

**COMMUNITY CARE ALLIANCE  
AND AFFILIATES**

**Consolidating Financial Statements**

**Year Ended June 30, 2017**

**(With Independent Auditors' Report Thereon)**

**COMMUNITY CARE ALLIANCE AND AFFILIATES**  
**CONSOLIDATING FINANCIAL STATEMENTS**

**Year Ended June 30, 2017**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Community Care Alliance and Affiliates:

### **Report on the Financial Statements**

We have audited the accompanying consolidating financial statements of Community Care Alliance and Affiliates (collectively, the Organization) (Note 1), which comprise the consolidating statement of financial position as of June 30, 2017, and the related consolidating statement of activities and consolidating statement of cash flows for the year then ended, and the related notes to the consolidating financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidating financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these consolidating financial statements based on our audit. We did not audit the financial statements of Housing Partners for Positive Living, Inc., Leo Tanguay Apartments, Inc., Roland M. Boucher Apartments, Inc., and Russo Street Apartments, Inc., (collectively, HUD Borrowers Corporations), which statements reflect total assets and revenues constituting 30% and 6%, respectively, of the related consolidated totals. Those statements were audited by another auditor whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the HUD Borrowers Corporations are based solely on the report of the other auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidating financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidating financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the consolidating financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidating financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, based on our audit and the report of the other auditor, the consolidating financial statements referred to above present fairly, in all material respects, the consolidating financial position of Community Care Alliance and Affiliates as of June 30, 2017, and the changes in their consolidating net assets and their consolidating cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Also, in our opinion, the consolidating financial statements referred to in the first paragraph present fairly, in all material respects, the individual financial position of Housing Partners for Positive Living, Inc., Leo Tanguay Apartments, Inc., Roland M. Boucher Apartments, Inc., and Russo Street Apartments, Inc., (collectively, HUD Borrowers Corporations). We express no opinion on the HUD Borrowers Corporations because those statements were audited by other auditors as indicated in the first paragraph of the Auditors' Responsibility section, as of June 30, 2017 and for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Report on Summarized Comparative Information***

We have previously audited the Organization's June 30, 2016 consolidating financial statements and, in our report dated March 31, 2017, we expressed an unmodified opinion on those consolidating financial statements. In our opinion, the summarized comparative financial information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects with the audited consolidating financial statements from which it has been derived.

***Other Matters***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for the purposes of additional analysis and is not a required part of the consolidating 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 consolidating financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidating financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidating financial statements or the consolidating financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidating 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 27, 2018, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. The 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.

*Kahn, Litwin, Renya & Co., Ltd.*

March 27, 2018

**COMMUNITY CARE ALLIANCE AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**June 30, 2017**  
**(With Comparative Totals at June 30, 2016)**



	2017						2016
	Community Care Alliance	Community Staffing Resources, Inc.	Eliminations	Subtotal Community Care Alliance and Affiliate	HUD Borrowers Corporations	Total	Total
<b>Assets</b>							
<b>Current Assets:</b>							
Cash	\$ 361,239	\$ -	\$ -	\$ 361,239	\$ 53,517	\$ 414,756	\$ 456,888
Cash held in trust, client disability income	151,772	-	-	151,772	-	151,772	265,149
Cash held in trust, tenants' security deposits	-	-	-	-	27,902	27,902	27,984
Accounts receivable, net	4,677,106	-	-	4,677,106	27,456	4,704,562	4,431,127
Prepaid expenses and other current assets	106,382	-	-	106,382	53,096	159,478	65,427
Total current assets	<u>5,296,499</u>	<u>-</u>	<u>-</u>	<u>5,296,499</u>	<u>161,971</u>	<u>5,458,470</u>	<u>5,246,575</u>
Investment, equity method	34,751	-	-	34,751	-	34,751	38,845
Reserve for Replacement and Escrows	-	-	-	-	612,721	612,721	513,267
Property and Equipment, net	5,314,200	-	-	5,314,200	3,864,006	9,178,206	9,819,230
Total other assets	<u>5,348,951</u>	<u>-</u>	<u>-</u>	<u>5,348,951</u>	<u>4,476,727</u>	<u>9,825,678</u>	<u>10,371,342</u>
<b>Total Assets</b>	<b><u>\$ 10,645,450</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 10,645,450</u></b>	<b><u>\$ 4,638,698</u></b>	<b><u>\$ 15,284,148</u></b>	<b><u>\$ 15,617,917</u></b>
<b>Liabilities and Net Assets</b>							
<b>Current Liabilities:</b>							
Line of credit	\$ 1,224,000	\$ -	\$ -	\$ 1,224,000	\$ -	\$ 1,224,000	\$ 984,000
Current portion of bond payable	85,000	-	-	85,000	-	85,000	85,000
Current portion of long-term debt	154,974	-	-	154,974	80,637	235,611	314,929
Accounts payable	1,116,633	-	-	1,116,633	88,144	1,204,777	710,284
Accrued expenses	1,139,922	-	-	1,139,922	104,602	1,244,524	1,632,410
Deferred revenue	89,639	-	-	89,639	-	89,639	145,764
Client disability income accounts	151,772	-	-	151,772	-	151,772	265,149
Tenants' security deposits	-	-	-	-	27,729	27,729	27,800
Total current liabilities	<u>3,961,940</u>	<u>-</u>	<u>-</u>	<u>3,961,940</u>	<u>301,112</u>	<u>4,263,052</u>	<u>4,165,336</u>
Bond Payable, less current portion and bond issuance costs	2,427,646	-	-	2,427,646	-	2,427,646	2,360,805
Long-term Debt, less current portion and debt issuance costs	785,898	-	-	785,898	3,644,344	4,430,242	4,795,402
Note Payable, Rhode Island Housing	-	-	-	-	89,774	89,774	82,361
Refundable Grant	-	-	-	-	239,300	239,300	239,300
Interest Rate Swap	624,789	-	-	624,789	-	624,789	902,296
<b>Total liabilities</b>	<b><u>7,800,273</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>7,800,273</u></b>	<b><u>4,274,530</u></b>	<b><u>12,074,803</u></b>	<b><u>12,545,500</u></b>
<b>Net Assets:</b>							
<b>Unrestricted:</b>							
Undesignated	1,838,213	-	-	1,838,213	-	1,838,213	1,694,186
Board designated	601,253	-	-	601,253	-	601,253	601,253
Board designated for replacement reserves	250,000	-	-	250,000	-	250,000	250,000
Interest rate swap	(624,789)	-	-	(624,789)	-	(624,789)	(902,296)
Net investment in property and equipment	739,546	-	-	739,546	-	739,546	920,813
Total unrestricted net assets	<u>2,804,223</u>	<u>-</u>	<u>-</u>	<u>2,804,223</u>	<u>-</u>	<u>2,804,223</u>	<u>2,563,956</u>
<b>Temporarily Restricted:</b>							
Undesignated	-	-	-	-	314,917	314,917	380,563
Designated	40,954	-	-	40,954	-	40,954	55,955
Net investment in property and equipment	-	-	-	-	49,251	49,251	71,943
Total temporarily restricted net assets	<u>40,954</u>	<u>-</u>	<u>-</u>	<u>40,954</u>	<u>364,168</u>	<u>405,122</u>	<u>508,461</u>
<b>Total net assets</b>	<b><u>2,845,177</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>2,845,177</u></b>	<b><u>364,168</u></b>	<b><u>3,209,345</u></b>	<b><u>3,072,417</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 10,645,450</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 10,645,450</u></b>	<b><u>\$ 4,638,698</u></b>	<b><u>\$ 15,284,148</u></b>	<b><u>\$ 15,617,917</u></b>

**COMMUNITY CARE ALLIANCE AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2017  
(With Comparative Totals for the Year Ended June 30, 2016)



	2017					2016	
	Community Care Alliance	Community Staffing Resources, Inc.	Eliminations	Subtotal Community Care Alliance and Affiliate	HUD Borrowers Corporations	Total	Total
Change in Unrestricted Operating Net Assets:							
Public support and revenue:							
Federal grants and contracts	\$ 1,937,560	\$ -	\$ -	\$ 1,937,560	\$ -	\$ 1,937,560	\$ 2,027,617
State and municipal grants and contracts	6,706,091	-	-	6,706,091	-	6,706,091	7,736,304
United Way	158,230	-	-	158,230	-	158,230	246,853
In-kind contributions	283,000	-	-	283,000	-	283,000	283,000
Rent and rent subsidies	295,017	-	-	295,017	1,372,983	1,668,000	1,622,579
Program fees	1,004,839	-	-	1,004,839	-	1,004,839	1,166,913
Third party fees	12,873,421	-	-	12,873,421	-	12,873,421	9,722,769
Medicaid and medicare	2,945,409	-	-	2,945,409	-	2,945,409	6,734,138
Fundraising and contributions	727,151	-	-	727,151	-	727,151	827,437
Miscellaneous income	593,702	-	(48,298)	545,404	176,371	721,775	274,541
	<u>27,524,420</u>	<u>-</u>	<u>(48,298)</u>	<u>27,476,122</u>	<u>1,549,354</u>	<u>29,025,476</u>	<u>30,642,151</u>
Net assets released from restrictions	15,000	-	-	15,000	88,338	103,338	87,103
<b>Total public support and revenue</b>	<b><u>27,539,420</u></b>	<b><u>-</u></b>	<b><u>(48,298)</u></b>	<b><u>27,491,122</u></b>	<b><u>1,637,692</u></b>	<b><u>29,128,814</u></b>	<b><u>30,729,254</u></b>
Program services:							
Acute services	3,443,430	-	-	3,443,430	-	3,443,430	3,242,609
Community support services	8,685,417	48,298	(48,298)	8,685,417	-	8,685,417	9,486,362
Child and family services	7,692,044	-	-	7,692,044	-	7,692,044	8,864,973
Housing services	2,008,140	-	-	2,008,140	1,637,692	3,645,832	3,470,790
Employment and training	2,014,887	-	-	2,014,887	-	2,014,887	1,863,221
Support services:							
Management and general	3,639,085	-	-	3,639,085	-	3,639,085	4,003,735
Fundraising expenses	45,360	-	-	45,360	-	45,360	37,863
Total expenses	<u>27,528,363</u>	<u>48,298</u>	<u>(48,298)</u>	<u>27,528,363</u>	<u>1,637,692</u>	<u>29,166,055</u>	<u>30,969,553</u>
<b>Change in unrestricted operating net assets</b>	<b><u>11,057</u></b>	<b><u>(48,298)</u></b>	<b><u>-</u></b>	<b><u>(37,241)</u></b>	<b><u>-</u></b>	<b><u>(37,241)</u></b>	<b><u>(240,299)</u></b>
Change in interest rate swap	277,507	-	-	277,507	-	277,507	(240,193)
<b>Change in unrestricted net assets</b>	<b><u>288,564</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>240,266</u></b>	<b><u>-</u></b>	<b><u>240,266</u></b>	<b><u>(480,492)</u></b>
Change in Temporarily Restricted Net Assets:							
Net assets released from restrictions	(15,000)	-	-	(15,000)	(88,338)	(103,338)	(87,103)
<b>Change in temporarily restricted net assets</b>	<b><u>(15,000)</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>(15,000)</u></b>	<b><u>(88,338)</u></b>	<b><u>(103,338)</u></b>	<b><u>(87,103)</u></b>
Change in Total Net Assets	273,564	(48,298)	-	225,266	(88,338)	136,928	(567,595)
<b>Net Assets, beginning of year</b>	<b><u>2,571,613</u></b>	<b><u>48,298</u></b>	<b><u>-</u></b>	<b><u>2,619,911</u></b>	<b><u>452,506</u></b>	<b><u>3,072,417</u></b>	<b><u>3,640,012</u></b>
<b>Net Assets, end of year</b>	<b><u>\$ 2,845,177</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 2,845,177</u></b>	<b><u>\$ 364,168</u></b>	<b><u>\$ 3,209,345</u></b>	<b><u>\$ 3,072,417</u></b>

**COMMUNITY CARE ALLIANCE AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF CASH FLOWS**  
For the Year Ended June 30, 2017  
(With Comparative Totals For the Year Ended June 30, 2016)



	2017					2016	
	Community Care Alliance	Community Staffing Resources, Inc.	Eliminations	Subtotal Community Care Alliance and Affiliate	HUD Borrowers Corporations	Total	Total
<b>Cash Flows from Operating Activities:</b>							
Change in total net assets	\$ 273,564	\$ (48,298)	\$ -	\$ 225,266	\$ (88,338)	\$ 136,928	\$ (567,595)
Adjustments to reconcile change in total net assets to net cash provided (used) by operating activities:							
Depreciation	625,822	-	-	625,822	301,195	927,017	1,067,116
Amortization of bond issuance costs	10,292	-	-	10,292	7,413	17,705	12,452
Net unrealized loss (gain) on investment, equity method	(115,906)	-	-	(115,906)	-	(115,906)	11,155
Imputed interest	-	-	-	-	(303)	(303)	6,800
Bad debt expense	-	-	-	-	-	-	197,076
Change in interest rate swap	(277,507)	-	-	(277,507)	-	(277,507)	240,193
<b>Changes in assets and liabilities:</b>							
Cash held in trust, tenants' security deposits	-	-	-	-	82	82	(295)
Accounts receivable	(390,061)	67,156	-	(322,905)	(18,503)	(341,408)	(684,383)
Prepaid expenses and other current assets	(45,550)	-	-	(45,550)	(48,501)	(94,051)	8,257
Reserve for replacement and escrows	-	-	-	-	(99,454)	(99,454)	41,388
Notes receivable, intercompany	-	(23,974)	-	(23,974)	-	(23,974)	-
Notes payable, intercompany	23,974	-	-	23,974	-	23,974	-
Accounts payable	603,458	-	-	603,458	(40,689)	562,769	(256,436)
Accrued expenses	(447,119)	-	-	(447,119)	59,233	(387,886)	693,667
Deferred revenue	(56,125)	-	-	(56,125)	-	(56,125)	89,525
Tenants' security deposits	-	-	-	-	(71)	(71)	304
<b>Net cash provided (used) by operating activities</b>	<b>204,842</b>	<b>(5,116)</b>	<b>-</b>	<b>199,726</b>	<b>72,064</b>	<b>271,790</b>	<b>859,224</b>
<b>Cash Flows from Investing Activities:</b>							
Loan receivable, related party	-	-	-	-	-	-	12,500
Proceeds from investment, equity method	120,000	-	-	120,000	-	120,000	-
Acquisition of property and equipment	(220,608)	-	-	(220,608)	(65,385)	(285,993)	(142,766)
<b>Net cash used by investing activities</b>	<b>(100,608)</b>	<b>-</b>	<b>-</b>	<b>(100,608)</b>	<b>(65,385)</b>	<b>(165,993)</b>	<b>(130,266)</b>
<b>Cash Flows from Financing Activities:</b>							
Borrowings on line of credit	240,000	-	-	240,000	-	240,000	39,000
Payment on bond payable	(85,000)	-	-	(85,000)	-	(85,000)	(80,000)
Payment for debt issuance costs	-	-	-	-	-	-	(12,500)
Repayments on long-term debt	(223,947)	-	-	(223,947)	(78,982)	(302,929)	(491,203)
<b>Net cash used by financing activities</b>	<b>(68,947)</b>	<b>-</b>	<b>-</b>	<b>(68,947)</b>	<b>(78,982)</b>	<b>(147,929)</b>	<b>(544,703)</b>
<b>Net Increase (Decrease) in Cash</b>	<b>35,287</b>	<b>(5,116)</b>	<b>-</b>	<b>30,171</b>	<b>(72,303)</b>	<b>(42,132)</b>	<b>184,255</b>
<b>Cash, beginning of year</b>	<b>325,952</b>	<b>5,116</b>	<b>-</b>	<b>331,068</b>	<b>125,820</b>	<b>456,888</b>	<b>272,633</b>
<b>Cash, end of year</b>	<b>\$ 361,239</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 361,239</b>	<b>\$ 53,517</b>	<b>\$ 414,756</b>	<b>\$ 456,888</b>

**COMMUNITY CARE ALLIANCE AND AFFILIATES**  
**NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS**  
**Year Ended June 30, 2017**

**1. Nature of Operations**

Community Care Alliance (CCA) (the Organization) is a multi-service organization, providing counseling and professional services, as well as housing, employment, basic needs, financial stability, and peer support services to help its clients overcome challenges. CCA is accredited by the Commission on Accreditation of Rehabilitation Facilities (CARF), licensed by the RI Department of Behavioral Healthcare, Developmental Disabilities & Hospitals (BHDDH), and certified by the RI Department of Education (RIDE) and the Department of Human Services Kids Connect.

The following entities (collectively, the Affiliates) are included in the accompanying consolidating financial statements of the Organization:

- CCA Affiliate:
  - Community Staffing Resources, Inc. (CSR)
  
- HUD Borrowers Corporations:
  - Housing Partners for Positive Living, Inc.
  - Leo Tanguay Apartments, Inc.
  - Roland M. Boucher Apartments, Inc. (Boucher Apartments)
  - Russo Street Apartments, Inc., d/b/a Albert P. Morin Apartments (RSA)

CSR is a temporary staffing agency. CSR staffs many of their programs with adults with long-term mental illness. CSR's mission is to create and secure temporary and permanent, part-time and full-time employment opportunities for disabled, unemployed or underemployed residents, particularly those with behavioral health problems. CSR ceased operations on July 1, 2016, and all of their operations were absorbed by CCA.

The HUD Borrowers Corporations are single purpose, 501(c)(3), RI non-profit organizations, sponsored by CCA. The entities own and operate low rent housing for elderly, disabled, or chronically mentally ill adults. The financing of these apartment buildings are amortizing Housing and Urban Development (HUD) issued mortgages or HUD capital advances through the HUD 202 & 211 programs. CCA provides supportive services to the tenants as part of these agreements. Each corporation is organized to be self sustaining and none of the income, assets or liabilities of one corporation is shared with the other corporations or CCA.

**COMMUNITY CARE ALLIANCE AND AFFILIATES**  
**NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS**  
**Year Ended June 30, 2017**

CCA also does business using specific program names as follows:

- Robert J. Wilson House
- Mabel Anderson House
- Viola M. Berard School
- Capitol Hill House
- Chicoine House
- Singleton House
- Teddy Jackson House
- Tanguay Apartments
- Sutherland Apartments
- Sadwin Apartments
- Evergreen House
- Warren Manor
- Blackstone Valley Mental Health Realty Group

**2. Summary of Significant Accounting Policies**

This summary of significant accounting policies of CCA, CSR and the HUD Borrowers Corporations (collectively, the Organization) is presented to assist the reader in understanding the Organization's consolidating financial statements. The consolidating financial statements and notes are representations of the Organization's management, who are responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the consolidating financial statements.

***Principles of Consolidation***

The consolidating financial statements include the accounts of the Organization. CCA has the ability to appoint and elect the Board of Directors of each of the Affiliates. All significant intercompany balances and transactions are eliminated in consolidation.

***Financial Statement Presentation***

The Organization prepares its consolidating financial statements on the accrual basis of accounting and, in accordance with authoritative guidance, reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. The Organization had no permanently restricted net assets as of and for the year ended June 30, 2017.

**COMMUNITY CARE ALLIANCE AND AFFILIATES**  
**NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS**  
**Year Ended June 30, 2017**

***Comparative Financial Information***

The accompanying consolidating financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2016, from which the summarized information was derived.

***Performance Indicator***

In the accompanying consolidating statement of activities, the primary indicator of the Organization's results is change in unrestricted operating net assets. As such, it includes all support, revenue, and operating expenses. Transactions such as change in interest rate swap are included as a component of change in unrestricted non operating net assets in the consolidating statement of activities.

***Accounts Receivable***

Accounts receivable are carried at net realizable value. Doubtful accounts are provided for on the basis of anticipated collection losses. The estimated losses are determined from historical collection experience and a review of outstanding accounts receivable. A receivable is considered past due if the Organization has not received payment within stated terms. After all attempts to collect a receivable have failed, the receivable is written off against the allowance. The allowance for doubtful accounts was approximately \$291,200 at June 30, 2017.

The Organization does not accrue interest on accounts receivable.

***Property and Equipment***

Property and equipment are stated at cost. Expenditures for maintenance and repairs are expensed as incurred. Renewals and betterments in excess of \$1,000 that materially extend the life of the assets are capitalized. Donated assets are recorded at fair market value. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets, which range from 3 to 39 years.

***Bond and Debt Issuance Costs***

Effective July 1, 2016, the Organization implemented authoritative guidance under ASU 2015-03 requiring debt issuance costs related to a debt liability to be presented in the statement of financial position as a direct deduction from the carrying amount of the liability.

Bond and debt issuance costs relate to financing fees incurred in securing a bond commitment and a long-term debt agreement that are amortized over the life of the related debt.

**COMMUNITY CARE ALLIANCE AND AFFILIATES**  
**NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS**  
**Year Ended June 30, 2017**

***Fair Value Measurements***

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities CCA has the ability to access.

Level 2 are inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly or indirectly.

Level 3 are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The unobservable inputs are developed based on the best information available in the circumstances and may include CCA's own data.)

CCA reports fair value on a recurring basis. The interest rate swap agreement is classified as Level 2 within the fair value hierarchy.

The level 2 interest rate swap agreement is valued based upon valuation models which utilize relevant factors such as the contractual terms of the interest rate swap agreement, credit spreads for the contracting parties and interest rate curves.

***Revenue Recognition***

***Grants and Contracts***

The Organization recognizes revenue from cost reimbursement grants as expenditures are incurred and revenue from other contracts when the contractual obligations have been met. From time to time, the Organization may receive funds in advance of when revenue should be recognized, which are recorded as deferred revenue on the accompanying consolidating statement of financial position.

***Fees for Service and Other Sources***

The Organization recognizes fees for service and other revenue when services to clients have been rendered.

**COMMUNITY CARE ALLIANCE AND AFFILIATES**  
**NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS**  
**Year Ended June 30, 2017**

***Contributions***

The Organization recognizes contributions in the fiscal year in which the contribution is made. Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor imposed restrictions. However, it is the policy of the Organization to recognize temporarily restricted contributions that are both received and expended in the current year as unrestricted contributions.

***Donated Services and In-kind Contributions***

Contributions of donated non-cash assets are recorded at their fair market values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills and are provided by individuals possessing those skills, and that would typically need to be purchased if not provided by donation are recorded at their fair market values in the period received.

***Rent and Rent Subsidies***

The Organization recognizes revenue ratably over the term of the related lease or rental agreement.

***Income Taxes***

The Organization is a public charity exempt from federal income taxes in accordance with Section 501(c)(3) of the Internal Revenue Code. Management believes that the Organization operates in a manner consistent with its tax-exempt status at both the federal and state level.

The Organization annually files IRS Form 990, reporting various information that the IRS uses to monitor the activities of tax exempt entities. These returns are subject to review by the taxing authorities generally for three years after they were filed. The Organization currently has no tax examinations in progress.

***Concentration of Credit Risk and Market Risk***

Financial instruments which potentially subject the Organization to concentrations of credit and market risks are cash, accounts receivable, HUDBC properties and revenue.

The Organization maintains its operating accounts in several financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to specified limits. From time to time, the Organization had bank balances in excess of federally insured limits.

Based on a review of receivables and collections from payors to date and past history of collections, CCA has determined that the reserve for uncollectible accounts recorded at year end is considered sufficient.

**COMMUNITY CARE ALLIANCE AND AFFILIATES**  
**NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS**  
**Year Ended June 30, 2017**

The primary assets of the HUD Borrowers Corporations are 102 apartment units in 11 different apartment buildings. Their operations are concentrated in the subsidized real estate market. In addition, they operate in a heavily regulated environment, subject to administrative directives, rules and regulations of federal regulatory agencies, specifically HUD. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by HUD.

***Estimates and Assumptions***

The preparation of consolidating financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidating financial statements, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

***Allocation of Expenses***

Certain costs of the Organization benefit more than one program and/or support service. Accordingly, these costs have been allocated in a systematic and rational manner among the programs benefited. Allocation factors used are space, burden on IT systems and full-time employees.

***Recent Accounting Pronouncements***

The following is a summary of recent authoritative pronouncements that could impact the accounting, reporting, and/or disclosure of financial information by the Organization.

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, Leases, which is effective for annual periods beginning after December 15, 2019. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the statement of financial position at the date of lease commencement. Leases will be classified as either financing or operating. This distinction will be relevant for the pattern of expense recognition in the statement of activities. This standard will be effective for the Organization's year ending June 30, 2021, with early adoption permitted. The Organization is currently in the process of evaluating the impact of adoption on the consolidating financial statements.

In August 2016, the FASB issued ASU 2016-14, Presentation of Financial Statements of Not-for-Profit Entities. The standard is intended to simplify and improve how a not-for-profit organization classifies its net assets, as well as the information it presents in the financial statements and notes about its liquidity, financial performance, and cash flows. Upon adoption, net assets will be reduced to two classes (with and without donor restriction). The standard is effective for annual periods beginning after December 15, 2017, with early adoption permitted and will be applied retrospectively to all periods presented upon adoption. The Organization is currently in the process of evaluating the impact of adoption on the consolidating financial statements.

**COMMUNITY CARE ALLIANCE AND AFFILIATES**  
**NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS**  
**Year Ended June 30, 2017**

***Subsequent Events***

Management has evaluated subsequent events through March 27, 2018, which is the date these consolidating financial statements were available to be issued.

**3. Investment, Equity Method**

CCA has a 25% interest in a related party, Horizon Pharmacy, LLC (Horizon). CCA accounts for this investment under the equity method of accounting. Under this method, the initial investment was recorded at cost. Subsequently, the carrying amount of the investment will be adjusted to reflect CCA's share of the net income or loss of Horizon. CCA received capital distributions from Horizon of \$120,000 during 2017.

**4. Property and Equipment**

Property and equipment consisted of the following:

Land	\$	1,093,161
Buildings and improvements		19,443,692
Furniture and equipment		4,058,861
Vehicles		330,882
Projects in process		20,051
		<hr/>
		24,946,647
Less accumulated depreciation		<hr/>
		15,768,441
		<hr/>
Property and equipment, net	\$	<u><u>9,178,206</u></u>

Projects in process at June 30, 2017 represent costs for computer equipment not yet placed into service. These assets will begin to depreciate in fiscal year 2018 when they are placed into service.

**5. Beneficial Interest in Perpetual Trusts**

CCA holds a beneficial interest in two separate perpetual trusts. Under the terms of the agreement, CCA has the irrevocable right to receive distributions from the trusts' earnings as determined by the trustee. Distributions are to be used by CCA to fulfill its tax exempt purpose. The principal is retained by the trust and is held and owned by the Rhode Island Foundation. CCA received approximately \$56,800 in distributions from the trusts during the year ended June 30, 2017, which have been included in miscellaneous income on the accompanying consolidating statement of activities.

**COMMUNITY CARE ALLIANCE AND AFFILIATES**  
**NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS**  
**Year Ended June 30, 2017**

**6. Line of Credit**

Effective September 17, 2014, CCA entered into a line of credit agreement with the bank providing for borrowings up to \$1,500,000 with interest equal to LIBOR plus 3% (4.72% at June 30, 2017). The agreement expired February 28, 2018 and has been extended through April 30, 2018.

The line of credit agreement contains covenants regarding certain operating activities and financial statement amounts and ratios of CCA. At June 30, 2017, CCA was in violation of certain covenants; however, a waiver was obtained from the bank for such covenant violations.

**7. Bond Payable**

In June 2007, a variable rate Rhode Island Health Education Building Corporation (RIHEBC) bond was issued to finance the cost of acquisition and renovation of an office building at 800 Clinton St., Woonsocket, for the primary use as administration and clinical offices; finance the capital improvements to certain residential facilities in Providence, Johnston and Pawtucket; refinance and refund existing indebtedness and retiring existing related mortgages with respect to certain projects located in Providence, Pawtucket and Woonsocket; and pay capitalized interest and certain costs of the issuance of the bond. Interest on the bond is payable monthly at a variable rate (.65% at June 30, 2017) determined by the bank. CCA has a fixed interest rate swap of 4.241% on the bond (Note 11). The bond is due in varying installments through June 2037 and is secured by CCA's accounts receivable, certain real estate and the bank's letter of credit.

CCA secured a \$3,247,343 letter of credit with Bank of America to cover an amount up to the outstanding balance of the bonds at the time of redemption. Under the letter of credit, Bank of America is obligated to pay to Wells Fargo Bank, N.A. as trustee, the current principal balance and interest on the bonds of up to 45 days at the maximum rate of 12% on the bonds. The original letter of credit expired on June 19, 2010 and has been renewed annually through June 30, 2018.

The bond and letter of credit agreements contain covenants regarding certain operating activities and financial statement amounts and ratios of CCA. At June 30, 2017, the Organization was in violation of certain covenants; however, a waiver was obtained from the bank for such covenant violations.

**COMMUNITY CARE ALLIANCE AND AFFILIATES**  
**NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS**  
**Year Ended June 30, 2017**



Scheduled maturities of bond repayment are as follows:

<u>Year Ending</u>		
2017	\$	85,000
2018		90,000
2019		95,000
2020		100,000
2021		100,000
Thereafter		2,155,000
Total bond payable		<u>2,625,000</u>
Less unamortized bond issuance costs		<u>112,354</u>
Total bond payable, less bond issuance costs	\$	<u><u>2,512,646</u></u>

**8. Long-term Debt**

Long-term debt consisted of the following:

Term note payable to a bank, due in monthly installments of \$4,850 including interest at 3.45% through April 2018, with the remaining principal due at that time. The note is secured by all CCA assets.	\$	490,368
Mortgage payable to a bank, due in monthly installments of \$2,739 that includes interest payable at 4.6% through February 2026; secured by real estate at 116 Greene Street, Woonsocket, RI.		233,866
Mortgage payable to a bank, due in monthly installments of \$5,418 that includes interest payable at 7.25% through November 2021; secured by real estate at 203 Greenville Avenue, Johnston, RI and 292 Elmwood Avenue, Providence, RI.		174,167
Term note payable to a bank, due in monthly installments of \$2,885 that includes interest payable at 2.94% through April 2018; secured by all assets of CCA.		31,146
Interest-free term notes payable to a financing company, due in monthly installments of \$755 through September 2018; secured by two vehicles.		11,325

**COMMUNITY CARE ALLIANCE AND AFFILIATES**  
**NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS**  
**Year Ended June 30, 2017**



Boucher Apartments mortgage payable to HUD, due in monthly installments of \$19,651 with interest payable at 4.05% through June 2044; insured under Section 223(f) of the National Housing Act; secured by real estate apartments located in seven (7) multi-unit properties in Woonsocket, RI.	<u>3,861,475</u>
Total long-term debt	4,802,347
Less current portion of long-term debt	<u>235,611</u>
Long-term debt, less current portion	4,566,736
Less unamortized debt issuance costs	<u>136,494</u>
Long-term debt, less current portion and debt issuance costs	<u>\$ 4,430,242</u>

Scheduled maturities of long-term debt are as follows:

<u>Year Ending</u>	
2017	\$ 235,611
2018	204,627
2019	211,220
2020	183,532
2021	170,130
Thereafter	<u>3,797,227</u>
Total	<u>\$ 4,802,347</u>

The mortgage and related agreements payable to HUD require the HUD Borrowers Corporations to make monthly deposits for taxes, insurance and replacement of project assets. The agreements also contain certain other covenants and restrictions relating to, but not limited to, transfer and disposal of property, maintenance of insurance and methods of conducting project operations. Management believes they are in compliance with all covenants at June 30, 2017.

In addition, the mortgage provides for an escrow to be used for rehabilitation of the properties. Cash surplus, if any, is required to be deposited into a residual receipts reserve to be used for future operations of the project, with the approval of HUD.

**COMMUNITY CARE ALLIANCE AND AFFILIATES**  
**NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS**  
**Year Ended June 30, 2017**

**9. Note Payable, Rhode Island Housing**

Boucher Apartments received \$300,000 under an agreement with BHDDH for the purpose of distributing the proceeds from bonds issued by the State of Rhode Island to fund the acquisition and renovation of housing for mentally ill adults.

Provisions of the agreement require that Boucher Apartments purchase, renovate and equip five multi-family buildings to house at least 31 mentally ill adult residents of northern Rhode Island. The agreement also contains requirements for insurance and prohibitions against the sale, lease or other encumbrances of the properties for a period of 40 years after the beginning of the HUD mortgage.

At the end of the 40-year period described above (February 2032), Rhode Island Housing may exercise one of the following options: (1) extend the agreement for an additional 20 years; (2) terminate the agreement and require repayment of the entire amount or lesser amounts as determined by a formula based on the current market value of the properties at the time of termination; or, (3) terminate the agreement and not require repayment of the grant funds. The agreement does not call for interest or repayment of principal except as noted above. The total amount of the note has been discounted to its present value of \$89,774.

**10. Refundable Grant**

RSA received a Thresholds grant from BHDDH through Rhode Island Housing and Mortgage Finance Corporation (RIHMFC) totaling \$239,300. Under the terms of the grant agreement, RSA cannot sell, lease or encumber the property at 38 and 44 Bergin Street, Providence, RI through August 2043 without BHDDH's permission.

In August 2043, BHDDH may exercise one of three options: (1) extend the agreement co-terminus with the HUD subsidies; (2) require repayment of the greater of the amount of the grant or 20.43% of the fair market value of the property; or (3) terminate the agreement without repayment. The agreement does not call for interest or repayment of principal except as noted herein.

**COMMUNITY CARE ALLIANCE AND AFFILIATES**  
**NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS**  
**Year Ended June 30, 2017**

**11. Interest Rate Swap**

In June 2007, CCA entered into an interest rate swap contract to manage its exposure to interest rate risk associated with its variable rate bonds issued by RIHEBC (Note 7). The swap was not entered into for trading or speculative purposes. As a result of the use of the swap, CCA is exposed to risk that the counterparties will fail to meet their contractual obligation. To mitigate the counterparty risk, CCA only enters into contracts with selected major financial institutions based upon their credit ratings and other factors, and continually assesses the creditworthiness of counterparties. At June 30, 2017, all of the counterparties to CCA's interest rate swap had investment grade ratings. To date, all counterparties have performed in accordance with their contractual obligation.

Under the terms of this agreement, CCA pays a fixed rate, determined at inception, to a third party who in turn pays a variable rate on these respective notional principal amounts to the bondholders. The estimated fair value of the swap is recorded on the consolidating statement of financial position as a long-term liability titled Interest Rate Swap. The estimated fair value of the swap represents the estimated cost to CCA if CCA were to cancel the agreement as of June 30, 2017, which is based on option pricing models that consider risks and market factors. CCA does not intend to cancel the agreement. The swap is considered a Level 2 financial instrument.

CCA had the following interest rate swap outstanding at June 30, 2017:

Notional Amount	Termination Date	Interest Rate Received	Interest Rate Paid	Fair Value	Change in Fair Value
\$ 3,200,000	June 2037	LIBOR Rate	4.241%	\$ (624,789)	\$ 277,507

**12. Net Assets**

***Unrestricted Net Assets***

Unrestricted net assets are comprised of the following:

***Undesignated, Board Designated, and Board Designated for Replacement Reserves*** – Undesignated funds may be spent at the discretion of the President/CEO. Board designated funds are managed by the Board of Directors, which have been set aside for strategic purposes that may only be used with the approval of the Board of Directors.

***Interest Rate Swap*** – The approximate unrealized loss on the interest rate swap.

***Net Investment in Property and Equipment*** – The value of property and equipment, net of depreciation, used in the Organization's operations. This amount is offset by outstanding liabilities related to the assets, such as bond and long term debt payables.

**COMMUNITY CARE ALLIANCE AND AFFILIATES**  
**NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS**  
**Year Ended June 30, 2017**

***Temporarily Restricted Net Assets*** –

Temporarily restricted net assets at year end are available for the following purposes:

Child welfare programs - renovations of visitation center	\$ 34,416
Visitation Center sprinkler system upgrades	5,833
Basic needs - Julia Allen Fund	<u>705</u>
Total	<u><u>\$ 40,954</u></u>

***HUD Borrowers Corporations***

Temporarily restricted net assets relate to HUD financed properties that have restrictions as part of their financing agreements. These properties must be used in conformance with HUD rules and regulations for the period of their financing, usually 40 years or until refinancing of a property occurs.

**13. Employee Retirement Plan**

CCA sponsors a retirement plan under Internal Revenue Code Section 403(b) (the Plan). The Plan covers all employees who have completed six months of service (1,000 hours). Employees who normally work less than 20 hours per week are eligible for salary reduction and employer matching contributions after one year of service. CCA electively matches the sum of 100% of contributions a participant defers into the Plan up to 1% of eligible compensation and 25% of contributions a participant defers into the Plan that exceed 1% but are up to 5% of eligible compensation. The Plan also allows for CCA to make non-elective contributions at the discretion of the Board of Directors. No non-elective contributions were made for the year ended June 30, 2017.

CCA contributed approximately \$165,300 to the Plan for the year ended June 30, 2017.

**14. Commitments and Contingencies**

The Organization had the following commitments and contingencies:

***Operating Lease Commitments***

CCA leases various equipment under non-cancellable operating leases, which expire at various dates through October 2019.

**COMMUNITY CARE ALLIANCE AND AFFILIATES**  
**NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS**  
**Year Ended June 30, 2017**

Approximate aggregate minimum lease payments under these operating leases are as follows:

<u>Year Ending</u>	<u>Amount</u>
2018	\$ 100,400
2019	103,800
2020	<u>72,200</u>
Total	<u>\$ 276,400</u>

CCA leases office space, parking spaces, and other equipment on a month-to-month basis. CCA also rents apartments in several locations throughout Woonsocket, Rhode Island for its apartment and temporary shelter programs under cancellable lease agreements. The agreements may be cancelled by CCA by giving 30-days written notice to the owner. Monthly rental payments range from \$600 to \$950 plus utilities and are renewed annually. The total expense incurred under the foregoing and other operating leases and monthly rental agreements amounted to approximately \$1,164,100 for the year ended June 30, 2017.

***Medicare and Medicaid Contingencies***

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. Compliance with laws and regulations can be subject to future government review and interpretation as well as significant regulatory action; failure to comply with such laws and regulations can result in fines, penalties and exclusion from the Medicare and Medicaid programs.

***Litigation***

The Organization is, from time to time, subject to legal proceedings and claims that arise in the normal course of business. In the opinion of management, the amount of ultimate liability with respect to actions outstanding as of June 30, 2017 will not have a material adverse effect on the Organization's financial position or its result of operations.

**15. Donated Services, Materials and Facilities**

CCA receives donated services from a variety of unpaid volunteers assisting CCA in administrative and program services. No amounts have been recognized in the accompanying consolidating statement of activities, as the criteria for recognition of such volunteer effort under authoritative guidance has not been satisfied.

CCA occupies three BHDDH facilities under lease agreements for either minimal rent or no rent being paid by CCA. CCA has estimated the fair value of the annual rent at approximately \$283,000 for the year ended June 30, 2017. The fair value of rent is included as in-kind contributions and program expenses in the consolidating statement of activities.

**COMMUNITY CARE ALLIANCE AND AFFILIATES**  
**NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS**  
**Year Ended June 30, 2017**

**16. Related Party Transactions**

CCA is the sponsoring organization for all of the HUD Borrowers Corporations, as such program services are provided to eligible tenants. The debt agreements of the HUD Borrowers Corporations (Note 8) are secured by the HUD Borrowers Corporations assets. CCA is not liable nor at risk of loss relating to these agreements, except as described in Note 8.

CCA has an arrangement with The Kent Center, a non-profit mental health agency, wherein CCA is co-sponsor of East Bay Residential Option, Inc., a HUD 811 Borrowers Corporation which has acquired, rehabilitated and rents 10 units of housing on Main Street in Warren, Rhode Island. CCA is an equal co-sponsor and has 50% equity potential at the end of the contract period. The project cost at the end of the renovation was approximately \$1.5 million. There are no direct liabilities to CCA to repay the debt; therefore, no assets or liabilities associated with this project are included on the CCA financial statements at June 30, 2017.

CCA and other RI community mental health centers formed a not-for-profit management services organization, Horizon Healthcare Partners, in November 2010. The purpose of this entity is to develop new revenues and/or reduce operating expenses by coordinating or combining the efforts of CCA, Newport County Mental Health Center and The Kent Center.

**17. Supplemental Disclosures of Cash Flow Information**

Cash paid for interest for the year ended June 30, 2017 was \$355,900.

**COMMUNITY CARE ALLIANCE**

Reports Required by  
*Government Auditing Standards -*  
Title 2 U.S. *Code of Federal Regulations*  
Part 200 – *Uniform Administrative*  
*Requirements, Cost Principles,*  
*and Audit Requirement for Federal Awards*

Year Ended June 30, 2017

**COMMUNITY CARE ALLIANCE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2017**



Federal Grantor Program Title	CFDA Number	Award Number	Federal Expenditures
<u>U.S. Department of Agriculture:</u>			
<i>Direct Federal Funding</i>			
Emergency Food Assistance Program	10.568	FNS 15-05	\$ 1,961
Emergency Food Assistance Program	10.568	FNS 16-05	7,257
<i>Total U.S. Department of Agriculture</i>			9,218
<u>U.S. Department of Housing and Urban Development:</u>			
<i>Passed through the City of Cumberland</i>			
Community Development Block Grant – Project Learn	14.228	CBDG-2014	23,873
			23,873
<i>Direct Federal Funding</i>			
Emergency Solutions Grants Program	14.231	CH14-CCAPFA-6114	132,931
Supportive Housing Program	14.235	RI0006B1T0001407	118,694
Supportive Housing Program	14.235	RI0038L1T001407	26,387
Supportive Housing Program Burnside	14.235	RI0049B1T000900	12,213
Shelter Plus Care	14.238	N/A	26,879
Housing Opportunities for Persons with AIDS	14.241	RI0034L1T001407	18,267
Housing Opportunities for Persons with AIDS	14.241	N/A	89,232
<i>Total Direct Federal Funding</i>			424,603
<i>Total U.S. Department of Housing and Urban Development</i>			448,476
<u>U.S. Department of Labor</u>			
<i>Passed through the Workforce Partnership of Greater Rhode Island</i>			
WIA Youth Activities	17.259	WIA2015-6000-09	360,682
WIA Youth Activities	17.259	WIA2014-6000-09	39,053
<i>Total U.S. Department of Labor</i>			399,735
<u>U.S. Department of Treasury:</u>			
<i>Direct Federal Funding</i>			
Low Income Taxpayers Clinics	21.008	N/A	27,750
<i>Total U.S. Department of Treasury</i>			27,750

**COMMUNITY CARE ALLIANCE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2017**



Federal Grantor Program Title	CFDA Number	Award Number	Federal Expenditures
<u>U.S. Department of Human Services</u>			
<i>Passed through the State of Rhode Island Department of Human Services</i>			
Temporary Assistance for Needy Families	93.558	YS 09/12-1-05	146,434
Temporary Assistance for Needy Families	93.558	OJT	54,195
Community Service Block Grants	93.569	CSBG 15-05	228,660
Community Service Block Grants	93.569	CSBG 16-05	94,481
Healthy Transition	93.243	N/A	478,811
<i>Total U.S. Department of Homeland Security</i>			1,002,581
<u>U.S. Department of Homeland Security</u>			
<i>Direct Federal Funding</i>			
Emergency Food and Shelter National Board Program	97.024	735400-044	49,800
<i>Total U.S. Department of Homeland Security</i>			49,800
Total Expenditures of Federal Awards			\$ 1,937,560

**COMMUNITY CARE ALLIANCE**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2017**

**1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of CCA under programs of the federal government for the year ended June 30, 2017. 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*. Because the Schedule presents only a selected portion of the operations of CCA, it is not intended to and does not present the financial position, change in net assets, or cash flows of Community Care Alliance.

**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 contained in 2 CFR, Part 230, *Cost Principles for Non-profit Organizations* wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Pass-through entity identifying numbers are presented where available.

For cost reimbursement awards, revenues are recognized to the extent of expenditures. Expenditures have been recognized to the extent the related obligation was incurred within the applicable grant period and liquidated within 90 days after the end of the grant period.

**3. Indirect Cost Rate**

CCA has a federally approved indirect cost rate agreement and therefore, is not subject to the 10-percent de minimis cost rate under the Uniform Guidance.

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

To the Board of Directors of  
Community Care Alliance:

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 financial statements of Community Care Alliance (CCA) (a nonprofit organization), which comprise the consolidating statement of financial position as of June 30, 2017, and the related consolidating statements of activities, and cash flows for the year then ended, and the related notes to the consolidating financial statements, and have issued our report thereon dated March 27, 2018.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered CCA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CCA's internal control. Accordingly, we do not express an opinion on the effectiveness of the CCA's internal control.

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

Our consideration of the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2016-01, which we consider to be a material weakness.

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether CCA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are required to be reported.

**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 CCA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Kahn, Litwin, Renya & Co., Ltd.*

March 27, 2018

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

To the Board of Directors of  
Community Care Alliance:

**Report on Compliance for Each Major Federal Program**

We have audited Community Care Alliance's (CCA) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of CCA's major federal programs for the year ended June 30, 2017. CCA's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of CCA's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirement of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about CCA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of CCA's compliance.

***Opinion on Major Federal Program***

In our opinion, CCA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2017.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH  
MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE AS REQUIRED BY THE UNIFORM GUIDANCE, (Continued)**

**Report on Internal Control over Compliance**

Management of CCA is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered CCA's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the CCA's internal control over compliance.

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

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

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

*Kahn, Litwin, Renya & Co., Ltd.*

March 27, 2018

**COMMUNITY CARE ALLIANCE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2017**



**SECTION I - SUMMARY OF AUDITOR RESULTS**

*Financial Statements*

Type of auditors' report issued: *unmodified*

Internal control over financial reporting:

- Material weaknesses identified? \_\_\_\_\_ yes   X   no
- Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes   X   none reported
- Noncompliance material to financial statements noted? \_\_\_\_\_ yes   X

*Federal Awards*

Internal control over major programs:

- Material weaknesses identified? \_\_\_\_\_ yes   X   none reported
- Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes   X   none reported

Type of auditors' report issued on compliance for major programs: *unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? \_\_\_\_\_ yes   X   no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
14.231	<i>Emergency Solutions Grant Program</i>
93.243	<i>Healthy Transitions</i>
93.569	<i>Community Services Block Grant</i>

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

Auditee qualified as low-risk auditee \_\_\_\_\_ yes   x   no

COMMUNITY CARE ALLIANCE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2017

**SECTION II - FINANCIAL STATEMENT FINDINGS**

None noted.

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None noted.

**SECTION IV - SCHEDULE OF PRIOR YEAR AWARD FINDINGS AND QUESTIONED COSTS**

**2016-01 Controls over Cash and Accounts Receivable Accounts – Monthly Reconciliations**

***Condition:***

During fiscal 2016, bank account and accounts receivable reconciliations were not prepared and reviewed in a timely manner.

***Criteria***

In order to make the financial reports generated by the accounting system as meaningful as possible, the Organization should reconcile the general ledger accounts for cash and accounts receivable, to supporting documentation on a monthly basis. A benefit of monthly reconciliations is that errors do not accumulate but can be identified and attributed to a particular period, which makes it easier to perform future reconciliations.

***Perspective and Questioned Costs***

Undeterminable.

***Cause and Effect***

As of June 30, 2016, several cash and accounts receivable accounts were not reconciled. (Note: all accounts through June 30, 2016, were subsequently reconciled.)

***Recommendation***

We recommend that accounts receivable listings be reconciled to the general ledger on a monthly basis and that bank accounts should be reconciled and reviewed for accuracy and completeness on a timely basis by an appropriate member of management.

***View of Responsible Officials***

Management agrees with the finding. CCA has subsequently put controls into place to ensure all accounts are reconciled on a timely basis and reviewed appropriately.

***Current Status***

This matter has been resolved and is closed.