

**WESTBAY COMMUNITY ACTION, INC.
AND WESTBAY HOUSING CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2020**

**WESTBAY COMMUNITY ACTION, INC.
AND WESTBAY HOUSING CORPORATION
FOR THE YEAR ENDED JUNE 30, 2020**

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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, 2020, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 Westbay Community Action, Inc., and Westbay Housing Corporation as of June 30, 2020, 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 December 17, 2020, 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
December 17, 2020

**WESTBAY COMMUNITY ACTION, INC.
AND WESTBAY HOUSING CORPORATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020**

ASSETS

Current assets	
Cash	\$ 1,464,750
Grants receivable, net of allowance of \$8,593	710,777
Accounts receivable, net of allowance of \$7,000	291,102
Inventory	31,095
Prepaid expenses and other	<u>115,379</u>
Total current assets	2,613,103
Property and equipment, net	<u>1,697,205</u>
TOTAL ASSETS	<u>\$ 4,310,308</u>

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable and accrued expenses	\$ 438,264
Accrued payroll and related expenses	188,058
Unapplied grant revenue	156,930
Refundable advances (Note 12)	192,091
Current portion of long-term debt	<u>8,328</u>
Total current liabilities	983,671
Long-term debt, less current portion	<u>239,517</u>
Total liabilities	<u>1,223,188</u>
Commitments and contingencies (Notes 5, 10, and 12)	
Net assets	
Without donor restrictions:	
Undesignated	1,110,864
Invested in property and equipment, net of related debt	<u>835,780</u>
	1,946,644
With donor restrictions:	
Restricted for future periods	279,051
Property and equipment	<u>861,425</u>
	<u>1,140,476</u>
Total net assets	<u>3,087,120</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,310,308</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, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and support:			
Grants and contracts	\$ 7,941,657	\$ 467,228	\$ 8,408,885
Program income	932,992	-	932,992
Contributions and fundraising, net of fundraising expense of \$2,743	70,262	186,632	256,894
In-kind donations	545,149	-	545,149
Other income	67,751	-	67,751
Net assets released from restrictions	<u>410,437</u>	<u>(410,437)</u>	<u>-</u>
Total revenue and support	<u>9,968,248</u>	<u>243,423</u>	<u>10,211,671</u>
Expenses:			
Program services:			
Nutrition	396,676	-	396,676
Farm	44,583	-	44,583
Market Place	627,528	-	627,528
Women, infants and children program	1,362,712	-	1,362,712
Children's services	525,773	-	525,773
Case Management	728,064	-	728,064
RSVP	184,708	-	184,708
Service Jobs	1,502	-	1,502
Adult education	282,600	-	282,600
Family services	3,442,730	-	3,442,730
Housing	64,981	-	64,981
Weatherization	<u>1,401,049</u>	<u>-</u>	<u>1,401,049</u>
Total program expenses	<u>9,062,906</u>	<u>-</u>	<u>9,062,906</u>
Management and general	<u>719,516</u>	<u>-</u>	<u>719,516</u>
Total expenses	<u>9,782,422</u>	<u>-</u>	<u>9,782,422</u>
Change in net assets	185,826	243,423	429,249
Net assets - beginning	<u>1,760,818</u>	<u>897,053</u>	<u>2,657,871</u>
NET ASSETS - ENDING	<u>\$ 1,946,644</u>	<u>\$ 1,140,476</u>	<u>\$ 3,087,120</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, 2020

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	\$ 49,828	\$ 29,699	\$ 31,762	\$ 206,383	\$ 271,985	\$ 470,680	\$ 55,696	\$ -	\$ 196,149	\$ 581,671	\$ 1,575	\$ 208,033	\$ 2,103,461	\$ 447,552	\$ 2,551,013
Payroll taxes and benefits	13,419	2,990	9,625	60,402	90,042	78,862	6,673	-	35,447	125,791	197	51,223	474,671	60,090	534,761
Workers compensation	243	135	141	994	1,250	2,318	219	-	960	2,792	42	952	10,046	509	10,555
Payroll service fees	274	150	161	1,094	1,344	2,503	255	-	1,206	3,015	14	1,113	11,129	2,304	13,433
Advertising	-	9	273	111	859	477	33	-	-	1,516	-	1,302	4,580	9,861	14,441
Boiler Materials	-	-	-	-	-	-	-	-	-	-	-	618,064	618,064	-	618,064
Conferences and training	-	-	-	-	1,345	439	2,072	-	-	1,214	-	6,494	11,564	815	12,379
Consultants	312,361	-	-	150	15,474	64,943	44	-	-	270	-	143,925	537,167	25,395	562,562
Dues and fees	1,118	-	155	-	868	5,012	1,149	70	-	8,559	-	1,705	18,636	4,862	23,498
Emergency services - case management	-	-	-	-	-	-	-	-	-	113,773	-	-	113,773	-	113,773
Insurance	801	-	2,084	1,526	5,133	3,018	5,311	23	1,230	3,093	4,916	6,542	33,677	11,933	45,610
Interest expense	-	-	-	-	-	-	-	-	-	-	-	-	-	14,180	14,180
LIHEAP payments	-	-	-	-	-	-	-	-	-	2,362,250	-	-	2,362,250	-	2,362,250
Maintenance and repairs	658	438	10,921	4,620	20,367	6,248	2,348	128	1,416	46,017	16,890	17,581	127,632	22,609	150,241
Miscellaneous expense	-	452	-	-	4,736	-	55	-	2,310	521	-	3,640	11,714	1,062	12,776
Office expense	1,715	-	4,830	12,583	36,169	25,479	10,778	860	10,089	64,839	579	36,675	204,596	23,186	227,782
Professional fees	-	-	-	-	-	-	-	-	-	-	-	-	-	31,667	31,667
Program supplies	14,399	4,995	15,394	1,039,047	18,127	15,020	4,010	26	5,348	46,341	-	263,282	1,425,989	16,381	1,442,370
Property taxes	-	-	-	-	-	-	-	-	-	-	10,106	-	10,106	-	10,106
Raw food and prepared meals	80	-	17,458	-	19,963	-	-	-	-	-	-	-	37,501	-	37,501
Rent	-	-	42,483	33,409	-	37,502	15,779	-	27,598	57,108	-	24,706	238,585	3,205	241,790
Travel	1,442	-	1,668	800	538	9,512	5,395	-	770	6,177	131	1,322	27,755	1,700	29,455
Utilities	338	875	6,662	1,593	14,418	6,051	6,451	395	77	12,497	24,143	4,774	78,274	9,471	87,745
In-kind market	-	-	480,672	-	-	-	68,161	-	-	-	-	-	548,833	-	548,833
Depreciation	-	4,840	3,239	-	23,155	-	279	-	-	5,286	6,388	9,716	52,903	32,734	85,637
	<u>\$ 396,676</u>	<u>\$ 44,583</u>	<u>\$ 627,528</u>	<u>\$ 1,362,712</u>	<u>\$ 525,773</u>	<u>\$ 728,064</u>	<u>\$ 184,708</u>	<u>\$ 1,502</u>	<u>\$ 282,600</u>	<u>\$ 3,442,730</u>	<u>\$ 64,981</u>	<u>\$ 1,401,049</u>	<u>\$ 9,062,906</u>	<u>\$ 719,516</u>	<u>\$ 9,782,422</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, 2020**

Cash flows from operating activities:	
Change in net assets	\$ 429,249
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	85,637
Changes in operating assets and liabilities:	
Grants receivable	(249,141)
Accounts receivable	(34,700)
Inventory	3,684
Prepaid expenses and other	(67,568)
Accounts payable and accrued expenses	195,193
Refundable advances	192,091
Unapplied grants	<u>45,254</u>
Net cash provided by operating activities	599,699
Cash used in investing activities, purchases of property and equipment	(90,668)
Cash used in financing activities, principal payments on long-term debt	<u>(7,623)</u>
Increase in cash	501,408
Cash - beginning	<u>963,342</u>
CASH - ENDING	<u>\$ 1,464,750</u>
Supplemental disclosures of cash flow information:	
Interest paid	<u>\$ 14,180</u>

See notes to consolidated financial statements.

**WESTBAY COMMUNITY ACTION, INC.
AND WESTBAY HOUSING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020**

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 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.

Recently adopted accounting pronouncements

Revenue recognition

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), with several clarifying updates issued subsequently. In conjunction with Topic 606, a new subtopic, Accounting Standards Codification ("ASC") 340-40, *Other Assets and Deferred Costs - Contracts with Customers*, was also issued. The updated standard replaces most existing revenue recognition and certain cost guidance under U.S. GAAP. Collectively, we refer to Topic 606 and Subtopic 340-40 as "ASC 606." ASC 606 amends existing accounting standards for revenue recognition and establishes principles for recognizing revenue upon the transfer of promised goods or services to customers based on the expected consideration to be received in exchange for those goods and services. The Organization adopted ASC 606 effective July 1, 2019 using the modified retrospective transition method. Use of the modified retrospective approach means the Organization's comparative periods prior to initial application are not restated. The Organization has determined that using the modified retrospective approach did not have a material impact on the date of the initial application along with the disclosure of the effect on prior periods. The Organization did not apply any practical expedients in implementing ASC 606.

**WESTBAY COMMUNITY ACTION, INC.
AND WESTBAY HOUSING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020**

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

Recently adopted accounting pronouncements (continued)

Contributions

In June 2018, the FASB issued ASU No. 2018-08, *Clarifying the Scope and 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 adopted ASU 2018-08 effective July 1, 2019 and it did not result in a material impact to the consolidated financial statements.

Recently issued but not yet effective accounting pronouncement

In February 2016, the FASB issued 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. This option will not require prior periods to be restated at the adoption date. The FASB also issued ASU No. 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)*, which provides 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, but has not yet selected a transition method or determined the timing of adoption.

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.

**WESTBAY COMMUNITY ACTION, INC.
AND WESTBAY HOUSING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020**

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

Basis of presentation (continued)

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 consolidated 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.

Revenue recognition

The Organization adopted ASC Topic 606 *Revenue from Contracts with Customers* ("Topic 606") on July 1, 2019. 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. Under Topic 606, 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.

**WESTBAY COMMUNITY ACTION, INC.
AND WESTBAY HOUSING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020**

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

Revenue recognition (Continued)

Revenue subject to recognition under ASC 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, 2020, case management and childcare revenue totaled \$480,574 and \$253,753, respectively, and are included in program income in the accompanying consolidated statement of activities and changes in net assets. Accounts receivable, net related to revenue recognized under ASC 606 totaled \$291,102 and \$256,402 at June 30, 2020 and 2019, 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.

Grants and contracts

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 six months or less to be cash equivalents. There were no cash equivalents as of June 30, 2020.

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.

**WESTBAY COMMUNITY ACTION, INC.
AND WESTBAY HOUSING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020**

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

Grants and accounts receivable (continued)

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.

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

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, 2020.

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.

**WESTBAY COMMUNITY ACTION, INC.
AND WESTBAY HOUSING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020**

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

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

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 income tax returns in the U.S. federal jurisdiction.

Subsequent events

The Organization has evaluated subsequent events through December 17, 2020, the date that the accompanying consolidated financial statements were available to be issued. Except as disclosed in Note 5, there were no material subsequent events that required recognition or additional disclosure in these consolidated financial statements.

**WESTBAY COMMUNITY ACTION, INC.
AND WESTBAY HOUSING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2. PROPERTY AND EQUIPMENT

Land	\$	138,275
Federally funded land		346,300
Federally funded properties		597,822
Buildings and improvements		1,460,838
Furniture and equipment		346,969
Vehicles		<u>121,468</u>
		3,011,672
Less accumulated depreciation		<u>(1,314,467)</u>
	\$	<u><u>1,697,205</u></u>

Depreciation expense for the year ended June 30, 2020 totaled \$85,637.

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 \$861,425 (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. The line of credit is set to expire on February 28, 2021. As of June 30, 2020, 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.

**WESTBAY COMMUNITY ACTION, INC.
AND WESTBAY HOUSING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020**

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	\$	247,845
Less: current portion of long-term debt		<u>(8,328)</u>
Mortgage note payable, less current portion	\$	<u>239,517</u>

At June 30, 2020, aggregate future maturities of long-term debt are as follows:

Year Ending June 30:

2021	\$	8,328
2022		8,798
2023		9,294
2024		9,818
2025		10,372
Thereafter		<u>201,235</u>
Total	\$	<u>247,845</u>

Interest expense for the year ended June 30, 2020 totaled \$14,180.

NOTE 5. OPERATING LEASES AND SUBSEQUENT EVENT

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 March 2037. In August 2020, the Organization's main office lease was amended to include expanded space.

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>
2021	\$ 214,954	\$ 19,371	\$ 234,325
2022	221,304	-	221,304
2023	232,235	-	232,235
2024	241,092	-	241,092
2025	245,145	-	245,145
Thereafter	<u>3,098,915</u>	<u>-</u>	<u>3,098,915</u>
	<u>\$ 4,253,645</u>	<u>\$ 19,371</u>	<u>\$ 4,273,016</u>

Total rent and CAM charges for 2020 amounted to \$241,790 and are included in rent expense in the accompany consolidated statement of functional expenses.

**WESTBAY COMMUNITY ACTION, INC.
AND WESTBAY HOUSING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 6. LIQUIDITY AND AVAILABILITY

The following represents the Organization's financial assets as of June 30, 2020:

Financial assets at year-end:	
Cash	\$ 1,464,750
Grants receivable, net	710,777
Accounts receivable, net	<u>291,102</u>
Total financial assets at year-end	2,466,629
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>\$ 2,466,629</u>

The Organization's goal is generally to maintain financial assets to meet two month's worth of operating expenses (approximately \$1,630,000). 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, 2020, net assets with donor restrictions are available for the following purposes:

School Lunch Program	\$ 183,151
LIHEAP	95,900
Housing and Related:	
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>(624,449)</u>
	<u>861,425</u>
Total	<u>\$ 1,140,476</u>

Releases from net assets with donor restrictions during the year ended June 30, 2020 include depreciation expense of \$35,628 associated with the restricted property, and expenditures on restricted grants and contributions of \$374,809.

The East Avenue property restriction expired in January 2019 and the Organization continues to utilize the property in its supportive housing program. Management is considering the potential sale or transfer of the property to a third party.

**WESTBAY COMMUNITY ACTION, INC.
AND WESTBAY HOUSING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020**

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, 2020, \$545,149 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 U.S. GAAP 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, 2020, 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, 2020 was approximately \$45,900.

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, 2020, the Organization made contributions of approximately \$13,000 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. CONCENTRATION OF CREDIT RISK AND MARKET RISK

Cash

At June 30, 2020, the Organization had \$873,173 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.

**WESTBAY COMMUNITY ACTION, INC.
AND WESTBAY HOUSING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020**

**NOTE 11. CONCENTRATION OF CREDIT RISK AND MARKET RISK
(CONTINUED)**

Revenue and receivables (continued)

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, 2020, management expects all current grants and contracts to continue into the foreseeable future.

NOTE 12. UNCERTAINTY DUE TO COVID-19 AND PAYCHECK PROTECTION PROGRAM LOAN

Uncertainty

During March 2020, the World Health Organization declared the coronavirus (COVID-19) outbreak to constitute a "Public Health Emergency of International Concern". The COVID-19 outbreak has affected certain of the Organization's operational activities, including the transitioning of programs to virtual formats, and additional payroll expenses incurred in order to maintain the same level of services to the community. As of the date the accompanying financial statements are available to be issued, the Organization has not experienced a significant decline in its revenues due to COVID-19, however, given the uncertainty of this situation, any potential disruption to the Organization's activities and the related financial impact cannot be reasonably estimated at this time.

Paycheck Protection Program

On May 15, 2020 the Organization received loan proceeds in the amount of \$533,775 under the Paycheck Protection Program ("PPP"). 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 expenses of the qualifying business. The loan and accrued interest, or a portion thereof, may be forgiven after 24 weeks so 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. At least 60% of the loan proceeds must be spent on payroll costs, as defined by the PPP for the loan to be eligible for forgiveness.

The PPP loan matures two years from the date of first disbursement of proceeds to the Organization (the "PPP Loan Date") and accrues interest at a fixed rate of 1%. Payments are deferred for at least the first six months and payable in 54 equal consecutive monthly installments of principal and interest commencing upon expiration of the deferral period of the PPP Loan Date.

The Organization currently intends to use the proceeds for purposes consistent with the PPP, however, there can be no assurances that the Organization will ultimately meet the conditions for forgiveness of the loan or that the Organization will not take actions that could cause the Organization to be ineligible for forgiveness of the loan, in whole or in part.

**WESTBAY COMMUNITY ACTION, INC.
AND WESTBAY HOUSING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 12. UNCERTAINTY DUE TO COVID-19 AND PAYCHECK PROTECTION PROGRAM LOAN (CONTINUED)

Paycheck Protection Program (continued)

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 \$331,684 in grant revenue under the PPP loan program during the year ended June 30, 2020, which is included in grants and contracts on the consolidated statement of activities and changes in net assets. As of June 30, 2020, \$192,091 is included in refundable advances on the consolidated statement of financial position related to the PPP loan program.

SUPPLEMENTARY INFORMATION

**WESTBAY COMMUNITY ACTION, INC.
AND WESTBAY HOUSING CORPORATION
CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

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	\$ 277,761
Block Grants for Special Supplemental Nutrition Program for Women, Infants and Children (WIC) - Vouchers	10.557	4R1700705	<u>1,017,843</u>
			1,295,604
Pass-through program from the State of Rhode Island Department of Elementary and Secondary Education:			
Child and Adult Care Food Program	10.558	N/A	<u>9,516</u>
Total U.S. Department of Agriculture			<u>1,305,120</u>
U.S. Department of Housing and Urban Development:			
Pass-through program from the City of Warwick:			
HUD CDBG - Entitlement Grants Cluster, Community Development Block Grants	14.218	N/A	59,167
Pass-through program from Rhode Island Housing:			
Lead-Based Paint Hazard Control in Privately- Owned Housing	14.900	N/A	<u>22,853</u>
Total U.S. Department of Housing and Urban Development			<u>82,020</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, 2020**

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 the State of Rhode Island Department of Health:			
Childhood Lead Poisoning Prevention Projects - Healthy Homes Program	93.197	N/A	\$ <u>21,947</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	92,590
Special Programs for the Aging - Title IIIB	93.044	18AARIT3SS	92,520
Special Programs for the Aging - Title III NFCG	93.044	18AARIT3SS	40,175
Special Programs for the Aging - Nutrition Services	93.045	N/A	210,226
Special Programs for the Aging - Nutrition Services - COVID CARES	93.045	N/A	78,400
Special Programs for the Aging - COVID Cares Nutrition Services	93.045	19AARIT3CM	<u>15,717</u>
			529,628
Special Programs for the Aging - Preventative Health	93.043	18AARIT3PH	<u>54,639</u>
			<u>584,267</u>
Pass-through programs from the State of Rhode Island Energy Office:			
Weatherization Assistance for Low-Income Persons	81.042	N/A	<u>10,664</u>
Low-Income Home Energy Assistance Program ("LIHEAP")	93.568	G19R1RILIEA	2,454,884
LIHEAP - Administration	93.568	G19R1RILIEA	650,252
LIHEAP - Assurance 16	93.568	G19R1RILIEA	78,737
LIHEAP - Weatherization Assistance Program HHS	93.568	G19R1RILIEA	457,510
LIHEAP - Boiler Repair & Replacement Program	93.568	G19R1RILIEA	<u>213,184</u>
			<u>3,854,567</u>
			<u>3,865,231</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, 2020**

Federal/Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Grant Number/Pass- through Entity Identifying Number	Total Federal Expenditures
HUD CDBG - 477 Cluster:			
Pass-through programs from the State of Rhode Island Department of Human Services:			
Community Service Block Grant	93.569	G-19BIRICOSR	\$ 303,481
Community Service Block Grant - COVID Cares	93.569	N/A	<u>54,318</u>
			<u>357,799</u>
Temporary Assistance for Needy Families - Working Wardrobe	93.558	N/A	15,552
Temporary Assistance for Needy Families - Youth Success	93.558	N/A	<u>162,493</u>
			<u>178,045</u>
			535,844
Pass-through program from the State of Rhode Island Department of Education:			
Temporary Assistance for Needy Families - Project Opportunity	93.558	N/A	<u>20,000</u>
			<u>555,844</u>
Total U.S. Department of Health and Human Services			<u>5,027,289</u>
Corporation for National and Community Service:			
Retired Senior Volunteer Program	94.002	N/A	<u>57,709</u>
Total Expenditures of Federal Awards			<u><u>\$ 6,472,138</u></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, 2020**

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, 2020. 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, 2020, 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, 2020, 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 December 17, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) 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
December 17, 2020



**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, 2020. 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, 2020.

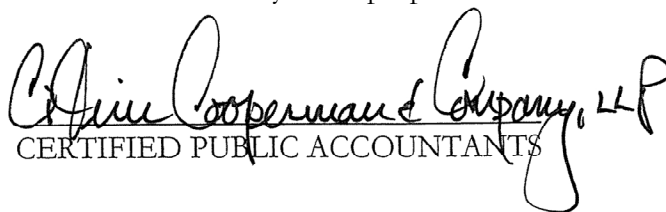
Report on Internal Control over Compliance

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
December 17, 2020

**WESTBAY COMMUNITY ACTION, INC.
AND WESTBAY HOUSING CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified		
Internal control over financial reporting:			
Material weakness(es) identified?	_____	yes	<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
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Auditee qualified as low-risk auditee?	<u> x </u>	yes	_____	no
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Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings

No matters were reported.