981</u>

At June 30, 2022, aggregate future maturities of long-term debt are as follows:

<u>Year Ending June 30:</u>	
2023	\$ 9,294
2024	9,818
2025	10,372
2026	10,957
2027	11,575
Thereafter	<u>178,259</u>
Total	<u>\$ 230,275</u>

Interest expense for the year ended June 30, 2022 totaled \$14,240.

Through February 2022, Organization had a \$250,000 line of credit available with a commercial bank, secured by substantially all of its unrestricted assets. Bank advances on the line of credit were payable on demand and carried interest at the London InterBank Offered Rate ("LIBOR") plus 3%.

**WESTBAY COMMUNITY ACTION, INC.
AND WESTBAY HOUSING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 4. OPERATING LEASES

The Organization leases various properties and office equipment for use in its case management, WIC, adult education, and other social service programs. The terms of the leases extend to various dates through March 2037.

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:

Year ending June 30:

2023	\$ 385,235
2024	241,092
2025	245,145
2026	253,204
2027	257,757
Thereafter	<u>2,587,954</u>
	<u>\$ 3,970,387</u>

Total rent and CAM charges for 2022 amounted to \$1,209,766 and are included in rent expense in the accompany consolidated statement of functional expenses.

NOTE 5. LIQUIDITY AND AVAILABILITY

The following represents the Organization's financial assets as of June 30, 2022:

Financial assets at year-end:

Cash	\$ 1,161,737
Grants receivable, net	2,329,067
Accounts receivable, net	<u>357,300</u>
Total financial assets at year-end	3,848,104
Less amounts not available to be used within one year, restricted for designated purposes	<u>(364,802)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 3,483,302</u>

The Organization's goal is generally to maintain financial assets to meet approximately 90 days' worth of operating expenses (approximately \$3,500,000).

**WESTBAY COMMUNITY ACTION, INC.
AND WESTBAY HOUSING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6. NET ASSETS WITH DONOR RESTRICTIONS AND SUBSEQUENT EVENT

At June 30, 2022, net assets with donor restrictions are available for the following purposes:

Restricted for Future Periods:

School Lunch Program	\$ 183,061
Low-Income Home Energy Assistance Program ("LIHEAP")	<u>181,741</u>
	<u>364,802</u>

Housing and Related:

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	189,899
Building and leasehold improvements	134,466
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>(569,363)</u>
	<u>830,466</u>

Total \$ 1,195,268

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended June 30, 2022:

Depreciation	\$ 53,660
Expenditures related to restricted purposes	<u>3,732,805</u>
	<u>\$ 3,786,465</u>

Subsequent to year-end, the Earl Street property restriction expired, and the Organization sold the property to an unrelated third-party for a sale price of \$289,000.

NOTE 7. IN-KIND DONATIONS

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, 2022, \$1,291,310 in-kind donations for 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 U.S. GAAP was met.

**WESTBAY COMMUNITY ACTION, INC.
AND WESTBAY HOUSING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8. EMPLOYEE RETIREMENT PLANS

The Organization maintains a retirement plan under IRC Section 401(k). The retirement 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 retirement plan on a discretionary basis. During the year ended June 30, 2022, contributions made were 2.75% of eligible participating employee's annual wages. Pension expense for the year ended June 30, 2022 was approximately \$58,800.

The Organization also makes contributions to a defined contribution pension plan sponsored by the employee's labor union (Note 9). Contributions 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, 2022, the Organization made contributions of approximately \$19,000.

NOTE 9. 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, 2024. At year-end, management expects no interruption in operations related to the agreement with this Union.

NOTE 10. CONCENTRATION OF CREDIT RISK AND MARKET RISK

Cash

At June 30, 2022, the Organization had \$395,634 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 a significant portion 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, 2022, management expects all current grants and contracts to continue into the foreseeable future.

**WESTBAY COMMUNITY ACTION, INC.
AND WESTBAY HOUSING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 11. PAYCHECK PROTECTION PROGRAM LOANS

On May 13, 2020, the Organization received loan proceeds in the amount of \$533,775 under the Paycheck Protection Program ("PPP"). On February 1, 2021, the Organization received a second round of PPP funding in the amount of \$598,442. The PPP, which was established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") provides for loans to qualifying businesses for amounts up to 2.5 times certain average monthly payroll expense of the qualifying business. The loan and accrued interest, or a portion thereof, may be forgiven after 24 weeks as long as the borrower uses the loan proceeds for eligible purposes including payroll, benefits, rent, mortgage interest and utilities, and maintains its payroll levels, as defined by the PPP for the loan to be eligible for forgiveness. At least 60% of the amount forgiven must be attributable to payroll costs, as defined by the PPP.

If not forgiven, the first PPP loan matures two years from the date of first disbursement of proceeds to the Organization (the "PPP Loan Date"), and the second PPP loan matures five years from the PPP Loan Date. The PPP loan accrues interest at a fixed rate of 1%. Payments are deferred for at least the first ten months and are payable in monthly installments of principal and interest commencing upon expiration of the deferral period of the PPP Loan Date.

U.S. GAAP does not contain authoritative accounting standards for forgivable loans provided by governmental entities. Absent authoritative accounting standards, interpretative guidance issued and commonly applied by financial statement preparers allow for the selection of accounting policies amongst acceptable alternatives. Based on the facts and circumstances, the Organization has determined it most appropriate to account for the PPP loan proceeds under the conditional contribution model within ASC 958-605. Under the conditional contribution model, the Organization recognizes the proceeds received as a refundable advance, and subsequently recognizes grant revenue as the conditions are met. Conditions are deemed to be met as the allowable expenses are incurred. The Organization deemed the conditional contribution model to be the most appropriate accounting policy for this arrangement based on the nature of the PPP loan program. The Organization recognized \$212,750, \$577,783, and \$341,684 in grant revenue under the PPP loan program during the years ended June 30, 2022, 2021, and 2020, respectively. Grant revenue from the PPP loan is included in grants and contracts on the consolidated statement of activities and changes in net assets.

On September 16, 2021, the Organization was informed by the Small Business Administration ("SBA") that forgiveness of its first PPP loan had been granted. On April 6, 2022, the Organization was informed by the SBA that forgiveness of its second PPP loan had been granted. The Organization acknowledges that if it is determined that the Organization was not eligible to receive the PPP loan or that the Organization has not adequately complied with the rules, regulations, and procedures applicable to the SBA's loan program, the Organization could be subject to penalties, and could be required to repay the amounts previously forgiven.

SUPPLEMENTARY INFORMATION

**WESTBAY COMMUNITY ACTION, INC.
AND WESTBAY HOUSING CORPORATION
CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

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:			
Special Supplemental Nutrition Program for Women, Infants and Children (WIC)	10.557	4R1700705	\$ 294,600
Special Supplemental Nutrition Program for Women, Infants and Children (WIC) - Vouchers	10.557	4R1700705	<u>836,739</u>
			1,131,339
Pass-through program from the State of Rhode Island Department of Elementary and Secondary Education:			
Child and Adult Care Food Program	10.558	CACFP	27,455
Pass-through program from Local Initiatives Support Corporation (LISC):			
SNAP Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	17174RI810Y8105	<u>52,407</u>
Total U.S. Department of Agriculture			<u>1,211,201</u>
U.S. Department of Energy:			
Pass-through program from the State of Rhode Island Energy Office:			
Weatherization Assistance for Low-Income Persons	81.042	N/A	<u>36,236</u>
U.S. Department of Housing and Urban Development:			
Pass-through programs from the City of Warwick:			
CDBG - Entitlement Grants Cluster:			
Community Development Block Grants/ Entitlement Grants	14.218	N/A	112,232
COVID-19 Community Development Block Grants / Entitlement Grants	14.218	N/A	<u>107,009</u>
			<u>219,241</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, 2022**

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:			
477 Cluster:			
Pass-through program from the State of Rhode Island Department of Education:			
Temporary Assistance for Needy Families	93.558	N/A	\$ <u>8,485</u>
Pass-through programs from the State of Rhode Island Department of Human Services:			
Community Service Block Grant	93.569	G-19BIRICOSR	406,385
COVID-19 Community Service Block Grant	93.569	N/A	<u>262,834</u>
			<u>669,219</u>
Temporary Assistance for Needy Families, Youth Success	93.558	N/A	<u>174,359</u>
Total 477 Cluster			<u>852,063</u>
Pass-through program from the State of Rhode Island Department of Health:			
Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197	N/A	<u>49,550</u>
Pass-through programs from the State of Rhode Island Office of Healthy Aging:			
Aging Cluster:			
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers ("Special Programs for the Aging")	93.044	2007-21201242-210	112,457
Special Programs for the Aging - Integrated	93.044	2007-21201242-210	109,656
Special Programs for the Aging, Title III NFCG	93.044	2007-21201242-210	42,737
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	2007-21201242-210	200,119
COVID-19 Special Programs for the Aging, Title III, Part C, Nutrition Services - COVID CARES Nutrition Services	93.045	2007-21201242-210	<u>97,892</u>
Total Aging Cluster			<u>562,861</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, 2022**

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 (Continued):			
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043	19AARIT3PH	\$ <u>58,524</u>
			<u>621,385</u>
Pass-through programs from the State of Rhode Island Energy Office:			
Low-Income Home Energy Assistance Program ("LIHEAP")	93.568	G19R1RILIEA	2,569,681
LIHEAP - Administration	93.568	G19R1RILIEA	1,029,859
LIHEAP - Assurance 16	93.568	G19R1RILIEA	114,766
LIHEAP - Weatherization Assistance Program HHS	93.568	G19R1RILIEA	754,210
LIHEAP - Boiler Repair & Replacement Program	93.568	G19R1RILIEA	<u>267,491</u>
			<u>4,736,007</u>
Total U.S. Department of Health and Human Services			<u>6,259,005</u>
U.S. Department of Homeland Security:			
Pass-through program from the State of Rhode Island Department of Health:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	<u>2,001,749</u>
Corporation for National and Community Service:			
Americorps Seniors Retired and Senior Volunteer Program	94.002	N/A	<u>78,020</u>
Total Expenditures of Federal Awards			<u>\$ 9,805,452</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 CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022**

NOTE 1. BASIS OF PRESENTATION

The accompanying consolidated 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, 2022. 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, 2022, 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 Westbay Community Action, Inc. and Westbay Housing Corporation (a Nonprofit Organization) (the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2022, 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 February 6, 2023.

Report on 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 Organization's consolidated 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.

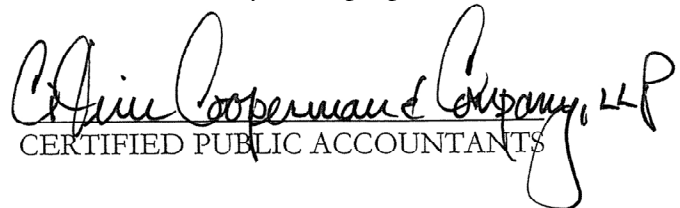
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on 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 consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



CERTIFIED PUBLIC ACCOUNTANTS

Providence, Rhode Island
February 6, 2023

**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 Each Major Federal Program

Opinion on Each 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 each of the Organization's major federal programs for the year ended June 30, 2022. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each major federal program for the year ended June 30, 2022.

Basis for Opinion on the Each Major Federal Program

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"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

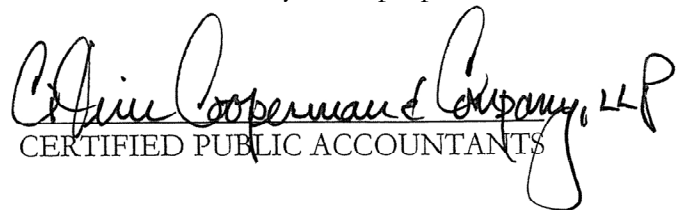
Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

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



CERTIFIED PUBLIC ACCOUNTANTS

Providence, Rhode Island
February 6, 2023

**WESTBAY COMMUNITY ACTION, INC.
AND WESTBAY HOUSING CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

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 x no

Significant deficiency(ies) identified? _____ yes x none reported

Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? _____ yes x no

Significant deficiency(ies) identified? _____ yes x 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 x no

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.569	Community Services Block Grant (477 Cluster)
93.558	Temporary Assistance for Needy Families (477 Cluster)
<u>97.036</u>	<u>Disaster Grants - Public Assistance (Presidentially Declared Disasters)</u>

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

Auditee qualified as low-risk auditee? x yes _____ no

**WESTBAY COMMUNITY ACTION, INC.
AND WESTBAY HOUSING CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings

No matters were reported.

**WESTBAY COMMUNITY ACTION, INC.
AND WESTBAY HOUSING CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2022**

Finding 2021-001: Accounts Receivable

Condition

During the performance of audit procedures over accounts receivable, it was noted that for three receivables for which a third-party confirmation response was not received, documentation was not available to support the amounts remaining in accounts receivable.

Recommendation

Management should enhance its internal control procedures over accounts receivable. Management should consider implementing such procedures as signing off on invoices after they have been posted to ensure that they are not entered again, and performing a more detailed review of the accounts receivable aging on a routine basis to ensure that all items outstanding represent valid receivables.

Current status

The recommendations were adopted during the year ended June 30, 2022. No similar findings were noted in the 2022 audit.