

**COMMUNITY CARE ALLIANCE
AND AFFILIATES**

Consolidating Financial Statements

Year Ended June 30, 2023

(With Independent Auditors' Report Thereon)

COMMUNITY CARE ALLIANCE AND AFFILIATES
CONSOLIDATING FINANCIAL STATEMENTS

Year Ended June 30, 2023

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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 statement of financial position as of June 30, 2023, 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 audit 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, 2023, and the changes in their consolidated net assets and their consolidated 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 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, 2023 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 19% 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 audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the 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 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 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, 2022 consolidating financial statements, and our report dated January 26, 2023 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, 2022, 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 19, 2024, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.

January 19, 2024

COMMUNITY CARE ALLIANCE AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
June 30, 2023
(With Comparative Totals at June 30, 2022)

	2023			2022
	Community Care Alliance	HUD Borrowers Corporations	Total	Total
Assets				
Current Assets:				
Cash	\$ 1,969,258	\$ 80,794	\$ 2,050,052	\$ 2,735,738
Cash held in trust, client disability income	256,002	-	256,002	255,192
Cash held in trust, tenants' security deposits	-	21,251	21,251	23,149
Accounts receivable, net	6,616,236	27,971	6,644,207	5,398,709
Prepaid expenses and other current assets	68,250	4,173	72,423	91,840
Total current assets	8,909,746	134,189	9,043,935	8,504,628
Investment, equity method	189,486	-	189,486	183,765
Reserve for replacement and escrows	-	436,781	436,781	454,048
Property and equipment, net	3,673,116	2,416,561	6,089,677	6,348,358
Total other assets	3,862,602	2,853,342	6,715,944	6,986,171
Total Assets	\$ 12,772,348	\$ 2,987,531	\$ 15,759,879	\$ 15,490,799
Liabilities and Net Assets				
Current Liabilities:				
Current portion of bond payable	\$ 110,000	\$ -	\$ 110,000	\$ 105,000
Current portion of long-term debt	108,773	102,776	211,549	185,918
Accounts payable	1,162,890	169,837	1,332,727	1,363,020
Accrued expenses	1,736,544	112,989	1,849,533	1,854,271
Deferred revenue	2,058,461	-	2,058,461	1,831,724
Client disability income accounts	256,002	-	256,002	255,192
Tenants' security deposits	-	21,315	21,315	22,978
Total current liabilities	5,432,670	406,917	5,839,587	5,618,103
Bond payable, less current portion and bond issuance costs	1,882,330	-	1,882,330	1,982,830
Long-term debt, less current portion and debt issuance costs	299,001	3,122,572	3,421,573	3,578,188
Note payable, Rhode Island Housing	-	150,560	150,560	138,128
Refundable grant	-	239,300	239,300	239,300
Interest rate swap	165,943	-	165,943	276,259
Total liabilities	7,779,944	3,919,349	11,699,293	11,832,808
Net Assets (Accumulated Deficit):				
Without donor restrictions:				
Undesignated	3,034,082	27,529	3,061,611	2,724,703
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	(165,943)	-	(165,943)	(276,259)
Net investment in property and equipment	1,273,012	(959,347)	313,665	358,294
Total net assets (accumulated deficit)	4,992,404	(931,818)	4,060,586	3,657,991
Total Liabilities and Net Assets (Accumulated Deficit)	\$ 12,772,348	\$ 2,987,531	\$ 15,759,879	\$ 15,490,799

COMMUNITY CARE ALLIANCE AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES
Year Ended June 30, 2023
(With Comparative Totals at June 30, 2022)

	2023			2022
	Community Care Alliance	HUD Borrowers Corporations	Total	Total
Change in Net Assets Without Donor Restrictions:				
Operating revenue and public support:				
Federal grants and contracts	\$ 14,835,988	\$ -	\$ 14,835,988	\$ 9,701,021
State and municipal grants and contracts	8,211,395	-	8,211,395	6,475,784
United Way	38,246	-	38,246	119,710
Contributed nonfinancial assets (Note 16)	291,490	-	291,490	291,490
Rent and rent subsidies	454,570	1,544,126	1,998,696	1,979,861
Program fees	779,072	-	779,072	510,573
Third-party fees	9,461,246	-	9,461,246	9,543,488
Medicaid and medicare	3,176,154	-	3,176,154	4,706,232
Fundraising and contributions	1,688,319	-	1,688,319	1,231,593
Miscellaneous income	398,708	49,404	448,112	547,811
Total operating revenue and public support	39,335,188	1,593,530	40,928,718	35,107,563
Program services:				
Acute services	8,308,454	-	8,308,454	6,785,674
Community support services	6,138,456	-	6,138,456	6,340,904
Child and family services	11,113,011	-	11,113,011	9,900,369
Housing services	4,391,421	1,399,614	5,791,035	4,288,201
Employment and training	3,255,585	-	3,255,585	2,402,759
Support services:				
Management and general	5,502,033	399,172	5,901,205	5,461,908
Fundraising expenses	128,693	-	128,693	59,818
Total operating expenses	38,837,653	1,798,786	40,636,439	35,239,633
Change in operating net assets without donor restrictions	497,535	(205,256)	292,279	(132,070)
Non-operating revenue and support:				
Change in fair value of interest rate swap	110,316	-	110,316	357,582
Change in non-operating net assets without donor restrictions	110,316	-	110,316	357,582
Change in net assets without donor restrictions	607,851	(205,256)	402,595	225,512
Change in Net Assets (Accumulated Deficit)	607,851	(205,256)	402,595	225,512
Net Assets (Accumulated Deficit), beginning of year	4,384,553	(726,562)	3,657,991	3,432,479
Net Assets (Accumulated Deficit), end of year	\$ 4,992,404	\$ (931,818)	\$ 4,060,586	\$ 3,657,991

COMMUNITY CARE ALLIANCE AND AFFILIATES
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2023
(With Comparative Totals at June 30, 2022)

	2023								2022					
	Community Care Alliance							HUD Borrowers Corporations						
	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	\$ 6,848,048	\$ 5,237,779	\$ 7,436,113	\$ 1,585,071	\$ 1,182,716	\$ 22,289,727	\$ 3,568,740	\$ 23,552	\$ 25,882,019	\$ -	\$ -	\$ -	\$ 25,882,019	\$ 23,742,272
Professional service fees	550,963	339,545	453,637	224,697	1,483,068	3,051,910	1,483,152	3,780	4,538,842	-	-	-	4,538,842	2,915,832
Client expenses	298,413	102,279	2,436,887	2,131,997	425,665	5,395,241	52,186	82,673	5,530,100	-	-	-	5,530,100	3,800,260
Occupancy	516,119	376,800	689,375	425,611	142,838	2,150,743	265,379	3,812	2,419,934	1,399,614	399,172	1,798,786	4,218,720	4,161,418
Office expenses	94,911	82,053	96,999	24,045	21,298	319,306	132,576	14,876	466,758	-	-	-	466,758	619,851
Total expenses	\$ 8,308,454	\$ 6,138,456	\$ 11,113,011	\$ 4,391,421	\$ 3,255,585	\$ 33,206,927	\$ 5,502,033	\$ 128,693	\$ 38,837,653	\$ 1,399,614	\$ 399,172	\$ 1,798,786	\$ 40,636,439	\$ 35,239,633

COMMUNITY CARE ALLIANCE AND AFFILIATES
CONSOLIDATING STATEMENT OF CASH FLOWS
For The Year Ended June 30, 2023
(With Comparative Totals at June 30, 2022)

	2023			2022
	Community Care Alliance	HUD Borrowers Corporations	Total	Total
Cash Flows from Operating Activities:				
Change in net assets (accumulated deficit)	\$ 607,851	\$ (205,256)	\$ 402,595	\$ 225,512
Adjustments to reconcile change in net assets (accumulated deficit) to net cash provided (used) by operating activities:				
Depreciation	451,237	186,824	638,061	695,688
Amortization of bond issuance costs	9,500	5,055	14,555	14,555
Equity in income of unconsolidated subsidiary	(355,721)	-	(355,721)	(401,786)
Bad debt expense	-	(2,125)	(2,125)	(2,125)
Change in interest rate swap	(110,316)	-	(110,316)	(357,582)
Changes in assets and liabilities:				
Accounts receivable	(1,262,630)	19,257	(1,243,373)	(404,563)
Prepaid expenses and other current assets	(56,250)	75,667	19,417	(26,870)
Accounts payable	(90,657)	11,084	(79,573)	677,599
Accrued expenses	32,849	(37,587)	(4,738)	50,646
Deferred revenue	226,737	-	226,737	702,327
Tenants' security deposits	-	(1,663)	(1,663)	(150)
Client disability income accounts	810	-	810	(70,905)
Net cash provided (used) by operating activities	(546,590)	51,256	(495,334)	1,102,346
Cash Flows from Investing Activities:				
Distributions from unconsolidated subsidiary	350,000	-	350,000	464,973
Acquisition of property and equipment	(330,100)	-	(330,100)	(201,958)
Net cash provided by investing activities	19,900	-	19,900	263,015
Cash Flows from Financing Activities:				
Payment on bond payable	(105,000)	-	(105,000)	(101,525)
Proceeds on note payable, Rhode Island Housing	-	12,432	12,432	11,405
Repayments on long-term debt	(95,983)	(98,702)	(194,685)	(249,194)
Proceeds from long-term debt	58,646	-	58,646	-
Net cash used by financing activities	(142,337)	(86,270)	(228,607)	(339,314)
Net Increase (Decrease) in Cash and Restricted Cash	(669,027)	(35,014)	(704,041)	1,026,047
Cash and Restricted Cash, beginning of year	2,894,287	573,840	3,468,127	2,442,080
Cash and Restricted Cash, end of year	\$ 2,225,260	\$ 538,826	\$ 2,764,086	\$ 3,468,127
Supplemental Cash Flow Information:				
Cash Paid for Interest	\$ 62,855	\$ -	\$ 62,855	\$ 116,153
Non-cash Investing and Financing Activities:				
Purchase of property and equipment included in accounts payable	\$ 49,280	\$ -	\$ 49,280	\$ -
Long-term debt incurred to acquire depreciable assets	\$ -	\$ -	\$ -	\$ 38,896
Reconciliation of Cash and Restricted Cash:				
Cash	\$ 1,969,258	\$ 80,794	\$ 2,050,052	\$ 2,735,738
Cash held in trust, client disability income	256,002	-	256,002	255,192
Cash held in trust, tenants' security deposits	-	21,251	21,251	23,149
Reserve for replacement and escrows	-	436,781	436,781	454,048
	\$ 2,225,260	\$ 538,826	\$ 2,764,086	\$ 3,468,127

COMMUNITY CARE ALLIANCE AND AFFILIATES
NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS
Year Ended June 30, 2023

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:

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 not-for-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
- Teddy Jackson House
- Tanguay Apartments
- Sutherland Apartments
- Sadwin Apartments
- Evergreen House
- Warren Manor
- Blackstone Valley Mental Health Realty Group
- Jellison House

COMMUNITY CARE ALLIANCE AND AFFILIATES
NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS
Year Ended June 30, 2023

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.

Recently Adopted Accounting Pronouncement

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases*, to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. The most significant change in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under ASU 2016-02, disclosures are required to enable users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted the standard effective July 1, 2022. Due to the immaterial effect of ASU 2016-02 on the consolidating financial statements, no ROU asset or lease liability has been recorded for the Organization's operating leases (Note 15).

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 restrictions and net assets with donor restrictions (Note 13).

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, 2022, from which the summarized information was derived.

COMMUNITY CARE ALLIANCE AND AFFILIATES
NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS
Year Ended June 30, 2023

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 fair value of 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, 2023. 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. Amortization of bond and debt issuance costs is included in interest expense.

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, 2023

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, 2023

Contributed Nonfinancial Assets

The Organization records the value of donated facilities at fair value at the date of the donation. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills and are performed by people with those skills and would otherwise be purchased by the Organization. Volunteers also provide a variety of program services throughout the year that are not recognized as contributions in the consolidating financial statements since the recognition criteria under generally accepted accounting principles were not met.

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. The Organization's cash balances exceed this limit. Cash balances in excess of \$250,000 are generally uninsured. Management is aware of this potential loss exposure and has adopted a practice of depositing funds only with highly capitalized institutions.

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.

COMMUNITY CARE ALLIANCE AND AFFILIATES
NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS
Year Ended June 30, 2023

The primary assets of the HUD Borrowers Corporations are 102 apartment units in 12 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.

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, and 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.

Reclassifications

Certain amounts in the 2022 consolidating financial statements have been reclassified to conform to the 2023 consolidating financial statement presentation. Such reclassifications include presenting HUD Borrowers net assets as without donor restrictions on the accompanying consolidating statement of financial position.

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	\$ 2,050,052
Accounts receivable, net	6,644,207
Financial assets, at year end	<u>8,694,259</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 8,694,259</u>

COMMUNITY CARE ALLIANCE AND AFFILIATES
NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS
Year Ended June 30, 2023

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 7).

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 \$350,000 during the year ended June 30, 2023.

5. Property and Equipment

Property and equipment consisted of the following at June 30, 2023:

Land	\$	1,007,479
Buildings and improvements		19,814,097
Furniture and equipment		4,683,051
Vehicles		677,656
		<hr/> 26,182,283
Less accumulated depreciation		20,092,606
		<hr/>
Property and equipment, net	\$	<u>6,089,677</u>

COMMUNITY CARE ALLIANCE AND AFFILIATES
NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS
Year Ended June 30, 2023

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 \$60,450 in distributions from the trusts during the year ended June 30, 2023, which have been included in fundraising and contributions income on the accompanying consolidating statement of activities.

7. 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 renewed annually through June 2023. On June 23, 2023, CCA renewed its line of credit agreement with the bank through April 30, 2024. In June 2022, 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% (9.17% at June 30, 2023). There were no borrowings against the line as of June 30, 2023.

The line of credit agreement contains covenants regarding certain operating activities and financial statement amounts and ratios of CCA. At June 30, 2023, CCA was in violation of certain covenants; however, a waiver was received from the bank for such covenant violations.

8. 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.

COMMUNITY CARE ALLIANCE AND AFFILIATES
NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS
Year Ended June 30, 2023

Interest on the bond is payable monthly at a variable rate (4.06% at June 30, 2023) determined by the bank. CCA has a fixed interest rate swap of 4.241% on the bond (Note 12). 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, 2024.

The bond and letter of credit agreements contain covenants regarding certain operating activities and financial statement amounts and ratios of CCA. At June 30, 2023, 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>	
2024	\$ 110,000
2025	115,000
2026	120,000
2027	125,000
2028	130,000
Thereafter	1,448,475
Total bond payable	<u>2,048,475</u>
Less unamortized bond issuance costs	<u>56,145</u>
Total bond payable, less bond issuance costs	<u><u>\$ 1,992,330</u></u>

COMMUNITY CARE ALLIANCE AND AFFILIATES
NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS
Year Ended June 30, 2023

9. Long-term Debt

Long-term debt consisted of the following at June 30, 2023:

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.	\$ 3,331,509
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.	251,899
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.	82,237
Term notes payable to a financing company, due in monthly installments of \$1,696 that include interest payable at 2.59% through January 2026; secured by two vehicles.	49,757
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>23,881</u>
Total long-term debt	3,739,283
Less current portion of long-term debt	<u>211,549</u>
Long-term debt, less current portion	3,527,734
Less unamortized debt issuance costs	<u>106,161</u>
Long-term debt, less current portion and debt issuance costs	<u><u>\$ 3,421,573</u></u>

Interest expense on long-term debt and bond payable totaled \$62,855 for the year ended June 30, 2023.

COMMUNITY CARE ALLIANCE AND AFFILIATES
NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS
Year Ended June 30, 2023

Scheduled maturities of long-term debt are as follows:

<u>Year Ending</u>		
2024	\$	211,549
2025		218,148
2026		195,380
2027		170,840
2028		169,928
Thereafter		<u>2,773,438</u>
Total	\$	<u><u>3,739,283</u></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, 2023.

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.

10. 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, 2023

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 \$150,560.

11. 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.

12. 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 8). 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, 2023, 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.

COMMUNITY CARE ALLIANCE AND AFFILIATES
NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS
Year Ended June 30, 2023

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, 2023, 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, 2023:

Notional Amount	Termination Date	Interest Rate Received	Interest Rate Paid	Fair Value	Change in Fair Value
\$ 2,050,000	June 2037	Variable	4.241%	\$ (165,943)	\$ 110,316

13. 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, and 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.

COMMUNITY CARE ALLIANCE AND AFFILIATES
NOTES TO THE CONSOLIDATING FINANCIAL STATEMENTS
Year Ended June 30, 2023

14. 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.

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, 2023 for the Plan year ended December 31, 2022. CCA contributed approximately \$173,900 to the Plan during the year ended June 30, 2023.

15. Commitments and Contingencies

The Organization had the following commitments and contingencies:

Operating Lease Commitments

CCA leases space under cancellable operating leases, which expire at various dates through June 2024. Approximate aggregate minimum lease payments under these operating leases are \$110,925 through June 2024.

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, 2023 was \$568,805. Since the lease payments are not considered material and no leases extend past 12 months, authoritative guidance relating to lease accounting has not been applied.

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, 2023

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, 2023 will not have a material adverse effect on the Organization's financial position or its result of operations.

16. Contributed Nonfinancial Assets

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, as provided by BHDDH, at approximately \$291,500 for the year ended June 30, 2023. The fair value of rent is included as contributed nonfinancial assets and program expenses in the consolidating statement of activities.

17. 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 9) 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 9.

CCA has an arrangement with The Kent Center, a not-for-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 of CCA to repay the debt; therefore, no assets or liabilities associated with this project are included in the accompanying consolidating financial statements at June 30, 2023.

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, 2023

18. Supplemental Disclosure of Cash Flow Information

Cash paid for interest for the year ended June 30, 2023 was approximately \$200,000.

19. Subsequent Event

On September 29, 2023, CCA purchased real estate from 68 Cumberland Street, LLC in Woonsocket, Rhode Island. CCA financed the purchase with cash and a new loan with a financial institution in the amount of \$2,840,000. The loan is payable in monthly principal and interest installments of \$23,638 through September 29, 2033. Interest is fixed at 7.82% annually. The loan is collateralized by a lien on the property.

Management has evaluated subsequent events through January 19, 2024, which is the date the consolidating financial statements were available to be issued.

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, 2023

COMMUNITY CARE ALLIANCE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2023

<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	\$ 6,367
Total U.S. Department of Agriculture			<u>6,367</u>
<u>U.S. Department of Housing and Urban Development</u>			
<i>Passed-through the State of Rhode Island Office of Housing and Community Development</i>			
<i>CDBG Entitlement Grants Cluster</i>			
Community Development Block Grant – Entitlement Grant	14.218	CHF-22 CCA Wintershelter-ES	827,762
<i>Passed-through the City of Woonsocket</i>			
Emergency Solutions Grants Program	14.231	CHF-19-20 RR/City	84,371
<i>Direct Funding</i>			
Continuum of Care Program	14.267	RI0089L1T002104	67,308
Continuum of Care Program	14.267	RI0078L1T002106	146,820
Total U.S. Department of Housing and Urban Development			<u>1,126,261</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	GRI_WIOA_2020_CCA_1	322,112
Total U.S. Department of Labor			<u>322,112</u>
<u>U.S. Department of Treasury</u>			
<i>Direct Funding</i>			
Coronavirus Relief Fund	21.019	EI ARPA	594,833
Coronavirus Relief Fund	21.019	HRSA/HHS ARPA	756,807
<i>Passed-through Horizon Healthcare Partners</i>			
Coronavirus Relief Fund	21.019	BH Link 988 ARPA	224,589
<i>Passed-through the State of Rhode Island Office of Housing and Community Development</i>			
Coronavirus State and Local Fiscal Recovery Funds	21.027	Temporary Emergency Shelter	199,908
Coronavirus State and Local Fiscal Recovery Funds	21.027	Emergency Shelter	472,413
Coronavirus State and Local Fiscal Recovery Funds	21.027	FY23-CCA.SFRF.HIP-SureStay ES	1,522,702
Total U.S. Department of Treasury			<u>3,771,252</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	1,636,794
Total U.S. Department of Education			<u>1,636,794</u>
<u>U.S. Department of Homeland Security</u>			
<i>Direct Funding</i>			
Emergency Food and Shelter National Board Program	97.024	735400-044	40,678
Total U.S. Department of Homeland Security			<u>40,678</u>
<u>U.S. Department of Human Services</u>			
<i>Passed-through the State of Rhode Island Office of Housing and Community Development</i>			
Victims of Crime (VOCA)	16.575	VOCA	47,315

COMMUNITY CARE ALLIANCE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2023

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	ASSISTANCE LISTING NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	FEDERAL EXPENDITURES
<i>477 Cluster</i>			
<i>Passed-through the State of Rhode Island Office of Housing and Community Development</i>			
Temporary Assistance for Needy Families	93.558	Project Opportunity	140,622
<i>Passed-through the State of Rhode Island Department of Human Services</i>			
Community Services Block Grants	93.569	CSBG 22-05	83,394
Community Services Block Grants	93.569	CSBG 23-05	263,846
Community Services Block Grants	93.569	COVID-19	208,196
			696,058
Social Services Block Grant	93.667	Title XX	122,955
Social Services Block Grant	93.667	CHF-23-SureStay-ES	13,940
<i>Passed-through the State of Rhode Island Department of Behavioral Healthcare, Developmental Disabilities, and Hospitals</i>			
Substance Abuse and Mental Health Services Projects of			
Regional and National Significance	93.243	BHDDH PIPBECH	726,144
State Targeted Response to the Opioid Crisis Grants/			
Community Services Block Grant	93.788/93.959	Serenity-SOR	357,585
Community Services Block Grant	93.959	Mobile Treatment-SOR	127,281
<i>Passed-through the State of Rhode Island Department of Health</i>			
Special Education-Grants for Infants and Families/ Immunization			
Cooperative Agreements/ Maternal and Child Health Services	84.181/93.268/		
Block Grant to the States/ Public Health Emergency Response	93.994/93.354	First Connection	77,120
Maternal, Infant and Early Childhood Home Visiting			
Program	93.870	Home Visiting RFP #2022RIDOH006	265,178
Block Grants for Prevention and Treatment of Substance Abuse	93.959	First Connection - SOR	4,024
<i>Passed-through the State of Rhode Island Department of Human Services</i>			
CCBHC Expansion Grants	93.829	CCBHC-Pass through NCCMH/Thrive/CCA/Tides/URI	2,599,865
<i>Passed-through Horizon Healthcare Partners</i>			
State Targeted Response to the Opioid Crisis Grants	93.788	BH Link SOR Grant	1,030,485
State Targeted Response to the Opioid Crisis Grants	93.788	BH Link 988 Grant	306,169
Block Grants for Community Mental Health Services/Block Grants			
for Prevention and Treatment of Substance Abuse	93.958/93.959	BH Link MH/SA Block Grant	1,288,907
Block Grants for Prevention and Treatment of Substance Abuse	93.959	BH Link 988 Grant	269,498
Total U.S. Department of Human Services			7,932,524
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 14,835,988

COMMUNITY CARE ALLIANCE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2023

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, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200 - *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. 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 consolidating financial statements of Community Care Alliance (CCA) (a not-for-profit organization) and Affiliates (collectively, the Organization), which comprise the consolidating statement of financial position as of June 30, 2023, 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 19, 2024.

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 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. However, material weaknesses or 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.

January 19, 2024

**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 not-for-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, 2023. 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, 2023.

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.

January 19, 2024

**COMMUNITY CARE ALLIANCE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2023**

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: *unmodified*

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

- Material weaknesses identified? yes no
- Significant deficiencies identified that are not considered to be material weaknesses? yes 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 no

Identification of major programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
21.019	<i>Coronavirus Relief Fund</i>
21.027	<i>Coronavirus State and Local Fiscal Recovery Funds</i>
84.425D	<i>Woonsocket Department of Education</i>
93.870	<i>Maternal, Infant and Early Childhood Home Visiting Grant</i>
93.958/93.959	<i>Block Grants for Community Mental Health Services/Block Grants for Prevention and Treatment of Substance Abuse</i>

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

Auditee qualified as low-risk auditee yes no

COMMUNITY CARE ALLIANCE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2023

SECTION II - FINANCIAL STATEMENT FINDINGS

None noted.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted.