

**WESTBAY COMMUNITY ACTION, INC.  
AND WESTBAY HOUSING CORPORATION  
CONSOLIDATED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2024**

**WESTBAY COMMUNITY ACTION, INC.  
AND WESTBAY HOUSING CORPORATION  
FOR THE YEAR ENDED JUNE 30, 2024**

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying consolidated financial statements of Westbay Community Action, Inc., and Westbay Housing Corporation (nonprofit organizations, collectively the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2024, 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, 2024, and their changes in net assets and their 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 ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities of Management for the Financial Statements*

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

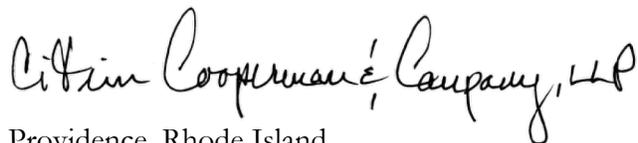
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

## 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 March 6, 2025, 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  
March 6, 2025

**WESTBAY COMMUNITY ACTION, INC.  
AND WESTBAY HOUSING CORPORATION  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2024**

**ASSETS**

Current assets	
Cash	\$ 2,139,092
Grants receivable	2,220,358
Accounts receivable	503,688
Inventory	21,840
Prepaid expenses and other	<u>68,547</u>
Total current assets	4,953,525
Operating leases right-of-use assets, net	2,780,427
Property and equipment, net	<u>1,474,134</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 9,208,086</u></b>

**LIABILITIES AND NET ASSETS**

Current liabilities	
Accounts payable and accrued expenses	\$ 417,603
Accrued payroll and related expenses	437,882
Unapplied grant revenue	292,253
Current portion of operating leases liabilities	187,182
Current portion of long-term debt	<u>10,372</u>
Total current liabilities	1,345,292
Long-term debt, less current portion	201,854
Operating leases liabilities, less current portion	<u>2,663,706</u>
Total liabilities	<u>4,210,852</u>
Commitments (Note 4)	
Net assets	
Without donor restrictions:	
Undesignated	3,379,375
Invested in property and equipment	<u>949,606</u>
	<u>4,328,981</u>
With donor restrictions:	
Restricted for future periods	143,725
Property and equipment	<u>524,528</u>
	<u>668,253</u>
Total net assets	<u>4,997,234</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 9,208,086</u></b>

See accompanying 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, 2024**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and support:			
Grants and contracts	\$ 15,979,816	\$ -	\$ 15,979,816
Program income	1,715,608	-	1,715,608
Contributions and fundraising, net of fundraising expense of \$25,450	339,680	60	339,740
In-kind donations	1,971,229	-	1,971,229
Other income	22,894	-	22,894
Net assets released from restrictions	<u>331,991</u>	<u>(331,991)</u>	<u>-</u>
Total revenue and support	<u>20,361,218</u>	<u>(331,931)</u>	<u>20,029,287</u>
Expenses:			
Program services:			
Nutrition	476,816	-	476,816
Farm	55,612	-	55,612
Market place	2,270,362	-	2,270,362
Women, infants and children (WIC) program	1,444,676	-	1,444,676
Children's services	1,181,831	-	1,181,831
Medical respite	2,822,588	-	2,822,588
Case management	1,156,544	-	1,156,544
RSVP	78,761	-	78,761
Adult education	334,451	-	334,451
Family services	5,467,554	-	5,467,554
Housing	12,067	-	12,067
Weatherization	<u>2,932,977</u>	<u>-</u>	<u>2,932,977</u>
Total program services	18,234,239	-	18,234,239
Management and general	<u>1,735,051</u>	<u>-</u>	<u>1,735,051</u>
Total expenses	<u>19,969,290</u>	<u>-</u>	<u>19,969,290</u>
Change in net assets	391,928	(331,931)	59,997
Net assets - beginning	<u>3,937,053</u>	<u>1,000,184</u>	<u>4,937,237</u>
<b>NET ASSETS - ENDING</b>	<u>\$ 4,328,981</u>	<u>\$ 668,253</u>	<u>\$ 4,997,234</u>

See accompanying notes to consolidated financial statements.

**WESTBAY COMMUNITY ACTION, INC. AND WESTBAY HOUSING CORPORATION**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	Program Services												Total Program Services	Management and General	Total Expenses
	Nutrition	Farm	Market Place	Women, Infants and Children Program	Children's Services	Medical Respite	Case Management	RSVP	Adult Education	Family Services	Housing	Weatherization			
Salaries	\$ 63,031	\$ 32,100	\$ 36,376	\$ 276,322	\$ 679,464	\$ 279,344	\$ 515,035	\$ 48,453	\$ 190,069	\$ 1,212,982	\$ -	\$ 556,435	\$ 3,889,611	\$ 855,355	\$ 4,744,966
Payroll taxes and benefits	15,532	4,107	11,570	47,231	192,358	47,788	121,414	5,691	36,299	232,086	-	118,289	832,365	110,191	942,556
Workers compensation	724	788	739	4,121	6,622	4,702	6,500	981	2,989	18,104	-	8,612	54,882	541	55,423
Payroll service fees	248	127	140	1,041	2,570	1,029	2,008	187	742	4,656	-	2,162	14,910	3,217	18,127
Advertising	-	-	-	2,854	4,951	1,505	3,934	479	575	60,279	-	3,079	77,656	6,451	84,107
Boiler materials	-	-	-	-	-	-	-	-	-	-	-	1,166,659	1,166,659	-	1,166,659
Conferences and training	-	495	190	1,996	-	-	-	-	6,221	22,433	-	71,984	103,319	12,555	115,874
Consultants	-	3,624	402	572	77,149	1,547,297	334,449	262	-	32	-	430	1,964,217	256,642	2,220,859
Dues and fees	521	191	66	-	3,032	1,445	6,294	66	6,963	13,414	-	930	32,922	63,434	96,356
Emergency services	-	1,200	-	-	-	573	22,986	-	-	79,561	-	-	104,320	-	104,320
Insurance	899	316	6,064	2,871	9,801	987	5,184	3,892	2,121	14,652	-	25,734	72,521	120,805	193,326
Interest expense	-	-	-	-	-	-	-	-	-	-	-	-	-	13,214	13,214
LIHEAP payments	-	-	-	-	-	-	-	-	-	-	-	-	3,442,431	-	3,442,431
Maintenance and repairs	1,947	3,694	17,768	3,287	36,322	2,739	8,007	704	7,801	24,861	-	15,420	122,550	32,947	155,497
Miscellaneous expense	-	397	-	-	2,673	-	-	3,538	-	5,104	-	28,501	40,213	729	40,942
Office expense	8,002	114	13,264	14,346	49,781	10,383	40,526	3,979	44,165	143,169	-	54,208	381,937	103,233	485,170
Professional fees	-	-	-	-	-	-	-	-	-	-	-	-	-	79,510	79,510
Program supplies	17,322	5,394	112,032	1,052,228	30,653	193,196	7,802	445	2,979	47,768	-	807,682	2,277,501	9,553	2,287,054
Raw food and prepared meals	353,510	-	-	-	47,846	-	-	-	-	-	-	-	401,356	-	401,356
Rent	11,807	-	24,563	33,995	-	731,460	27,770	5,003	23,309	103,200	-	40,634	1,001,741	-	1,001,741
Rent - noncash	-	-	-	-	-	-	31,426	-	-	-	-	-	31,426	-	31,426
Travel	426	302	1,604	-	205	140	16,284	3,954	331	6,979	-	12,049	42,274	874	43,148
Provision for bad debts	-	-	-	-	-	-	-	-	4,450	-	-	-	4,450	-	4,450
Utilities	2,816	2,386	5,717	3,772	23,482	-	6,861	1,117	5,384	22,890	-	10,094	84,519	5,576	90,095
In-kind market	-	-	2,019,309	-	-	-	-	-	-	-	-	-	2,019,309	115	2,019,424
Depreciation	31	377	20,558	40	14,922	-	64	10	53	12,953	12,067	10,075	71,150	60,109	131,259
	<u>\$ 476,816</u>	<u>\$ 55,612</u>	<u>\$ 2,270,362</u>	<u>\$ 1,444,676</u>	<u>\$ 1,181,831</u>	<u>\$ 2,822,588</u>	<u>\$ 1,156,544</u>	<u>\$ 78,761</u>	<u>\$ 334,451</u>	<u>\$ 5,467,554</u>	<u>\$ 12,067</u>	<u>\$ 2,932,977</u>	<u>\$ 18,234,239</u>	<u>\$ 1,735,051</u>	<u>\$ 19,969,290</u>

See accompanying notes to consolidated financial statements.

**WESTBAY COMMUNITY ACTION, INC.  
AND WESTBAY HOUSING CORPORATION  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2024**

Cash flows from operating activities:	
Change in net assets	\$ 59,997
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	131,259
Noncash operating lease expense	31,426
Changes in operating assets and liabilities:	
Grants receivable	258,152
Accounts receivable	(31,829)
Inventory	48,080
Prepaid expenses and other	162,419
Accounts payable and accrued expenses	13,838
Unapplied grant revenue	<u>(226,479)</u>
Net cash provided by operating activities	446,863
Cash used in investing activities, purchases of property and equipment	(69,364)
Cash used in financing activities, principal payments on long-term debt	<u>(8,978)</u>
Increase in cash	368,521
Cash - beginning	<u>1,770,571</u>
<b>CASH - ENDING</b>	<b><u>\$ 2,139,092</u></b>
Supplemental disclosure of cash flow information:	
Interest paid	<u>\$ 13,214</u>

See accompanying notes to consolidated financial statements.

**WESTBAY COMMUNITY ACTION, INC.  
AND WESTBAY HOUSING CORPORATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2024**

**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. As approved at the April 20, 2023 Board of Directors meeting, WHC was formally dissolved effective July 15, 2024. As of June 30, 2024, WHC transferred net property and equipment of \$301,525, as well as its net asset deficiency of \$213,984, to WCA.

Recently adopted accounting pronouncement

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-13, *Financial Instruments - Credit Losses (Topic 326)* Accounting Standards Codification ("ASC") ("ASC 326"), along with subsequently issued related ASUs, which requires financial assets (or groups of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected, among other provisions. ASC 326 eliminates the probable initial threshold for recognition of credit losses for financial assets recorded at amortized cost, which could result in earlier recognition of credit losses. It utilizes a lifetime expected credit loss measurement model for the recognition of credit losses at the time the financial asset is originated or acquired.

The Organization's financial assets include receivables from various third-party payors, and receivables from private paying individuals for services. The expected credit losses are adjusted each period for changes in expected lifetime credit losses.

The Organization adopted ASC 326 using the modified retrospective method as of July 1, 2023, and it did not have a material impact on the consolidated financial statements and related disclosures as of and for the year ended June 30, 2024.

**WESTBAY COMMUNITY ACTION, INC.  
AND WESTBAY HOUSING CORPORATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2024**

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

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.

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 and changes in net assets 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.

**WESTBAY COMMUNITY ACTION, INC.  
AND WESTBAY HOUSING CORPORATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2024**

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

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, 2024, case management and childcare revenue totaled \$367,673 and \$1,113,211, 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 \$503,688 and \$471,859 at June 30, 2024 and 2023, 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, 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.

**WESTBAY COMMUNITY ACTION, INC.  
AND WESTBAY HOUSING CORPORATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2024**

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

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, 2024.

Grants and accounts receivable

Grants and accounts receivable are stated at the amount the Organization expects to collect.

The Organization assesses collectibility by reviewing accounts receivable and its contract assets on a collective basis where similar characteristics exist. In determining the amount of an allowance for doubtful accounts, management considers historical collectibility and makes judgments about the creditworthiness of the pool of customers based on credit evaluations. Current market conditions and reasonable and supportable forecasts of future economic conditions adjust the historical losses to determine the appropriate allowance for doubtful accounts. Uncollectible accounts are written off when all collection efforts have been exhausted. At June 30, 2024 and 2023, there was no allowance for doubtful accounts.

Under prior accounting rules, the Organization evaluated the following factors when determining the collectibility of specific accounts receivable: the payors and their creditworthiness, past transaction history with the payors, current economic industry trends and changes in payors' payment terms.

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, 2024**

**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 noncancelable 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, 2024.

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 (see Note 7) based on published values as previously described.

**WESTBAY COMMUNITY ACTION, INC.  
AND WESTBAY HOUSING CORPORATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2024**

**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 changes 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 March 6, 2025, 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, 2024**

**NOTE 2. PROPERTY AND EQUIPMENT**

Land	\$	138,275
Federally funded land		251,300
Federally funded properties		212,000
Buildings and improvements		1,653,303
Furniture and equipment		343,656
Vehicles		<u>278,494</u>
		2,877,028
Less: accumulated depreciation		<u>(1,402,894)</u>
		<u>\$ 1,474,134</u>

Depreciation expense for the year ended June 30, 2024, totaled \$131,259.

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 June 30, 2024, the net book value of the aforementioned real estate is included in net assets with donor restrictions in the amount of \$524,528 (see 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. Beginning July 2023, the interest rate is 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 (3.75% as of June 30, 2024), plus 2.75%. The mortgage is secured by the property located at 216-224 Buttonwoods Avenue in Warwick, Rhode Island.

Mortgage note payable	\$	212,226
Less: current portion of long-term debt		<u>(10,372)</u>
Mortgage note payable, less current portion		<u>\$ 201,854</u>

**WESTBAY COMMUNITY ACTION, INC.  
AND WESTBAY HOUSING CORPORATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2024**

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

At June 30, 2024, aggregate future maturities of long-term debt are as follows:

<u>Year Ending June 30:</u>	
2025	\$ 10,372
2026	10,957
2027	11,575
2028	12,228
2029	12,918
Thereafter	<u>154,176</u>
Total	<u>\$ 212,226</u>

Interest expense for the year ended June 30, 2024, totaled \$13,214.

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 (8.50% at June 30, 2024). At June 30, 2024, no borrowings were outstanding on the line.

**NOTE 4. OPERATING LEASES**

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, 2024 was \$300,144.

The following are future minimum lease commitments, including interest:

<u>Year ending June 30:</u>	<u>Total</u>
2025	\$ 272,771
2026	280,830
2027	285,383
2028	279,629
2029	270,363
Thereafter	<u>2,052,973</u>
Net minimum lease payments	3,441,949
Less: amounts representing interest	<u>(591,061)</u>
Present value of future minimum lease payments	2,850,888
Less: current portion	<u>(187,182)</u>
	<u>\$ 2,663,706</u>

**WESTBAY COMMUNITY ACTION, INC.  
AND WESTBAY HOUSING CORPORATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2024**

**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	\$ <u>268,718</u>
--	-------------------

Average lease terms and discount rates were as follows:

Weighted-average remaining lease term (in years)	
Operating leases	12.07
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, 2024:

Financial assets at year-end:

Cash	\$ 2,139,092
Grants receivable	2,220,358
Accounts receivable	<u>503,688</u>

Total financial assets at year-end	4,863,138
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Less: amounts not available to be used within one year, restricted for designated purposes	<u>(143,725)</u>
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Financial assets available to meet general expenditures over the next 12 months	\$ <u>4,719,413</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 \$4,892,000). 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, 2024**

**NOTE 6. NET ASSETS WITH DONOR RESTRICTIONS**

At June 30, 2024, net assets with donor restrictions are available for the following purposes:

Restricted for future periods, School Lunch Program	\$ <u>143,725</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>(588,767)</u>
	<u>524,528</u>
Total	\$ <u><u>668,253</u></u>

During the year ended June 30, 2024, net assets were released from donor restrictions in the amounts of \$59,763, \$9,797 and \$262,431 for depreciation on property and equipment, the School Lunch Program, and the Low-Income Home Energy Assistance Program, respectively.

**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, 2024, \$1,971,229 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.

**NOTE 8. EMPLOYEE RETIREMENT PLANS**

The Organization maintains a retirement plan under IRC Section 401(k). The retirement plan covers all non-union employees who are at least twenty-one years of age and have completed three months of service. The Organization makes contributions to the retirement plan on a discretionary basis. During the year ended June 30, 2024, contributions made were 3% of eligible participating employee's annual wages. Pension expense for the year ended June 30, 2024, was \$75,370.

The Organization also makes contributions to a defined contribution pension plan sponsored by the employee's labor union (see 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, 2024, the Organization made contributions of \$26,103.

**WESTBAY COMMUNITY ACTION, INC.  
AND WESTBAY HOUSING CORPORATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2024**

**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 which time the agreement was fully terminated.

**NOTE 10. CONCENTRATION OF CREDIT RISK AND MARKET RISK**

Cash

At June 30, 2024, the Organization had \$1,901,496 of cash on deposit with a financial institution in excess of the amount insured by the Federal Deposit Insurance Corporation. 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, 2024, management expects all current grants and contracts to continue into the foreseeable future.

## **SUPPLEMENTARY INFORMATION**

**WESTBAY COMMUNITY ACTION, INC.  
AND WESTBAY HOUSING CORPORATION  
CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2024**

Federal/Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Grant Number/Pass- through Entity Identifying Number	Total Federal Expenditures
<b>U.S. Department of Agriculture:</b>			
Pass-through programs from the State of Rhode Island Department of Health:			
Special Supplemental Nutrition Program for Women, Infants and Children (WIC)	10.557	NERYUGQ8XNB1	\$ 396,388
Special Supplemental Nutrition Program for Women, Infants and Children (WIC) - Vouchers	10.557	NERYUGQ8XNB1	<u>1,048,153</u>
			1,444,541
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	35,722
Pass-through program from the State of Rhode Island Office of Health Aging:			
Senior Farmers Market Nutrition Program	10.576	W2D4C9MFRJJ8	3,806
Pass-through program from the Local Initiatives Support Corporation			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program - LISC Technology Grant	10.561	N/A	4,957
Direct award:			
Child and Adult Food Program	10.558		<u>556</u>
<b>Total U.S. Department of Agriculture</b>			<u>1,489,582</u>
<b>U.S. Department of Energy:</b>			
Pass-through program from the State of Rhode Island Energy Office:			
Weatherization Assistance for Low-Income Persons	81.042	VNVCB4CKGHJ9	<u>123,186</u>
<b>U.S. Department of Housing and Urban Development:</b>			
Pass-through program from the City of Warwick:			
Community Development Block Grants / Entitlement Grants	14.218	N/A	<u>112,543</u>

See independent auditor's report and accompanying notes to  
consolidated 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, 2024**

Federal/Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Grant Number/Pass- through Entity Identifying Number	Total Federal Expenditures
<b>U.S. Department of Health and Human Services:</b>			
477 Cluster:			
Passed through the State of Rhode Island Department of Human Services:			
Community Service Block Grant	93.569	DGCZF2EKBSL1	636,295
Temporary Assistance for Needy Families - Rhode Island Works	93.558	N/A	<u>221,632</u>
Total 477 Cluster			<u>857,927</u>
Passed through the State of Rhode Island Executive Office of Health and Human Services:			
Medical Assistance Program	93.778	W2D4C9MFRJJ8	<u>1,327,910</u>
Pass-through programs from the State of Rhode Island Department of Health:			
Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197	N/A	32,688
Quarantine and Isolation/Medical Respite: Epidemiology & Laboratory Capacity for Infectious Diseases	93.323	N/A	<u>153,370</u>
			<u>186,058</u>
Pass-through program from the State of Rhode Island Department of Health			
Social Services Block Grant - Haitian	93.667	DGCZF2EKBSL1	<u>189,888</u>

See independent auditor's report and accompanying notes to  
consolidated 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, 2024**

Federal/Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Grant Number/Pass- through Entity Identifying Number	Total Federal Expenditures
<b>U.S. Department of Health and Human Services (Continued):</b>			
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	W2D4C9MFRJJ8	91,431
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers - SHP/MIPPA/SMP	93.044	W2D4C9MFRJJ8	35,286
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers - Title III NFCG	93.044	W2D4C9MFRJJ8	34,627
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	W2D4C9MFRJJ8	320,642
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers - Adult Protective Services - ARPA	93.044	W2D4C9MFRJJ8	40,663
COVID-19 Special Programs for the Aging, Title III, Part C, Nutrition Services - ARPA	93.045	W2D4C9MFRJJ8	<u>105,581</u>
Total Aging Cluster			<u>628,230</u>

See independent auditor's report and accompanying notes to  
consolidated 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, 2024**

Federal/Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Grant Number/Pass- through Entity Identifying Number	Total Federal Expenditures
<b>U.S. Department of Health and Human Services (Continued):</b>			
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	W2D4C9MFRJJ8	\$ 46,232
Medical Assistance Program	93.778	W2D4C9MFRJJ8	4,107
Children's Health Insurance Program	93.767	W2D4C9MFRJJ8	<u>69</u>
			<u>50,408</u>
Pass-through programs from the State of Rhode Island Energy Office:			
Low-Income Home Energy Assistance Program ("LIHEAP")	93.568	VNVCBSCKGHJ9	3,431,927
LIHEAP - Administration	93.568	VNVCBSCKGHJ9	1,667,926
LIHEAP - Assurance 16	93.568	VNVCBSCKGHJ9	164,155
LIHEAP - Weatherization Assistance Program HHS	93.568	VNVCBSCKGHJ9	951,780
LIHEAP - Boiler Repair & Replacement Program	93.568	VNVCBSCKGHJ9	<u>521,420</u>
			<u>6,737,208</u>
Direct award:			
Administration on Aging - Congressional Directives	93.493	N/A	<u>50,000</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>10,027,629</u>
<b>U.S. Department of Treasury:</b>			
Pass-through program from the Rhode Island Coalition to End Homelessness:			
Coronavirus State and Local Fiscal Recovery Funds - Medical Respite	21.027	RNMDPNEHQ8H3	<u>209,653</u>
Pass-through program from the Rhode Island Department of Housing:			
Coronavirus State and Local Fiscal Recovery Funds - Medical Respite	21.027	RNMDPNEHQ8H3	<u>215,231</u>
Pass-through program from the Rhode Island Department of Health			

See independent auditor's report and accompanying notes to  
consolidated 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, 2024**

<u>Federal/Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Grant Number/Pass- through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>
Coronavirus State and Local Fiscal Recovery Funds - Medical Respite	21.027	RNMDPNEHQ8H3	<u>262,637</u>
Pass-through program from the Rhode Island Foundation			
Coronavirus State and Local Fiscal Recovery Funds to assist Rhode Island nonprofits that deliver services to address food insecurity - general operating expenses	21.027	N/A	<u>144,427</u>
<b>Total U.S. Department of Treasury</b>			<u>831,948</u>
<b>Corporation for National and Community Service:</b>			
Americorps Seniors Retired and Senior Volunteer Program	94.002		<u>79,581</u>
<b>Federal Emergency Management Agency:</b>			
Pass-through program from the Emergency Food and Shelter Local Board:			
Emergency Food and Shelter Program	97.024		<u>79,651</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 12,744,120</u>

See independent auditor's report and accompanying notes to  
consolidated 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, 2024**

**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, 2024. 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, 2024, 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, 2024, 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 March 6, 2025.

**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.



## 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  
March 6, 2025

**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, 2024. 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, 2024.

***Basis for Opinion on the Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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



### ***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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



## Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Providence, Rhode Island  
March 6, 2025

**WESTBAY COMMUNITY ACTION, INC.  
AND WESTBAY HOUSING CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2024**

**Section I – Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ Yes   x   No

Significant deficiency(ies) identified? \_\_\_\_\_ Yes   x   None reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes   x   No

**Federal Awards**

Internal control over major federal programs:

Material weakness(es) identified? \_\_\_\_\_ Yes   x   No

Significant deficiency(ies) identified? \_\_\_\_\_ Yes   x   None reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ Yes   x   No

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.558 & 93.569	Community Services Block Grant (477 Cluster)
93.667	Social Services Block Grant - Haitian
93.778	Medicaid Cluster
<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, 2024**

**Section II – Financial Statement Findings**

No matters were reported.

**Section III – Federal Award Findings**

No matters were reported.