

**WESTBAY COMMUNITY ACTION, INC.
AND WESTBAY HOUSING CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2023**

**WESTBAY COMMUNITY ACTION, INC.
AND WESTBAY HOUSING CORPORATION
FOR THE YEAR ENDED JUNE 30, 2023**

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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 Consolidated 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, 2023, 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, 2023, 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.

Adoption of New Accounting Pronouncement

As discussed in Note 1 to the consolidated financial statements, the Organization adopted Accounting Standards Codification Topic 842, *Leases*, as of July 1, 2022. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 consolidated 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.

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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 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 February 14, 2024, 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.



Providence, Rhode Island
February 14, 2024

**WESTBAY COMMUNITY ACTION, INC.
AND WESTBAY HOUSING CORPORATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023**

ASSETS

Current assets	
Cash	\$ 1,770,571
Grants receivable	2,478,510
Accounts receivable	471,859
Inventory	69,920
Prepaid expenses and other	<u>230,966</u>
Total current assets	5,021,826
Operating leases right-of-use assets, net	2,989,170
Property and equipment, net	<u>1,536,029</u>
TOTAL ASSETS	<u>\$ 9,547,025</u>

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable and accrued expenses	\$ 572,664
Accrued payroll and related expenses	268,983
Unapplied grant revenue	518,732
Current portion of operating leases liabilities	177,317
Current portion of long-term debt	<u>9,818</u>
Total current liabilities	1,547,514
Long-term debt, less current portion	211,386
Operating leases liabilities, less current portion	<u>2,850,888</u>
Total liabilities	<u>4,609,788</u>
Commitments and contingencies (Notes 4 and 11)	
Net assets	
Without donor restrictions:	
Undesignated	2,985,315
Invested in property and equipment	<u>951,738</u>
	<u>3,937,053</u>
With donor restrictions:	
Restricted for future periods	415,893
Property and equipment	<u>584,291</u>
	<u>1,000,184</u>
Total net assets	<u>4,937,237</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 9,547,025</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, 2023**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and support:			
Grants and contracts	\$ 9,100,817	\$ 7,887,642	\$ 16,988,459
Program income	1,396,950	-	1,396,950
Contributions and fundraising, net of fundraising expense of \$1,617	105,069	-	105,069
In-kind donations	2,254,781	-	2,254,781
Other income	40,930	-	40,930
Loss on sale of property	(55,153)	-	(55,153)
Net assets released from restrictions	<u>8,082,726</u>	<u>(8,082,726)</u>	<u>-</u>
Total revenue and support	<u>20,926,120</u>	<u>(195,084)</u>	<u>20,731,036</u>
Expenses:			
Program services:			
Nutrition	382,311	-	382,311
Farm	82,571	-	82,571
Market place	2,620,655	-	2,620,655
Women, infants and children (WIC) program	1,334,838	-	1,334,838
Children's services	973,439	-	973,439
Case management	2,348,073	-	2,348,073
RSVP	72,565	-	72,565
Adult education	281,011	-	281,011
Family services	8,271,029	-	8,271,029
Housing	15,375	-	15,375
Weatherization	<u>3,027,250</u>	<u>-</u>	<u>3,027,250</u>
Total program expenses	19,409,117	-	19,409,117
Management and general	<u>1,217,479</u>	<u>-</u>	<u>1,217,479</u>
Total expenses	<u>20,626,596</u>	<u>-</u>	<u>20,626,596</u>
Change in net assets	299,524	(195,084)	104,440
Net assets - beginning	<u>3,637,529</u>	<u>1,195,268</u>	<u>4,832,797</u>
NET ASSETS - ENDING	<u>\$ 3,937,053</u>	<u>\$ 1,000,184</u>	<u>\$ 4,937,237</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, 2023

	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	\$ 54,135	\$ 30,250	\$ 33,855	\$ 219,615	\$ 520,926	\$ 638,722	\$ 36,852	\$ 172,251	\$ 949,159	\$ -	\$ 520,024	\$ 3,175,789	\$ 674,112	\$ 3,849,901
Payroll taxes and benefits	15,948	3,649	10,793	44,137	157,407	151,123	5,064	34,484	173,109	-	111,300	707,014	85,614	792,628
Workers compensation	916	842	766	3,800	5,486	10,980	609	2,951	16,308	-	8,534	51,192	478	51,670
Payroll service fees	238	130	143	981	2,318	2,811	157	741	4,110	-	2,285	13,914	2,831	16,745
Advertising	52	-	-	1,751	2,312	2,444	-	-	48,004	-	865	55,428	21,018	76,446
Boiler materials	-	-	-	-	-	-	-	-	-	-	1,119,280	1,119,280	-	1,119,280
Conferences and training	385	-	30	385	1,816	385	936	633	14,463	-	60,314	79,347	10,982	90,329
Consultants	147	8,074	-	978	26,500	712,831	-	-	788	-	513	749,831	53,638	803,469
Dues and fees	766	50	469	-	2,269	5,955	-	3,242	11,062	-	1,561	25,374	56,471	81,845
Emergency services	-	2,304	-	-	-	34,655	-	-	211,856	-	-	248,815	-	248,815
Insurance	1,004	352	8,002	2,971	10,738	7,478	1,128	2,364	16,991	1,951	25,583	78,562	17,560	96,122
Interest expense	-	-	-	-	-	-	-	-	-	-	-	-	12,732	12,732
LIHEAP payments	-	-	-	-	-	-	-	-	6,432,800	-	-	6,432,800	-	6,432,800
Maintenance and repairs	695	25,095	10,722	1,081	65,116	13,424	127	4,415	21,156	3,513	12,038	157,382	30,405	187,787
Miscellaneous expense	-	317	30	-	10,379	-	2,428	180	5,602	-	2,312	21,248	256	21,504
Office expense	4,851	-	20,588	14,155	55,554	47,863	6,007	26,441	120,341	-	98,214	394,014	116,808	510,822
Professional fees	-	-	-	-	-	-	-	-	-	-	-	-	48,540	48,540
Program supplies	15,712	9,106	219,014	1,011,353	31,754	66,685	1,780	2,787	100,978	-	972,962	2,432,131	9,149	2,441,280
Property taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Raw food and prepared meals	275,680	-	6	-	41,724	-	-	-	-	-	-	-	317,410	317,410
Rent	10,722	-	29,787	31,966	-	566,553	7,201	25,817	94,027	-	36,765	802,838	-	802,838
Rent - non-cash	-	-	-	-	-	39,035	-	-	-	-	-	39,035	-	39,035
Travel	634	370	2,159	-	151	14,540	3,809	374	6,075	14	23,743	51,869	955	52,824
Provision for bad debts	-	-	-	-	1,174	24,112	1,152	4,328	-	-	9,664	40,430	-	40,430
Utilities	426	451	3,663	1,665	22,892	8,477	26	3	31,654	-	14,726	83,983	5,609	89,592
In-kind market	-	-	2,261,713	-	-	-	5,289	-	-	-	-	2,267,002	-	2,267,002
Depreciation	-	1,581	18,915	-	14,923	-	-	-	12,546	9,897	6,567	64,429	70,321	134,750
	<u>\$ 382,311</u>	<u>\$ 82,571</u>	<u>\$ 2,620,655</u>	<u>\$ 1,334,838</u>	<u>\$ 973,439</u>	<u>\$ 2,348,073</u>	<u>\$ 72,565</u>	<u>\$ 281,011</u>	<u>\$ 8,271,029</u>	<u>\$ 15,375</u>	<u>\$ 3,027,250</u>	<u>\$ 19,409,117</u>	<u>\$ 1,217,479</u>	<u>\$ 20,626,596</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, 2023**

Cash flows from operating activities:	
Change in net assets	\$ 104,440
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	134,750
Loss on sale of property	55,153
Noncash operating lease expense	39,035
Changes in operating assets and liabilities:	
Grants receivable	(149,443)
Accounts receivable	(114,559)
Inventory	12,222
Prepaid expenses and other	2,326
Accounts payable and accrued expenses	239,667
Unapplied grant revenue	<u>211,057</u>
Net cash provided by operating activities	<u>534,648</u>
Cash flows from investing activities:	
Purchases of property and equipment	(108,416)
Proceeds from sale of property	<u>191,673</u>
Net cash provided by investing activities	<u>83,257</u>
Cash used in financing activities, principal payments on long-term debt	<u>(9,071)</u>
Increase in cash	608,834
Cash - beginning	<u>1,161,737</u>
CASH - ENDING	<u>\$ 1,770,571</u>
Supplemental disclosure of cash flow information:	
Interest paid	<u>\$ 12,732</u>
Supplemental schedule for noncash investing and financing activities:	
Operating leases liabilities and right-of-use assets recognized in connection with implementation of ASC 842 on July 1, 2022	<u>\$ 3,178,097</u>

See notes to consolidated financial statements.

**WESTBAY COMMUNITY ACTION, INC.
AND WESTBAY HOUSING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023**

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 adopted accounting pronouncement

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-02, *Leases (Topic 842)* Accounting Standards Codification ("ASC") 842, as amended, which requires the recording of operating lease right-of-use assets and lease liabilities and expanded disclosure for operating and finance leasing arrangements. Leases are classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the consolidated statement of activities and changes in net assets. The Organization adopted ASC 842 under the modified retrospective method on July 1, 2022.

The Organization adopted the package of practical expedients available at transaction that retained the lease classification under ASC 840 and initial direct costs for any leases that existed prior to adoption of the standard. Contracts entered into prior to adoption were not reassessed for leases or embedded leases. In addition, the Organization used hindsight in determining lease term and considerations for impairment. The Organization made the accounting policy election to utilize the risk-free discount rate when the rate implicit in the lease is not readily determinable.

The Organization also performed an analysis of contracts containing leases as of July 1, 2022. At the date of initial application, the Organization recorded operating right-of-use assets and liabilities of \$3,178,097.

**WESTBAY COMMUNITY ACTION, INC.
AND WESTBAY HOUSING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023**

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

Recently issued but not yet effective accounting pronouncement

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326)* ("ASU 2016-13"), which requires entities to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. This replaces the existing incurred loss model and is applicable to the measurement of credit losses on financial assets measured at amortized cost. ASU 2016-13 is effective for private companies for fiscal years beginning after December 15, 2022, including interim periods within those annual reporting periods. The Organization is currently evaluating the impact of the new standard on its consolidated financial statements and related disclosures.

Use of estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

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, 2023**

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 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, 2023, case management and childcare revenue totaled \$353,630 and \$830,175, 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 \$471,859 and \$360,594 at June 30, 2023 and 2022, 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, 2023**

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, 2023.

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. At June 30, 2023 there was no 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, 2023**

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

Leases

The Organization has two operating lease agreements for operational space through 2037. The Organization also has an operating lease agreement for office equipment through 2028. The Organization determines if an arrangement is a lease at the inception of the contract. At the lease commencement date, each lease is evaluated to determine whether it will be classified as an operating or finance lease. For leases with a lease term of 12 months or less, any fixed lease payments are recognized on a straight-line basis over such term, and are not recognized on the consolidated statement of financial position.

The lease terms include the noncancellable portion of the underlying leases along with any reasonably certain lease periods associated with available renewal periods, termination options and purchase options. The Organization uses the risk-free discount rates when the rate implicit in the lease is not readily determinable at the commencement date in determining the present value of lease payments.

Impairment of long-lived assets

The Organization evaluates long-lived assets held and used by the Organization, including the Organization's right of use assets, 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, 2023.

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.

**WESTBAY COMMUNITY ACTION, INC.
AND WESTBAY HOUSING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023**

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

Subsequent events

The Organization has evaluated subsequent events through February 14, 2024, the date that the accompanying consolidated financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these consolidated financial statements.

**WESTBAY COMMUNITY ACTION, INC.
AND WESTBAY HOUSING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2. PROPERTY AND EQUIPMENT

Land	\$ 138,275
Federally funded land	251,300
Federally funded properties	212,000
Buildings and improvements	1,618,880
Furniture and equipment	337,470
Vehicles	<u>267,523</u>
	2,825,448
Less: accumulated depreciation	<u>(1,289,419)</u>
	<u>\$ 1,536,029</u>

Depreciation expense for the year ended June 30, 2023, totaled \$134,750.

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 \$584,291 (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 15 years. In 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, 45 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	\$ 221,204
Less: current portion of long-term debt	<u>(9,818)</u>
Mortgage note payable, less current portion	<u>\$ 211,386</u>

**WESTBAY COMMUNITY ACTION, INC.
AND WESTBAY HOUSING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3. LONG-TERM DEBT AND LINE OF CREDIT (CONTINUED)

At June 30, 2023, aggregate future maturities of long-term debt are as follows:

<u>Year Ending June 30:</u>	
2024	\$ 9,818
2025	10,372
2026	10,957
2027	11,575
2028	12,228
Thereafter	<u>166,254</u>
Total	<u>\$ 221,204</u>

Interest expense for the year ended June 30, 2023, totaled \$12,732.

Effective January 2023, the Organization has 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 are payable on demand and carry interest at the Wall Street Journal Prime Rate plus 50 basis points (.50%) floating monthly (8.25% at June 30, 2023). At June 30, 2023, no borrowings were outstanding on the line.

NOTE 4. LEASES

As described in Note 1, the Organization adopted ASC 842 as of July 1, 2022. The Organization leases office space and equipment through various operating leases.

Total operating lease expense incurred under these leases for the year ended June 30, 2023 was \$282,781.

The following are future minimum lease commitments, including interest:

<u>Year ending June 30:</u>	<u>Total</u>
2024	\$ 268,718
2025	272,771
2026	280,830
2027	285,383
2028	279,629
Thereafter	<u>2,323,338</u>
Net minimum lease payments	3,710,669
Less: amounts representing interest	<u>(682,464)</u>
Present value of future minimum lease payments	3,028,205
Less: current portion	<u>(177,317)</u>
	<u>\$ 2,850,888</u>

**WESTBAY COMMUNITY ACTION, INC.
AND WESTBAY HOUSING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 4. OPERATING LEASES (CONTINUED)

Supplemental cash flow information related to leases was as follows:

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from operating leases	\$ 243,746
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Average lease terms and discount rates were as follows:

Weighted-average remaining lease term (in years)	
Operating leases	12.99
Weighted-average discount rate (%)	
Operating leases	3.12

NOTE 5. LIQUIDITY AND AVAILABILITY

The following represents the Organization's financial assets as of June 30, 2023:

Financial assets at year-end:

Cash	\$ 1,770,571
Grants receivable	2,478,510
Accounts receivable	<u>471,859</u>

Total financial assets at year-end	4,720,940
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Less: amounts not available to be used within one year, restricted for designated purposes	<u>(415,893)</u>
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Financial assets available to meet general expenditures over the next 12 months	\$ <u><u>4,305,047</u></u>
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The Organization's goal is generally to maintain financial assets to meet approximately 90 days' worth of operating expenses (approximately \$5,053,000). The Organization also has a \$250,000 line of credit available to meet cash flow needs (see Note 3).

**WESTBAY COMMUNITY ACTION, INC.
AND WESTBAY HOUSING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6. NET ASSETS WITH DONOR RESTRICTIONS

At June 30, 2023, net assets with donor restrictions are available for the following purposes:

Restricted for Future Periods:

School Lunch Program	\$ 153,462
Low-Income Home Energy Assistance Program ("LIHEAP")	<u>262,431</u>
	<u>415,893</u>

Housing and Related:

Warwick Avenue Property - Supportive Housing	212,000
22 Astral Street - Improvements	266,877
Weatherization and LIHEAP transportation and equipment	189,899
Building and leasehold improvements	193,219
Land - Warwick Ave	53,000
Land - Belt Street	48,000
Land - Vine Street	52,300
Land - Wilson Street	48,000
Land - Lincoln	50,000
Less: accumulated depreciation	<u>(529,004)</u>
	<u>584,291</u>

Total	<u>\$ 1,000,184</u>
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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, 2023:

Depreciation	\$ 58,101
Net book value of Earl Street property for which the restriction expired in 2023 , and was sold in August 2023	246,827
Expenditures related to restricted purposes	<u>7,777,798</u>
	<u>\$ 8,082,726</u>

In 2023, 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, 2023, \$2,254,781 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, 2023**

NOTE 8. EMPLOYEE RETIREMENT PLANS AND SUBSEQUENT EVENT

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, 2023, contributions made were 2.75% of eligible participating employee's annual wages. Pension expense for the year ended June 30, 2023, was approximately \$66,520. Effective July 1, 2023, the Organization's discretionary contribution was increased to 3% of eligible participating employee's annual wages.

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, 2023, the Organization made contributions of approximately \$20,000.

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, 2023, the Organization had \$1,837,784 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, 2023, 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, 2023**

NOTE 11. CONTINGENCY

In May 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 Organization applied for PPP loan forgiveness and received approval from the Small Business Administration ("SBA") in September 2021 and April 2022 for the first and second PPP loans, respectively. If it is determined that the Organization was not eligible to receive the PPP loans 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, 2023**

Federal/Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing 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	\$ 332,371
Special Supplemental Nutrition Program for Women, Infants and Children (WIC) - Vouchers	10.557	4R1700705	<u>1,010,560</u>
			1,342,931
Pass-through program from the State of Rhode Island Department of Elementary and Secondary Education:			
Child and Adult Care Food Program	10.558	CACFP	35,714
Pass-through program from Local Initiatives Support Corporation (LISC):			
SNAP Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	50023	<u>38,137</u>
Total U.S. Department of Agriculture			<u>1,416,782</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	BRRP 2007-03	<u>62,416</u>
U.S. Department of Housing and Urban Development:			
Pass-through programs from the City of Warwick:			
CDBG - Entitlement Grants Cluster:			
COVID-19 Community Development Block Grants/ Entitlement Grants	14.218	40420	289,543
Community Development Block Grants / Entitlement Grants	14.218	40420	<u>110,285</u>
Total U.S. Department of Housing and Urban Development			<u>399,828</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, 2023**

Federal/Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Grant Number/Pass- through Entity Identifying Number	Total Federal Expenditures
U.S. Department of Health and Human Services:			
477 Cluster:			
Passed through the State of Rhode Island Department of Education:			
Temporary Assistance for Needy Families	93.558	17119	\$ 8,921
Passed through the State of Rhode Island Department of Human Services:			
Community Service Block Grant	93.569	CSBG	438,592
Community Service Block Grant - COVID Cares	93.569	11521	8,598
Temporary Assistance for Needy Families - Youth Services	93.558	220RITANF	<u>190,264</u>
Total 477 Cluster			<u>646,375</u>
Passed through the State of Rhode Island Executive Office of Health and Human Services:			
Medical Assistance Program	93.778	2305R15ADM	<u>\$ 542,728</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	34020	35,201
Quarantine and Isolation/Medical Respite: Epidemiology & Laboratory Capacity for Infectious Diseases	93.323	49122	<u>373,998</u>
			<u>409,199</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, 2023**

Federal/Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Grant Number/Pass- through Entity Identifying Number	Total Federal Expenditures
U.S. Department of Health and Human Services (Continued):			
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	2003-21201052-210	97,891
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers - SHP/MIPPA/SMP	93.044	2007-21201102-210	14,763
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers - Integrated	93.044	2007-21201102-210	50,308
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers - Title III NFCG	93.044	2007-21201192-210	29,824
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	2007-21201192-210	286,839
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers - Adult Protective Services	93.044	2101RIAPC5	8,120
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers - Adult Protective Services - ARPA	93.044	2101RIAPC6	28,736
COVID-19 Special Programs for the Aging, Title III, Part C, Nutrition Services - COVID CARES Nutrition Services	93.045	2201RIOACM	<u>106,607</u>
Total Aging Cluster			<u>623,088</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, 2023**

Federal/Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Grant Number/Pass- through Entity Identifying Number	Total Federal Expenditures
U.S. Department of Health and Human Services (Continued):			
Pass-through programs from the State of Rhode Island Office of Healthy Aging:			
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043	2007-21201052-210	\$ <u>41,837</u>
Pass-through programs from the State of Rhode Island Energy Office:			
Low-Income Home Energy Assistance Program ("LIHEAP")	93.568	05-06	6,421,290
LIHEAP - Administration	93.568	2006-03	1,326,810
LIHEAP - Assurance 16	93.568	2006-03	152,314
LIHEAP - Pre-Weatherization and Oil Tank Replacement	93.568	2301RILEA	80,395
LIHEAP - Weatherization Assistance Program HHS	93.568	2301RILEA	1,137,086
LIHEAP - Boiler Repair & Replacement Program	93.568	BRRP 2006-03	<u>421,731</u>
			<u>9,539,626</u>
Passed through from the State of Rhode Island Department of Human Services:			
Social Services Block Grant	93.667	G-2301RISOSR	<u>81,498</u>
Total U.S. Department of Health and Human Services			<u>11,884,351</u>
U.S. Department of Treasury:			
Pass-through program from the Rhode Island Coalition to End Homelessness			
Coronavirus State and Local Recovery Funds - General operating expenses to assist RI nonprofits that deliver services to address food insecurity	21.027	54523	12,396
Coronavirus State and Local Fiscal Recovery Funds - Medical Respite	21.027	49623	<u>372,076</u>
Total U.S. Department of Treasury			<u>384,472</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, 2023**

Federal/Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Grant Number/Pass- through Entity Identifying Number	Total Federal Expenditures
Corporation for National and Community Service:			
Americorps Seniors Retired and Senior Volunteer Program	94.002	06SR057054	\$ <u>61,781</u>
Total Expenditures of Federal Awards			\$ <u>14,209,630</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, 2023**

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, 2023. 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, 2023, 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, 2023, 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 14, 2024.

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) as a basis for designing 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 were not identified.

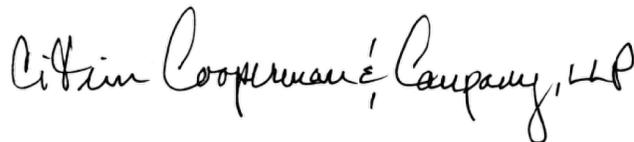
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Report on Compliance and Other Matters

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.



Providence, Rhode Island
February 14, 2024

**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 identified as subject to audit 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, 2023. 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 of its major federal programs for the year ended June 30, 2023.

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.

"Citrin Cooperman" is the brand under which Citrin Cooperman & Company, LLP, a licensed independent CPA firm, and Citrin Cooperman Advisors LLC serve clients' business needs. The two firms operate as separate legal entities in an alternative practice structure. The entities of Citrin Cooperman & Company, LLP and Citrin Cooperman Advisors LLC are independent member firms of the Moore North America, Inc. (MNA) Association, which is itself a regional member of Moore Global Network Limited (MGNI). All the firms associated with MNA are independently owned and managed entities. Their membership in, or association with, MNA should not be construed as constituting or implying any partnership between them.

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.



Providence, Rhode Island
February 14, 2024

**WESTBAY COMMUNITY ACTION, INC.
AND WESTBAY HOUSING CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023**

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>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
93.568	Low-Income Home Energy Assistance Program (LIHEAP)
<u>21.027</u>	<u>Coronavirus State and Local Fiscal Recovery Funds</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, 2023**

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings

No matters were reported.