

**COMMUNITY CARE ALLIANCE
AND AFFILIATES**

Consolidating Financial Statements

Year Ended June 30, 2022

(With Independent Auditors' Report Thereon)

COMMUNITY CARE ALLIANCE AND AFFILIATES
CONSOLIDATING FINANCIAL STATEMENTS

Year Ended June 30, 2022

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Consolidating Financial Statements

Opinion

We have audited the accompanying consolidating financial statements of Community Care Alliance and Affiliates (collectively, the Organization), which comprise the consolidating statements of financial position as of June 30, 2022, and the related consolidating statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidating financial statements.

In our opinion, based on our audits and the reports of another auditor, the consolidating financial statements referred to above present fairly, in all material respects, the consolidated financial position of Community Care Alliance and Affiliates as of June 30, 2022, and the changes in their consolidated net assets and their consolidated cash flows for the years 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 positions of Community Care Alliance and Affiliates other than Housing Partners for Positive Living, Inc.; Leo R. Tanguay Apartments, Inc.; Roland M. Boucher Apartments, Inc.; and Russo Street Apartments, Inc., (collectively, HUD Borrowers Corporations), as to which we express no opinion because those statements were audited by another auditor as indicated in the following paragraph as of June 30, 2022 and the net assets of their individual operations and their individual cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Housing Partners for Positive Living, Inc.; Leo R. 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 approximately 21% and 4%, 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, is based solely on the reports of the other auditor.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidating Financial Statements 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 audits. 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 Consolidating 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 and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidating financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidating 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 for one year after the date that the consolidating financial statements are available to be issued.

Auditors' Responsibility for the Audit of the Consolidating Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidating financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 consolidating financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidating 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 consolidating 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 consolidating 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 audits were conducted for the purpose of forming an opinion on the consolidating 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.

Report on Summarized Comparative Information

We have previously audited the Organization's June 30, 2021 consolidating financial statements, and our report dated February 21, 2022 expressed an unmodified audit 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, 2021, is consistent, in all material respects, with the audited consolidating financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2023, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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. 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.

Kahn, Litwin, Kenya & Co., Ltd.

January 26, 2023

COMMUNITY CARE ALLIANCE AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
June 30, 2022
(With Comparative Totals at June 30, 2021)



	2022			2021
	Community Care Alliance	HUD Borrowers Corporations	Total	Total
Assets				
Current Assets:				
Cash	\$ 2,639,095	\$ 96,643	\$ 2,735,738	\$ 1,592,523
Cash held in trust, client disability income	255,192	-	255,192	326,097
Cash held in trust, tenants' security deposits	-	23,149	23,149	23,301
Accounts receivable, net	5,353,606	45,103	5,398,709	4,992,021
Prepaid expenses and other current assets	12,000	79,840	91,840	64,970
Total current assets	8,259,893	244,735	8,504,628	6,998,912
Investment, equity method	183,765	-	183,765	246,952
Reserve for replacement and escrows	-	454,048	454,048	500,159
Property and equipment, net	3,744,973	2,603,385	6,348,358	6,803,192
Total other assets	3,928,738	3,057,433	6,986,171	7,550,303
Total Assets	\$ 12,188,631	\$ 3,302,168	\$ 15,490,799	\$ 14,549,215
Liabilities and Net Assets				
Current Liabilities:				
Current portion of bond payable	\$ 105,000	\$ -	\$ 105,000	\$ 100,000
Current portion of long-term debt	87,215	98,703	185,918	247,634
Accounts payable	1,204,267	158,753	1,363,020	685,421
Accrued expenses	1,703,695	150,576	1,854,271	1,803,625
Deferred revenue	1,831,724	-	1,831,724	1,129,397
Client disability income accounts	255,192	-	255,192	326,097
Tenants' security deposits	-	22,978	22,978	23,128
Total current liabilities	5,187,093	431,010	5,618,103	4,315,302
Bond payable, less current portion and bond issuance costs	1,982,830	-	1,982,830	2,079,855
Long-term debt, less current portion and debt issuance costs	357,896	3,220,292	3,578,188	3,721,715
Note payable, Rhode Island Housing	-	138,128	138,128	126,723
Refundable grant	-	239,300	239,300	239,300
Interest rate swap	276,259	-	276,259	633,841
Total liabilities	7,804,078	4,028,730	11,832,808	11,116,736
Net Assets (Accumulated Deficit):				
Without donor restrictions:				
Undesignated	2,597,527	-	2,597,527	2,460,910
Board designated for strategic planning	601,253	-	601,253	601,253
Board designated for replacement reserve	250,000	-	250,000	250,000
Interest rate swap	(276,259)	-	(276,259)	(633,841)
Net investment in property and equipment	1,212,032	-	1,212,032	1,240,340
Total net assets without donor restrictions	4,384,553	-	4,384,553	3,918,662
With donor restrictions:				
Undesignated	-	127,176	127,176	226,892
Net investment in property and equipment	-	(853,738)	(853,738)	(713,075)
Total net assets (accumulated deficit) with donor restrictions	-	(726,562)	(726,562)	(486,183)
Total net assets (accumulated deficit)	4,384,553	(726,562)	3,657,991	3,432,479
Total Liabilities and Net Assets (Accumulated Deficit)	\$ 12,188,631	\$ 3,302,168	\$ 15,490,799	\$ 14,549,215

COMMUNITY CARE ALLIANCE AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES
Year Ended June 30, 2022
(With Comparative Totals at June 30, 2021)



	<u>2022</u>			<u>2021</u>
	Community Care Alliance	HUD Borrowers Corporations	Total	Total
Change in Net Assets Without Donor Restrictions:				
Operating revenue and public support:				
Federal grants and contracts	\$ 9,701,021	\$ -	\$ 9,701,021	\$ 6,447,261
State and municipal grants and contracts	6,475,784	-	6,475,784	6,769,291
United Way	119,710	-	119,710	220,300
In-kind contributions	291,490	-	291,490	283,000
Rent and rent subsidies	498,172	1,481,689	1,979,861	2,027,877
Program fees	169,717	-	169,717	139,294
Third-party fees	9,543,488	-	9,543,488	9,925,273
Medicaid and medicare	4,706,232	-	4,706,232	3,898,509
Fundraising and contributions	1,231,593	-	1,231,593	1,200,083
PPP loan forgiveness	-	-	-	4,414,247
Miscellaneous income	852,631	36,036	888,667	836,633
Total operating revenue and public support	33,589,838	1,517,725	35,107,563	36,161,768
Program services:				
Acute services	6,785,674	-	6,785,674	7,204,276
Community support services	6,340,904	-	6,340,904	7,577,943
Child and family services	9,900,369	-	9,900,369	10,789,129
Housing services	2,889,685	1,398,516	4,288,201	3,213,839
Employment and training	2,402,759	-	2,402,759	1,537,994
Support services:				
Management and general	5,102,320	359,588	5,461,908	4,639,293
Fundraising expenses	59,818	-	59,818	25,961
Total operating expenses	33,481,529	1,758,104	35,239,633	34,988,435
Change in operating net assets without donor restrictions	108,309	(240,379)	(132,070)	1,173,333
Non-operating revenue and support:				
Change in fair value of interest rate swap	357,582	-	357,582	207,432
Change in non-operating net assets without donor restriction:	357,582	-	357,582	207,432
Change in net assets without donor restrictions:	465,891	(240,379)	225,512	1,380,765
Change in Net Assets (Accumulated Deficit)	465,891	(240,379)	225,512	1,380,765
Net Assets (Accumulated Deficit), beginning of year	3,918,662	(486,183)	3,432,479	2,051,714
Net Assets (Accumulated Deficit), end of year	\$ 4,384,553	\$ (726,562)	\$ 3,657,991	\$ 3,432,479

COMMUNITY CARE ALLIANCE AND AFFILIATES
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2022
(With Comparative Totals at June 30, 2021)



	2022								2021					
	Community Care Alliance							HUD Borrowers Corporation						
	Acute Services	Community Support Services	Child and Family Services	Housing Services	Employment and Training Services	Total Program	Management and General	Fundraising	Total	Housing Services	Management and General	Total	Total Expenses	Total Expenses
Salaries and fringe expenses	\$ 5,603,561	\$ 5,497,033	\$ 7,059,771	\$ 1,067,724	\$ 1,066,437	\$ 20,294,526	\$ 3,440,489	\$ 7,257	\$ 23,742,272	\$ -	\$ -	\$ -	\$ 23,742,272	\$ 24,365,679
Professional service fees	374,791	249,796	408,536	61,069	878,385	1,972,577	940,041	3,214	2,915,832	-	-	-	2,915,832	1,269,132
Client expenses	261,119	143,000	1,668,236	1,361,188	293,165	3,726,708	33,822	39,730	3,800,260	-	-	-	3,800,260	4,174,831
Occupancy	503,993	418,092	699,872	383,374	129,631	2,134,962	264,824	3,528	2,403,314	1,398,516	359,588	1,758,104	4,161,418	4,649,326
Office expenses	42,210	32,983	63,954	16,330	35,141	190,618	423,144	6,089	619,851	-	-	-	619,851	529,467
Total expenses	\$ 6,785,674	\$ 6,340,904	\$ 9,900,369	\$ 2,889,685	\$ 2,402,759	\$ 28,319,391	\$ 5,102,320	\$ 59,818	\$ 33,481,529	\$ 1,398,516	\$ 359,588	\$ 1,758,104	\$ 35,239,633	\$ 34,988,435

COMMUNITY CARE ALLIANCE AND AFFILIATES
CONSOLIDATING STATEMENT OF CASH FLOWS
For The Year Ended June 30, 2022
(With Comparative Totals at June 30, 2021)



	<u>2022</u>			<u>2021</u>
	<u>Community Care Alliance</u>	<u>HUD Borrowers Corporations</u>	<u>Total</u>	<u>Total</u>
Cash Flows from Operating Activities:				
Change in net assets (accumulated deficit)	\$ 465,891	\$ (240,379)	\$ 225,512	\$ 1,380,765
Adjustments to reconcile change in net assets (accumulated deficit) to net cash provided (used) by operating activities:				
Depreciation	457,815	237,873	695,688	744,384
Amortization of bond issuance costs	9,500	5,055	14,555	14,555
Equity in income of unconsolidated subsidiary	(401,786)	-	(401,786)	(400,128)
Bad debt expense	-	(2,125)	(2,125)	1,865,354
Change in interest rate swap	(357,582)	-	(357,582)	(207,432)
PPP loan forgiveness	-	-	-	(4,414,247)
Changes in assets and liabilities:				
Accounts receivable	(387,713)	(16,850)	(404,563)	(669,594)
Prepaid expenses and other current assets	-	(26,870)	(26,870)	29,465
Accounts payable	649,127	28,472	677,599	(141,699)
Accrued expenses	7,021	43,625	50,646	212,955
Deferred revenue	702,327	-	702,327	507,899
Tenants' security deposits	-	(150)	(150)	(5,427)
Client disability income accounts	(70,905)	-	(70,905)	11,275
Net cash provided (used) by operating activities	1,073,695	28,651	1,102,346	(1,071,875)
Cash Flows from Investing Activities:				
Distributions from unconsolidated subsidiary	464,973	-	464,973	330,000
Acquisition of property and equipment	(183,080)	(18,878)	(201,958)	(64,801)
Net cash provided (used) by investing activities	281,893	(18,878)	263,015	265,199
Cash Flows from Financing Activities:				
Payment on bond payable	(101,525)	-	(101,525)	(99,999)
Proceeds on note payable, Rhode Island Housing	-	11,405	11,405	10,463
Repayments on long-term debt	(154,402)	(94,792)	(249,194)	(276,355)
Net cash used by financing activities	(255,927)	(83,387)	(339,314)	(365,891)
Net Increase (Decrease) in Cash and Restricted Cash	1,099,661	(73,614)	1,026,047	(1,172,567)
Cash and Restricted Cash, beginning of year	1,794,626	647,454	2,442,080	3,614,647
Cash and Restricted Cash, end of year	\$ 2,894,287	\$ 573,840	\$ 3,468,127	\$ 2,442,080
Non-cash Investing and Financing Activities:				
Long-term debt incurred to acquire depreciable assets	\$ 38,896	\$ -	\$ 38,896	\$ -
Reconciliation of Cash and Restricted Cash:				
Cash	\$ 2,639,095	\$ 96,643	\$ 2,735,738	\$ 1,592,523
Cash held in trust, client disability income	255,192	-	255,192	326,097
Cash held in trust, tenants' security deposits	-	23,149	23,149	23,301
Reserve for replacement and escrows	-	454,048	454,048	500,159
	\$ 2,894,287	\$ 573,840	\$ 3,468,127	\$ 2,442,080

COMMUNITY CARE ALLIANCE AND AFFILIATES
NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS
Year Ended June 30, 2022

1. Nature of Operations

Community Care Alliance (CCA) 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 CCA:

HUD Borrowers Corporations:

- Housing Partners for Positive Living, Inc.
- Leo R. Tanguay Apartments, Inc.
- Roland M. Boucher Apartments, Inc. (Boucher Apartments)
- Russo Street Apartments, Inc., d/b/a Albert P. Morin Apartments (RSA)

The HUD Borrowers Corporations are single-purpose, 501(c)(3), RI non-profit organizations, sponsored by CCA. The entities own and operate affordable housing to accommodate elderly, disabled persons, and/or persons with severe and persistent mental illness. These apartment buildings are financed with amortizing Housing and Urban Development (HUD) issued mortgages or HUD capital advances through the HUD 202 & 811 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.

CCA also does business using specific program names as follows:

- Robert J. Wilson House
- Mabel Anderson House
- 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

COMMUNITY CARE ALLIANCE AND AFFILIATES
NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS
Year Ended June 30, 2022

2. Summary of Significant Accounting Policies

This summary of significant accounting policies of CCA and the Affiliates (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 is 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.

Accounting Pronouncement Adopted

Effective July 1, 2021, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which provides new presentation and disclosure requirements for contributed nonfinancial assets. The adoption of ASU 2020-07 did not have a significant effect on the Organization's consolidating financial statements.

Principles of Consolidation

The consolidating financial statements include the accounts and transactions of CCA and the Affiliates. 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.

Consolidating 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 two classes of net assets: net assets without donor restriction and net assets with donor restrictions (Note 14).

Comparative Financial Information

The accompanying consolidating financial statements include certain prior year summarized comparative information in total, without accompanying note disclosures and certain functional expense information. 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 consolidating financial statements for the year ended June 30, 2021, from which the summarized information was derived.

COMMUNITY CARE ALLIANCE AND AFFILIATES
NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS
Year Ended June 30, 2022



Performance Indicator

In the accompanying consolidating statement of activities, the primary indicator of the Organization's results is change in operating net assets without donor restrictions. 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 non-operating net assets without donor restrictions in the consolidating statement of activities.

Cash

For the purposes of the consolidating statement of cash flows, cash includes all cash balances and highly liquid investments with an original maturity of three months or less.

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 receivable totaled \$659,700 at June 30, 2022. 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 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

Bond and debt issuance costs relate to financing fees incurred in securing a bond commitment and a long-term debt agreement, which are amortized over the life of the related debt. Bond and debt issuance costs are recorded as a direct deduction from the carrying amount of that liability.

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.

COMMUNITY CARE ALLIANCE AND AFFILIATES
NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS
Year Ended June 30, 2022

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

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

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

Level 3 inputs are unobservable 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 the Organization's own data.

The Organization reports its interest rate swap agreement at 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 program fees, third-party fees and Medicare and Medicaid receipts when services to clients have been rendered.

Contributions

The Organization recognizes contributions in the fiscal year in which the contribution is made. Contributions are recorded as without or with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. However, it is the policy of the Organization to recognize contributions with donor restrictions that are both received and expended in the current year as contributions without donor restrictions.

COMMUNITY CARE ALLIANCE AND AFFILIATES
NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS
Year Ended June 30, 2022

Donated Services and In-kind Contributions

Contributions of donated non-cash assets are recorded at their fair 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 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

CCA and Affiliates are public charities exempt from federal income taxes under Section 501(c)(3) of the United States Internal Revenue Code. Management believes that the Organization and Affiliates operate in a manner consistent with their tax-exempt status at both the state and federal level.

CCA and Affiliates annually file Internal Revenue Service (IRS) Form 990 – *Return of Organization Exempt from Income Tax*, reporting various information that the IRS uses to monitor the activities of tax-exempt entities. These tax returns are subject to review by the taxing authorities generally for three years after they were filed. The Organization and Affiliates currently have no tax examinations in progress.

Concentrations of Risk

Financial instruments which potentially subject the Organization to concentrations of credit and market risks are cash, accounts receivable, and HUD property and equipment. Management does not believe significant credit risk exists with respect to these areas.

The Organization maintains its operating accounts in several financial institutions. The balance at each institution is insured by the Federal Deposit Insurance Corporation up to \$250,000. From time to time, the Organization's cash balances may exceed this limit. Cash balances in excess of \$250,000 are generally uninsured.

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 sufficient.

The primary assets of the HUD Borrowers Corporations are 102 apartment units in 10 different apartment complexes. 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.

COMMUNITY CARE ALLIANCE AND AFFILIATES
NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS
Year Ended June 30, 2022

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

The consolidating financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Certain costs of the Organization benefit more than one program and/or supporting 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 Pronouncement

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which was later delayed to be effective for annual periods beginning after December 15, 2021. 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 finance 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, 2023.

Reclassifications

Certain amounts in the 2021 consolidating financial statements have been reclassified to conform to the 2022 consolidating financial statement presentation.

Subsequent Events

Management has evaluated subsequent events through January 26, 2023, which is the date the consolidating financial statements were available to be issued.

COMMUNITY CARE ALLIANCE AND AFFILIATES
NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS
Year Ended June 30, 2022

3. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidating statement of financial position date, comprise the following:

Financial assets:		
Cash	\$	2,735,738
Accounts receivable, net		5,398,709
Financial assets, at year end		<u>8,134,447</u>
Financial assets available to meet cash needs for general expenditures within one year	 \$	 <u>8,134,447</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

To help manage unanticipated liquidity needs, the Organization has a line of credit with a bank for \$1,474,000 (Note 8).

4. Investment, Equity Method

CCA has a 33.33% 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 is adjusted to reflect CCA's share of the net income or loss of Horizon.

CCA has adopted the nature of distribution approach for the classification of distributions received from equity method investees in the statement of cash flows. In accordance with this approach, distributions received are classified based on the nature of the investee's activity that resulted in the distribution. Returns on investments are classified as operating activities in the statement of cash flows, while returns of investment are classified as investing activities. CCA received capital distributions from Horizon of \$464,973 during the year ended June 30, 2022.

COMMUNITY CARE ALLIANCE AND AFFILIATES
NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS
Year Ended June 30, 2022

5. Property and Equipment

Property and equipment consisted of the following at June 30, 2022:

Land	\$	1,007,479
Buildings and improvements		19,632,386
Furniture and equipment		4,494,813
Vehicles		582,811
Projects in process		85,414
		25,802,903
Less accumulated depreciation		19,454,545
Property and equipment, net	\$	6,348,358

Projects in process at June 30, 2022 represent costs for computer equipment and building improvements not yet placed into service. These assets will begin to depreciate in fiscal year 2023 when they are placed into service.

6. 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 (the Foundation). The funds were donated by an outside donor directly to the Foundation on behalf of CCA and the Foundation has full variance power over the perpetual trusts, therefore the value is not recorded on the accompanying consolidating statement of financial position. CCA received approximately \$57,400 in distributions from the trusts during the year ended June 30, 2022, which have been included in fundraising and contributions income on the accompanying consolidating statement of activities.

COMMUNITY CARE ALLIANCE AND AFFILIATES
NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS
Year Ended June 30, 2022

7. Paycheck Protection Program Loan Forgiveness

On May 1, 2020, the Organization received loan proceeds of approximately \$4,414,000 under the Paycheck Protection Program (PPP), which was established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act) in response to the COVID-19 outbreak. Proceeds from the loan (PPP Loan) may only be used for payroll costs, costs used to continue group health care benefits, mortgage interest payments, rent, utilities, and interest on other debt obligations, provided the related agreements were effective prior to February 15, 2020. The PPP Loan was set to mature on May 1, 2022, and bore interest at a rate of 1% per annum, payable monthly. Under the terms of the PPP, certain amounts of the PPP Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. The Organization used the PPP Loan proceeds in accordance with the loan terms and applied for forgiveness from the U.S. Small Business Administration (SBA). On June 17, 2021, the Organization received notification of SBA approval for forgiveness of the entire PPP Loan proceeds.

8. Line of Credit

On May 25, 2018, CCA entered into a line of credit agreement with a bank providing for borrowings up to \$1,474,000 with interest equal to the LIBOR Daily Floating Rate plus 3.75%. The line of credit agreement expired on April 30, 2019 with the option to renew annually.

On June 6, 2022, CCA renewed its line of credit agreement with the bank through April 30, 2023. The agreement was amended to allow for borrowings up to \$1,474,000 with interest equal to the greater of the Bloomberg Short-Term Bank Yield Index rate (BSBY) or the Index Floor (Index Floor of 1.00%) plus 4.00% (5.58% at June 30, 2022). There were no borrowings against the line as of June 30, 2022.

The line of credit agreement contains covenants regarding certain operating activities and financial statement amounts and ratios of CCA. At June 30, 2022, CCA was in violation of certain covenants; however, a waiver was received from the bank for such covenant violations.

COMMUNITY CARE ALLIANCE AND AFFILIATES
NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS
Year Ended June 30, 2022

9. 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 Street, 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 (0.65% at June 30, 2022) determined by the bank. CCA has a fixed interest rate swap of 4.241% on the bond (Note 13). 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 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 18, 2023.

The bond and letter of credit agreements contain covenants regarding certain operating activities and financial statement amounts and ratios of CCA. At June 30, 2022, CCA was in violation of certain covenants; however, a waiver was received from the bank for such covenant violations.

Scheduled maturities of bond repayment are as follows:

<u>Year Ending</u>		
2023	\$	105,000
2024		110,000
2025		115,000
2026		120,000
2027		125,000
Thereafter		1,578,475
Total bond payable		<u>2,153,475</u>
Less unamortized bond issuance costs		<u>65,645</u>
Total bond payable, less bond issuance costs	\$	<u><u>2,087,830</u></u>

COMMUNITY CARE ALLIANCE AND AFFILIATES
NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS
Year Ended June 30, 2022



10. Long-term Debt

Long-term debt consisted of the following at June 30, 2022:

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.	\$ 3,430,214
Term note payable to a bank, due in monthly installments of \$4,913 including interest at 5.33% through April 2028, with the remaining principal due at that time. The note is secured by all CCA assets.	296,175
Mortgage payable to a bank, due in monthly installments of \$2,739 that include interest payable at 4.6% through February 2026; secured by real estate at 116 Greene Street, Woonsocket, RI.	110,542
Term notes payable to a financing company, due in monthly installments of \$1,096 that include interest payable at 0.9% through April 2025; secured by two vehicles.	<u>38,394</u>
Total long-term debt	3,875,325
Less current portion of long-term debt	<u>185,918</u>
Long-term debt, less current portion	3,689,407
Less unamortized debt issuance costs	<u>111,219</u>
Long-term debt, less current portion and debt issuance costs	<u><u>\$ 3,578,188</u></u>

COMMUNITY CARE ALLIANCE AND AFFILIATES
NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS
Year Ended June 30, 2022



Scheduled maturities of long-term debt are as follows:

<u>Year Ending</u>		
2023	\$	185,918
2024		192,244
2025		198,360
2026		184,626
2027		170,840
Thereafter		<u>2,943,337</u>
Total	\$	<u>3,875,325</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 the Affiliates are in compliance with all covenants at June 30, 2022.

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.

11. Note Payable, Rhode Island Housing

In February 1991, 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.

COMMUNITY CARE ALLIANCE AND AFFILIATES
NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS
Year Ended June 30, 2022

At the end of the 40-year period described above (February 2032), Rhode Island Housing and Mortgage Finance Corporation (RIHMFC) 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 \$138,128.

12. Refundable Grant

RSA received a Thresholds grant from BHDDH through 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.

13. 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 bond issued by RIHEBC (Note 9). 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, 2022, 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, 2022, 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.

COMMUNITY CARE ALLIANCE AND AFFILIATES
NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS
Year Ended June 30, 2022

CCA had the following interest rate swap outstanding at June 30, 2022:

<u>Notional Amount</u>	<u>Termination Date</u>	<u>Interest Rate Received</u>	<u>Interest Rate Paid</u>	<u>Fair Value</u>	<u>Change in Fair Value</u>
\$ 2,155,000	June 2037	Variable	4.241%	\$ (276,259)	\$ (357,582)

14. Net Assets

Net Assets Without Donor Restrictions

Net assets without donor restrictions are comprised of the following:

Undesignated and Board Designated – 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, and for the replacement reserve.

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 bond and long-term debt payables.

Net Assets With Donor Restrictions

HUD Borrowers Corporations

Net assets with donor restrictions 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.

15. Employee Retirement Plan

CCA sponsors a retirement plan under Internal Revenue Code Section 403(b) (the Plan). The Plan covers all employees of Community Care Alliance and Newport County Community Mental Health Center, Inc. as an affiliated employer, 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.

COMMUNITY CARE ALLIANCE AND AFFILIATES
NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS
Year Ended June 30, 2022

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 during the year ended June 30, 2022 for the Plan year ended December 31, 2021. CCA contributed approximately \$167,300 to the Plan during the year ended June 30, 2022.

16. Commitments and Contingencies

The Organization had the following commitments and contingencies:

Operating Lease Commitments

CCA leases space under non-cancellable operating leases, which expire at various dates through July 2025.

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

<u>Year Ending</u>		
2023	\$	150,220
2024		154,185
2025		133,349
2026		11,139
	Total	\$ 448,893

CCA leases office space, parking spaces, and other equipment on a month-to-month basis. CCA also rents apartments in 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 are approximately \$1,075 plus utilities and are renewed annually.

The total expense incurred under all operating leases and monthly rental agreements for the year ended June 30, 2022 was approximately \$549,800.

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.

COMMUNITY CARE ALLIANCE AND AFFILIATES
NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS
Year Ended June 30, 2022

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, 2022 will not have a material adverse effect on the Organization's financial position or its result of operations.

17. 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. These leases can be terminated at any time and have no specified terms. CCA has estimated the fair value of the annual rent at approximately \$291,500 for the year ended June 30, 2022. The fair value of rent is included as in-kind contributions and program expenses in the consolidating statement of activities.

18. 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 10) 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 10.

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 consolidating financial statements at June 30, 2022.

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 Community Mental Health Center and The Kent Center.

COMMUNITY CARE ALLIANCE AND AFFILIATES
NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS
Year Ended June 30, 2022



19. Supplemental Disclosures of Cash Flow Information

Cash paid for interest for the year ended June 30, 2022 was approximately \$257,500.

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, 2022

COMMUNITY CARE ALLIANCE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2022



<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE</u>	<u>ASSISTANCE LISTING NUMBER</u>	<u>PASS-THROUGH ENTITY IDENTIFYING NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
<u>U.S. Department of Agriculture</u>			
<i>Direct Funding</i>			
<i>SNAP Cluster</i>			
Supplemental Nutrition Assistance Program	10.551	N/A	\$ 28,386
Total U.S. Department of Agriculture			<u>28,386</u>
<u>U.S. Department of Housing and Urban Development</u>			
<i>CDBG Cluster</i>			
<i>Passed-through the Town of Cumberland</i>			
Community Development Block Grant – Entitlement Grant	14.218	CDBG-2018	27,379
<i>Passed-through the City of Woonsocket</i>			
Community Development Block Grant	14.218	CHF-22 CCA Wintershelter-ES	1,193,291
			<u>1,220,670</u>
<i>Direct Funding</i>			
Emergency Solutions Grants Program	14.231	CHF-19-20 RR/City	236,298
Housing Opportunities for Persons with AIDS	14.241	RI0089L1T001801	38,509
Housing Opportunities/Rapid Rehousing	14.241	RI0078L1T002005	134,400
Total U.S. Department of Housing and Urban Development			<u>1,629,877</u>
<u>U.S. Department of Labor</u>			
<i>Passed-through the Workforce Partnership of Greater Rhode Island</i>			
<i>WIOA Cluster</i>			
WIOA Youth Activities	17.259	W2020-6000-09	197,778
Total U.S. Department of Labor			<u>197,778</u>
<u>U.S. Department of Treasury</u>			
<i>Direct Funding</i>			
Low Income Taxpayers Clinics	21.008	N/A	90,000
Coronavirus Relief Fund	21.019	COVID-19	558,525
Total U.S. Department of Treasury			<u>648,525</u>
<u>U.S. Department of Education</u>			
<i>Passed-through the Workforce Partnership of Greater Rhode Island</i>			
Woonsocket Department of Education	84.425D	ESSER II	909,917
Total U.S. Department of Education			<u>909,917</u>
<u>U.S. Department of Homeland Security</u>			
<i>Direct Funding</i>			
Emergency Food and Shelter National Board Program	97.024	735400-044	69,000
Emergency Food and Shelter National Board Program	97.024	COVID-19	27,500
Total U.S. Department of Homeland Security			<u>96,500</u>
<u>U.S. Department of Health and Human Services</u>			
<i>Passed-through the State of Rhode Island Department of Human Services</i>			
<i>Substance Abuse Prevention and Treatment</i>			
Block Grant (SABG)	93.959/93.958	BH Link Block Grant	1,245,576
Screening, Brief Intervention, and Referral to Treatment	93.243	BHDDH PIPBECH	651,413
<i>477 Cluster</i>			
Community Services Block Grant	93.569	CSBG 21-05	73,049
Community Services Block Grant	93.569	CSBG 22-05	225,920
			<u>298,969</u>
Tribal Opioid Response Grants (TOR)	93.788	BH Link SOR Grant	1,381,612

COMMUNITY CARE ALLIANCE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2022



<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE</u>	<u>ASSISTANCE LISTING NUMBER</u>	<u>PASS-THROUGH ENTITY IDENTIFYING NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
<i>Passed-through the State of Rhode Island Office of Housing and Development</i>			
Social Service Block Grant	93.667	Title XX	107,347
RIDE Project Opportunity Adult Education	93.558	Project Opportunity	89,574
<i>Passed-through the Newport County Community Mental Health Center</i>			
Certified Community Behavioral Health Clinic Expansion Grants (CCBHC)	93.829	CCBHC	1,425,146
<i>Direct Funding</i>			
HIV Care Formula Grants	93.917	NO.17-HIV-COEXIST-05	95,592
Maternal, Infant and Early Childhood Home Visiting Program	93.870	RIFVHP	300,035
Tribal Opioid Response Grants (TOR)	93.788	Serenity – SOR	273,238
Tribal Opioid Response Grants (TOR)	93.788	Mobile Treatment – SOR	206,878
Tribal Opioid Response Grants (TOR)	93.788	First Connection – SOR	107,560
Total U.S. Department of Health and Human Services			<u>6,182,940</u>
<u>U.S. Department of Justice</u>			
<i>Passed-through the State of Rhode Island Office of Housing and Development</i>			
Victims of Crime Grants (VOCA)	16.575	VOCA	7,098
Total U.S. Department of Justice			<u>7,098</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 9,701,021</u>

COMMUNITY CARE ALLIANCE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2022

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Community Care Alliance (CCA) under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200 - *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. 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 CONSOLIDATING 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 consolidating financial statements of Community Care Alliance (CCA) (a non-profit organization) and Affiliates (collectively, the Organization), which comprise the consolidating statement of financial position as of June 30, 2022, and the related consolidating statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidating financial statements, and have issued our report thereon dated January 26, 2023.

The financial statements of Housing Partners for Positive Living, Inc.; Leo R. Tanguay Apartments, Inc.; Roland M. Boucher Apartments, Inc.; and Russo Street Apartments, Inc. (CCA's Affiliates), were audited by another auditor in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Housing Partners for Positive Living, Inc.; Leo R. Tanguay Apartments, Inc.; Roland M. Boucher Apartments, Inc.; and Russo Street Apartments, Inc.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidating financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidating 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.

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

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 consolidating 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. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies. However, material weaknesses and significant deficiencies may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidating 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 consolidating financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Kahn, Litwin, Renya & Co., Ltd.

January 26, 2023

**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

Opinion on Each Major Federal Program

We have audited Community Care Alliance's (a non-profit organization) (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, 2022. CCA's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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 each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of CCA 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 CCA's compliance with the compliance requirements referred to above.

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

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 CCA's federal programs.

Auditors' 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 CCA'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, intention, 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 CCA'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 CCA'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 CCA'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 CCA'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.

**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

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 Auditors' 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 have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of 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.

Kahn, Litwin, Renya & Co., Ltd.

January 26, 2023

COMMUNITY CARE ALLIANCE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2022

SECTION I - SUMMARY OF AUDITORS' RESULTS

Consolidating 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 no

Federal Awards

Internal control over major programs:

- Material weaknesses identified? _____ yes X no
- 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>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grants
17.259	WIOA Youth Activities
84.425D	Woonsocket Department of Education
93.829	Certified Community Behavioral Health Clinic Expansion Grants

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

Auditee qualified as low-risk auditee X yes _____ no

COMMUNITY CARE ALLIANCE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2022

SECTION II - CONSOLIDATING FINANCIAL STATEMENT FINDINGS

None noted.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted.