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PUBLIC
ACCOUNTANTS

Community Teamwork, Inc.

Financial Statements

June 30, 2017 and 2016

AUDIT, TAX & ADVISORY SERVICES
SINCE 1964

Community Teamwork, Inc.
Financial Statements
June 30, 2017 and 2016

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1-3
Statements of Financial Position	4
Statements of Activities	5
Statements of Functional Expenses	6
Statements of Cash Flows	7
Notes to Financial Statements	8-20
Housing Programs – DHCD, Supplemental Schedule of Assets, Liabilities and Net Assets	21
Housing Programs – DHCD, Supplemental Schedule of Program Revenues, Expenses and Changes in Net Assets	22
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 <i>Government Auditing Standards</i>	23-24
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	25-26
Schedule of Findings and Questioned Costs	27
Schedule of Expenditures of Federal Awards	28-36

Independent Auditor's Report

To the Board of Directors of
Community Teamwork, Inc.

We have audited the accompanying financial statements of Community Teamwork, Inc. (a non-profit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. We have also audited the general purpose consolidated financial statements of Community Teamwork, Inc. and its affiliates as of and for the years ended June 30, 2017 and 2016. Our report on those financial statements dated November 9, 2017 was unqualified.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Teamwork, Inc. as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Adjustment

As discussed in Note 17 to the financial statements, during the fiscal year ended June 30, 2017, Home Modification Loan Program (“HMLP”) financial reporting requirements were clarified by the program’s funding agency, requiring Community Teamwork, Inc. to record a non-current liability for HMLP restricted cash and loans receivable, resulting in an understatement of amounts previously reported for long-term liabilities and an overstatement of amounts previously reported for advances on contracts, net assets, revenue, and expenses. Accordingly, advances on contracts, long-term liabilities, net assets, revenue, and expenses have been restated in the 2016 financial statements now presented, and an adjustment has been made to net assets as of June 30, 2015, to reflect this change. Our opinion is not modified with respect to that matter.

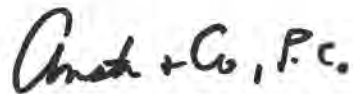
Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, the Housing Programs – DHCD, Supplemental Schedule of Assets, Liabilities and Net Assets, and the Housing Programs – DHCD, Supplemental Schedule of Program Revenues, Expenses and Changes in Net Assets are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2017, on our consideration of Community Teamwork, Inc.'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 Community Teamwork, Inc.'s internal control over financial reporting and compliance.



Anstiss & Co., P.C.

Lowell, MA

November 9, 2017

Community Teamwork, Inc.
Statements of Financial Position
June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 5,983,616	\$ 3,839,304
Short-term investment	-	10,257
Accounts receivable	3,353,461	4,630,051
Due from affiliates - net	537,161	645,395
Prepaid expenses and other current assets	381,385	481,331
Total current assets	<u>10,255,623</u>	<u>9,606,338</u>
Fixed assets		
Land, building and equipment - net	<u>10,132,250</u>	<u>8,449,648</u>
Other assets		
Notes receivable - net	4,504,286	4,273,780
Beneficial interest in assets held by GLCF	159,946	152,498
Total other assets	<u>4,664,232</u>	<u>4,426,278</u>
Total assets	<u><u>\$ 25,052,105</u></u>	<u><u>\$ 22,482,264</u></u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 1,450,461	\$ 1,325,836
Accrued vacation	791,148	728,265
Notes payable	277,960	252,953
Advances on contracts	3,140,966	3,936,333
Other current liabilities	1,669,871	1,487,334
Total current liabilities	<u>7,330,406</u>	<u>7,730,721</u>
Long-term liabilities		
HMLP liability to CEDAC	6,038,629	5,665,046
Notes payable	5,781,076	4,577,545
Other long-term liabilities	279,965	307,550
Total long-term liabilities	<u>12,099,670</u>	<u>10,550,141</u>
Total liabilities	<u>19,430,076</u>	<u>18,280,862</u>
Net assets		
Unrestricted		
Undesignated net assets	2,553,128	2,290,948
Board-designated net assets	406,942	119,910
Total unrestricted net assets	<u>2,960,070</u>	<u>2,410,858</u>
Temporarily restricted	<u>2,661,959</u>	<u>1,790,544</u>
Total net assets	<u>5,622,029</u>	<u>4,201,402</u>
Total liabilities and net assets	<u><u>\$ 25,052,105</u></u>	<u><u>\$ 22,482,264</u></u>

The accompanying notes are an integral part of these financial statements.

Community Teamwork, Inc.
Statements of Activities
For the Years Ended June 30, 2017 and 2016

	Unrestricted	Temporarily Restricted	2017 Total	Unrestricted	Temporarily Restricted	2016 Total
Revenue and Support						
Contract revenue	\$ 79,352,878	\$ -	\$ 79,352,878	\$ 73,791,603	\$ -	\$ 73,791,603
Service fees, grants and contributions	6,377,828	-	6,377,828	5,916,307	-	5,916,307
Contribution - 0% interest financing	-	970,217	970,217	-	-	-
Other income	274,739	-	274,739	155,093	-	155,093
Rental income	167,616	-	167,616	149,506	-	149,506
Local revenue	14,692	-	14,692	47,406	-	47,406
Net assets released from restriction	112,766	(112,766)	-	179,610	(179,610)	-
Total revenue and support	<u>86,300,519</u>	<u>857,451</u>	<u>87,157,970</u>	<u>80,239,525</u>	<u>(179,610)</u>	<u>80,059,915</u>
Expenses						
Program services						
Housing and homeless services	48,114,587	-	48,114,587	44,034,385	-	44,034,385
Child and family services	21,864,186	-	21,864,186	20,482,418	-	20,482,418
Energy and community resources	10,915,707	-	10,915,707	10,454,146	-	10,454,146
Local initiative	764,524	-	764,524	731,877	-	731,877
Total program services	<u>81,659,004</u>	<u>-</u>	<u>81,659,004</u>	<u>75,702,826</u>	<u>-</u>	<u>75,702,826</u>
Supportive services						
Management and general	3,890,683	-	3,890,683	3,630,195	-	3,630,195
Fundraising	187,656	-	187,656	210,374	-	210,374
Total expenses	<u>85,737,343</u>	<u>-</u>	<u>85,737,343</u>	<u>79,543,395</u>	<u>-</u>	<u>79,543,395</u>
Change in Net Assets from Operations	<u>563,176</u>	<u>857,451</u>	<u>1,420,627</u>	<u>696,130</u>	<u>(179,610)</u>	<u>516,520</u>
Other Net Asset Transfers	<u>(13,964)</u>	<u>13,964</u>	<u>-</u>	<u>(1,043)</u>	<u>1,043</u>	<u>-</u>
Change in Net Assets	<u>549,212</u>	<u>871,415</u>	<u>1,420,627</u>	<u>695,087</u>	<u>(178,567)</u>	<u>516,520</u>
Net Assets - Beginning of Year as Previously Stated	<u>2,410,858</u>	<u>1,790,544</u>	<u>4,201,402</u>	<u>1,721,869</u>	<u>7,198,517</u>	<u>8,920,386</u>
Prior Period Adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>(170,369)</u>	<u>(5,065,135)</u>	<u>(5,235,504)</u>
Net Assets - Beginning of Year as Restated	<u>2,410,858</u>	<u>1,790,544</u>	<u>4,201,402</u>	<u>1,551,500</u>	<u>2,133,382</u>	<u>3,684,882</u>
Reclassifications	<u>-</u>	<u>-</u>	<u>-</u>	<u>164,271</u>	<u>(164,271)</u>	<u>-</u>
Net Assets - End of Year	<u>\$ 2,960,070</u>	<u>\$ 2,661,959</u>	<u>\$ 5,622,029</u>	<u>\$ 2,410,858</u>	<u>\$ 1,790,544</u>	<u>\$ 4,201,402</u>

The accompanying notes are an integral part of these financial statements.

Community Teamwork, Inc.
Statements of Functional Expenses
For the Years Ended June 30, 2017 and 2016

	Housing and Homeless Services	Child, Family and Adolescent Services	Energy and Community Resources	Local Initiative	Total Program Services	Management and General	Fundraising	2017 Total
Client payments	\$ 40,060,022	\$ 4,871,482	\$ 8,535,585	\$ 4,189	\$ 53,471,278	\$ 5,000	\$ -	\$ 53,476,278
Salaries	3,417,077	9,349,589	1,275,391	460,890	14,502,947	2,010,185	51,410	16,564,542
Taxes and benefits	1,028,856	3,205,534	426,337	132,484	4,793,211	492,925	11,198	5,297,334
Contract services	2,190,990	548,025	281,472	5,170	3,025,657	397,106	38,115	3,460,878
Other expenses	355,447	1,506,575	106,995	28,171	1,997,188	265,213	28,456	2,290,857
Occupancy	620,088	1,300,311	62,717	87,959	2,071,075	181,668	-	2,252,743
Other administrative expenses	258,828	411,231	132,963	37,168	840,190	435,472	55,435	1,331,097
Depreciation	141,795	534,852	34,610	3,693	714,950	69,581	-	784,531
Interest expense	41,484	134,847	19,406	-	195,737	27,955	-	223,692
Consultants	-	1,740	40,231	4,800	46,771	5,578	3,042	55,391
Total expenses	\$ 48,114,587	\$ 21,864,186	\$ 10,915,707	\$ 764,524	\$ 81,659,004	\$ 3,890,683	\$ 187,656	\$ 85,737,343

	Housing and Homeless Services	Child, Family and Adolescent Services	Energy and Community Resources	Local Initiative	Total Program Services	Management and General	Fundraising	2016 Total
Client payments	\$ 37,232,418	\$ 4,856,513	\$ 7,982,113	\$ 3,433	\$ 50,074,477	\$ -	\$ -	\$ 50,074,477
Salaries	3,184,228	8,676,118	1,301,338	430,116	13,591,800	1,910,030	102,782	15,604,612
Taxes and benefits	1,032,302	3,137,505	432,130	117,702	4,719,639	474,221	23,334	5,217,194
Contract services	1,317,705	467,797	283,509	4,932	2,073,943	437,022	1,902	2,512,867
Other expenses	278,531	1,361,888	128,794	34,214	1,803,427	145,460	46,297	1,995,184
Occupancy	551,516	1,244,367	82,389	55,363	1,933,635	199,645	3,820	2,137,100
Other administrative expenses	291,999	303,290	161,203	82,403	838,895	389,211	29,369	1,257,475
Depreciation	89,705	315,627	35,159	3,714	444,205	45,404	410	490,019
Interest expense	55,981	108,703	23,566	-	188,250	13,482	-	201,732
Consultants	-	10,610	23,945	-	34,555	15,720	2,460	52,735
Total expenses	\$ 44,034,385	\$ 20,482,418	\$ 10,454,146	\$ 731,877	\$ 75,702,826	\$ 3,630,195	\$ 210,374	\$ 79,543,395

The accompanying notes are an integral part of these financial statements.

Community Teamwork, Inc.
Statements of Cash Flows
For the Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash Flows From Operating Activities		
Change in Net Assets	\$ 1,420,627	\$ 516,520
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Non-cash contributions - 0% Financing	(970,217)	-
Non-cash interest expense - 0% Financing	24,972	13,473
Depreciation	784,531	490,019
Bad debt expense	58	-
Loss on disposal of fixed assets	55,328	-
<i>Changes in Assets and Liabilities</i>		
Decrease (increase) in accounts receivable	1,276,590	(1,134,702)
Decrease (increase) in due from affiliates	108,176	(164,344)
Decrease (increase) in prepaid expenses	99,946	(120,644)
Increase in notes receivable	(230,506)	(32,180)
(Increase) decrease in beneficial interest in assets held by GLCF	(7,448)	10,344
Increase in accounts payable	124,625	166,604
Increase (decrease) in accrued vacation	62,883	(21,077)
(Decrease) increase in advances on contracts	(795,367)	1,291,739
Increase in HMLP liability to CEDAC	373,583	176,916
Increase in other liabilities	154,952	286,375
Net Cash Provided by Operating Activities	<u>2,482,733</u>	<u>1,479,043</u>
Cash Flows from Investing Activities		
Redemption of short-term investment	10,257	-
Purchase of short-term investment	-	(41)
Purchase of fixed assets and development property	(2,522,461)	(3,319,802)
Net Cash Utilized in Investing Activities	<u>(2,512,204)</u>	<u>(3,319,843)</u>
Cash Flows from Financing Activities		
Proceeds from notes payable	3,193,000	1,640,000
Payments on notes payable	(1,019,217)	(170,696)
Net Cash Provided by Financing Activities	<u>2,173,783</u>	<u>1,469,304</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,144,312	(371,496)
Cash and Cash Equivalents - Beginning	3,839,304	4,210,800
Cash and Cash Equivalents - Ending	<u><u>\$ 5,983,616</u></u>	<u><u>\$ 3,839,304</u></u>
Supplemental Data:		
Interest paid	<u>\$ 198,720</u>	<u>\$ 188,259</u>
Income taxes paid	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

Community Teamwork, Inc.
Notes to Financial Statements
June 30, 2017 and 2016

Note 1 – Organization

Community Teamwork, Inc. (the “Organization”) was organized in the Commonwealth of Massachusetts as a not-for-profit organization. The Organization provides economic assistance, through Community Action Programs funded by various federal, state and local agencies, to eligible clients within its service area. The service area of the Organization includes the City of Lowell, Massachusetts and its surrounding communities.

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Under the accrual method, income and expenses are recognized when earned or accrued. The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board Accounting Standard Codification (“ASC”) 958-205, “Presentation of Financial Statements.” Under ASC 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Concentration of Credit Risk

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist principally of cash, cash equivalents and contract receivables. The Organization maintains its cash and cash equivalents in bank deposit accounts, which at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts. Management considers credit risk to be minimal. Credit risk with receivables is concentrated among Federal and State agencies which comprise substantially all of the receivable balances as of June 30, 2017 and 2016.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash in the Organization’s bank accounts and certificates of deposit with maturities of three months or less.

Community Teamwork, Inc.
Notes to Financial Statements
June 30, 2017 and 2016

Note 2 – Summary of Significant Accounting Policies (continued)

Accounts Receivable

Revenue is accounted for at established rates on the accrual basis, less an allowance for contractual, charitable, and other arrangements for services provided at less than established rates. The Organization's policy is to not accrue interest on trade receivables. The Organization records its accounts receivable at the outstanding principal amount less an allowance for doubtful accounts. On a periodic basis, the Organization evaluates its accounts receivable and establishes an allowance for doubtful accounts based on the history of past write-offs, collections, and current credit conditions. As of June 30, 2017 and 2016, there was an allowance for doubtful accounts of approximately \$215,000 and \$165,000, respectively.

Fixed Assets

The Organization capitalizes major purchases of fixed assets (with a cost of \$5,000 or more), which are not in the nature of replacements or repairs. Minor equipment purchases, replacements, maintenance, and repairs are charged to expense as incurred.

Capitalized assets are recorded at cost if purchased or constructed, or at fair market value at the date of the gift, if donated. Depreciation is provided using the straight-line method over the estimated useful lives of the assets capitalized.

The Organization reviews and evaluates its long-lived assets for impairment when events or changes in circumstances indicate that the related carrying amounts may not be recoverable. Impairment is considered to exist if the total estimated future cash flows on an undiscounted basis are less than the carrying amount of the asset. There was no impairment loss recorded during the years ended June 30, 2017 and 2016.

Classification of Net Assets

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets

Unrestricted net assets consist of net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets

Temporarily restricted net assets consist of net assets subject to donor imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. It is the Organization's policy to record temporarily restricted contributions whose restrictions were met in the same reporting period as unrestricted support in accordance with ASC 958-605 "Revenue Recognition."

Community Teamwork, Inc.
Notes to Financial Statements
June 30, 2017 and 2016

Note 2 – Summary of Significant Accounting Policies (continued)

Classification of Net Assets (continued)

Permanently Restricted Net Assets

Permanently restricted net assets consist of net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. As of June 30, 2017 and 2016, the Organization had no permanently restricted net assets.

Board-Designated Net Assets

Board-designated net assets consist of funds that the board of directors has designated as replacement reserves for maintenance of several properties owned by the Organization.

Revenue and Expenses

Certain grants and contracts received from government agencies are cost reimbursement agreements. Accordingly, grant and contract income equals expenses incurred; therefore, the excess (deficit) is carried as a liability (advance on contracts) or as an asset (accounts receivable), respectively. Revenue is recognized from fixed price or unit based contracts when services have been rendered. The majority of the Organization's revenue is from government contracts that provide for possible review and audit by the contracting agencies. Management has determined that the results of any potential audit would not result in adjustments that would be material to the financial statements.

Donated Services

No amounts have been reflected in the financial statements for donated services. The Organization pays for most services requiring specific expertise.

Income Taxes and Uncertain Tax Positions

The Organization has been granted tax-exempt status under Internal Revenue Code Section 501(c)(3) and is, therefore, generally exempt from federal and state income taxes. Accordingly, no provision for income taxes has been provided for in the accompanying financial statements.

ASC 740-10, "Income Taxes" requires the Organization to evaluate and disclose tax positions that could have an effect on the Organization's financial statements. The Organization reports its activities to the Internal Revenue Service and the Commonwealth of Massachusetts on an annual basis. These informational returns are generally subject to audit and review by the governmental agencies for a period of three years after filing.

Substantially all of the Organization's income, expenditures and activities relate to its exempt purpose, therefore, management has determined that the Organization is not subject to unrelated business income taxes and will continue to qualify as a tax-exempt not-for-profit entity.

Expense Allocation

Expenses are allocated among program and supporting services directly based or based on time records and utilization estimates made by management. Management and General expense includes those expenses that are not directly identifiable with any other specific function, but provide for overall support and direction of the Organization. These expenses are allocated based on an approved indirect cost rate using a modified direct cost base.

Community Teamwork, Inc.
Notes to Financial Statements
June 30, 2017 and 2016

Note 2 – Summary of Significant Accounting Policies (continued)

Reclassifications

During 2017, certain amounts from the prior year financial statements were reclassified to conform to the current year's presentation.

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, "Leases". ASU 2016-02 includes a lessee accounting model that recognizes two types of leases: finance leases and operating leases. The standard requires that a lessee recognize on the statement of financial position assets and liabilities for leases with lease terms of more than 12 months (leases with terms of less than 12 months are exempt from the new standard). ASU 2016-02 requires qualitative and quantitative disclosures, providing information about the amounts recorded in the financial statements. This standard is effective for annual financial statements issued for fiscal years beginning after December 15, 2019. The Organization is currently evaluating the effect that ASU 2016-02 will have on the financial statements.

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, "Presentation of Financial Statements for Not-for-Profit Entities". ASU 2016-14 will change the way not-for-profit entities classify net assets and prepare financial statements. Under the new standard, the three existing classes of net assets (unrestricted, temporarily restricted, and permanently restricted) will now become two classes: Net assets without donor restrictions, and Net Assets with donor restrictions. ASU 2016-14 requires enhanced reporting of liquidity information, performance measures, investment expenses, functional expenses, and cash flow information. This standard is effective for annual financial statements issued for fiscal years beginning after December 15, 2017. The Organization is currently evaluating the effect that ASU 2016-14 will have on the financial statements.

There were no other accounting standards recently issued that had or are expected to have a material impact on the Organization's financial statements and associated disclosures.

Note 3 – Fixed Assets

Fixed assets consisted of the following as of June 30, 2017 and 2016:

	2017	2016
Land	\$ 1,352,123	\$ 1,106,323
Buildings and improvements	12,465,380	10,756,485
Equipment	2,808,657	2,369,202
Total Fixed assets	16,626,160	14,232,010
Less: Accumulated depreciation	(6,493,910)	(5,782,362)
Fixed assets – net	<u>\$10,132,250</u>	<u>\$ 8,449,648</u>

Depreciation expense was \$784,531 and \$490,019 for the years ended June 30, 2017 and 2016, respectively.

The majority of the Organization's land, buildings and improvements are subject to deed restrictions based on agreements with various government agencies which limit their use to specific programs.

Community Teamwork, Inc.
Notes to Financial Statements
June 30, 2017 and 2016

Note 4 – Capital Lease Obligations

The Organization leases buses under multiple capital lease agreements. The buses have been recorded at an estimated fair value of \$730,142 and \$566,142 as of June 30, 2017 and 2016, respectively, and are being depreciated over their estimated useful lives of 5 years. As of June 30, 2017 and 2016, accumulated depreciation on the buses was \$320,845 and \$174,817, respectively.

As of June 30, 2017 and 2016, the current and long-term portions of the capital lease liabilities were as follows:

	<u>2017</u>	<u>2016</u>
Current portion of capital lease liabilities	\$ 157,247	\$ 109,853
Long-term portion of capital lease liabilities	<u>279,965</u>	<u>307,550</u>
Total capital lease liabilities	<u>\$ 437,212</u>	<u>\$ 417,403</u>

As of June 30, 2017, the Organization had future minimum capital lease commitments as follows with imputed interest rates ranging from 3.22% to 5.07%:

	<u>Total Payment</u>	<u>Imputed Interest</u>	<u>Lease Liability</u>
2018	\$ 173,352	\$ 16,105	\$ 157,247
2019	\$ 167,588	\$ 9,286	\$ 158,302
2020	\$ 83,439	\$ 3,763	\$ 79,676
2021	\$ 43,054	\$ 1,067	\$ 41,987

Note 5 – Notes Receivable

The Organization has an agreement with the Community Economic Development Assistance Corporation (“CEDAC”) to administer a Home Modification Loan Program (“the Program”) which offers loans of \$30,000 or less to eligible property owners. Under the Program, loans are made to finance modifications to homes to provide for the needs of elders or persons with disabilities. The loans are secured by mortgages on the borrowers’ homes and carry annual interest rates of 0% or 3%. The majority of the loans are interest-free, with repayment required when the property is sold or the title is transferred. 0% and 3% amortized loans do require monthly payments, with repayment required between 5 and 15 years depending on the loan amount.

The outstanding balance of the HMLP loan pool at June 30, 2017 and 2016 was \$4,439,837 and \$4,279,170, respectively, less an allowance for uncollectible loans of \$170,000. On a periodic basis, the Organization evaluates its notes receivable and establishes an allowance for doubtful accounts based on the history of past write-offs, collections and current credit conditions.

Proceeds from the repayment of loans will be used to make new loans under the program. Upon termination of the program, all assets of the HMLP Program are to be returned to CEDAC.

As of June 30, 2017 and 2016, the HMLP liability to CEDAC was as follows:

	<u>2017</u>	<u>2016</u>
HMLP restricted cash	\$ 1,598,792	\$ 1,385,876
HMPL loans receivable	<u>4,439,837</u>	<u>4,279,170</u>
HMLP liability to CEDAC	<u>\$ 6,038,629</u>	<u>\$ 5,665,046</u>

Community Teamwork, Inc.
Notes to Financial Statements
June 30, 2017 and 2016

Note 6 – Beneficial Interest in Assets Held by GLCF

In 2000, the Organization's Board of Directors established an irrevocable agency endowment fund for its benefit at Greater Lowell Community Foundation ("GLCF"). The fund agreement grants a variance power to the GLCF that allows for the modification of the agreement by GLCF in certain limited circumstances. The purpose of the fund is to provide the Organization with an annual distribution of unrestricted support in accordance with a spending policy adopted by the Community Foundation's board. The current spending policy allows for an annual distribution of 5% of the average value of the fund. Through June 30, 2017, the Organization has transferred \$115,680 to the GLCF and has received distributions of \$31,903. There were no contributions to the fund during the years ended June 30, 2017 and 2016. Funds in the amount of \$7,523 and \$7,269 were distributed from the fund during the years ended June 30, 2017 and 2016, respectively. In accordance with ASC 958-605, *"Transfers of Assets to a Not-for Profit Organization or Charitable Trust That Raises or Holds Contributions for Others,"* the fund has been reported as an asset of the Organization. As of June 30, 2017 and 2016, the Organization's beneficial interest in the funds held by GLCF was \$159,946 and \$152,498, respectively. Net gains (losses) attributed to the fund (including realized and unrealized gains and losses, interest and dividend income and administration fees) amounting to \$14,971 and \$(3,075) for the years ending June 30, 2017 and 2016, respectively, have been included in the statements of activities.

Note 7 – Line of Credit

The Organization maintained a line of credit at Enterprise Bank and Trust Company in the amount of \$2,000,000 for each of the years ended June 30, 2017 and 2016. The interest rate applied to the outstanding principal balance is 1% above the prime rate (5.25% at June 30, 2017 and 4.50% at June 30, 2016). The line is collateralized by substantially all of the Organization's assets, except real property. There was no outstanding balance on the line as of June 30, 2017 and 2016.

Community Teamwork, Inc.
Notes to Financial Statements
June 30, 2017 and 2016

Note 8 – Notes Payable

	<u>2017</u>	<u>2016</u>
Notes payable to Enterprise Bank & Trust Company in the original principal amounts of \$210,000, \$1,810,750, up to \$880,000, \$25,500, \$1,700,000, \$940,000, and 30,500. The first note is payable in 120 monthly installments at an interest rate of 5.52%. The second note is payable in 300 monthly installments at an interest rate of 2.70%. The third note is payable in 306 monthly installments at an interest rate of 4.59%. The fourth note is payable in 120 monthly installments at an interest rate of 4.25%. The fifth note is payable in 120 monthly installments at an interest rate of 4.34%. The sixth note is payable in 60 monthly installments at an interest rate of 4.75%. All six notes are secured by the related properties.	\$ 3,432,598	\$ 4,381,483
Note payable to Lowell Five Cent Savings Bank in the original principal amount of 1,487,500. The note is payable in 360 monthly installments at an interest rate of 4.15% and is secured by the related property.	1,476,919	-
Notes payable to Community Economic Development Assistance Corporation in the original principal amount of \$249,222 (Note A), \$700,000 (Note B), and \$1,250,000 (Note C). The notes are interest-free and mature on June 2, 2035, January 23, 2042, and September 30, 2046, respectively. Note A has been reduced by \$163,935, Note B has been reduced by \$539,070, and Note C has been reduced by \$959,548 to reflect the present value of the notes utilizing a 6%, 6%, and 5% interest rate, respectively. The notes are secured by the related properties.		
Total at face value	2,199,222	949,222
Less: deferred interest expense	<u>(1,662,553)</u>	<u>(717,309)</u>
Total - net of deferred interest expense	536,669	231,913

Community Teamwork, Inc.
Notes to Financial Statements
June 30, 2017 and 2016

Note 8 – Notes Payable (continued)

	<u>2017</u>	<u>2016</u>
Notes payable to the Small Business Administration to fund a microloan program in the original principal amounts of up to \$400,000. The notes provide for interest rates of up to 1.625% depending on the average size of the microloans made through the program, subject to an annual recalculation. No payments were due during the first years, with the balance of the first note payable in 108 monthly installments and the balance of the second noted payable in 98 monthly installments.	320,803	171,832
Notes payable to Lowell Development and Financial Corporation in the original principal amounts of \$50,000 and \$250,000. The first is a demand note payable in 28 monthly installments at an interest rate of 5%. The second is a commercial note payable in 360 monthly installments at an interest rate of 5%. Both notes are secured by the related properties.	292,047	45,270
Total Notes Payable	6,059,036	4,830,498
Less: Current Portion of Notes Payable	(277,960)	(252,953)
Long-Term Portion of Notes Payable	<u>\$ 5,781,076</u>	<u>\$ 4,577,545</u>

The future minimum payments on notes payable at June 30th are as follows:

2018	\$ 277,960
2019	306,072
2020	316,856
2021	328,342
2022	336,667
Thereafter	<u>6,155,692</u>
Total	7,721,589
Less: Deferred Interest Expense	<u>(1,662,553)</u>
Total – Net of Deferred Interest Expense	<u>\$ 6,059,036</u>

Community Teamwork, Inc.
Notes to Financial Statements
June 30, 2017 and 2016

Note 9 – Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following as of June 30th:

	<u>2017</u>	<u>2016</u>
Interest-free debt	\$ 1,662,553	\$ 717,309
Phoenix Avenue Building – <i>Property located in Lowell, MA to be used for “Head Start” program activities.</i>	629,145	691,595
Contract and grant funds – <i>Funding restricted as to purpose for use in specific program activities.</i>	<u>370,261</u>	<u>381,640</u>
Total temporarily restricted net assets	<u>\$ 2,661,959</u>	<u>\$ 1,790,544</u>

Additional loans made through the Microloan Program and capitalized improvements to the Phoenix Avenue property are reported as Other Net Asset Transfers on the Statement of Activities.

Note 10 – Contract Revenue and Client Payments

The Department of Public Health administers the Special Supplemental Food Program for Women, Infants, and Children (“WIC”). For the years ended June 30, 2017 and 2016, the value of food vouchers provided to WIC recipients was recorded as contract revenue and client payments at amounts of \$2,231,454 and \$2,247,711.

Note 11 – Rental Income

The Organization leases space to persons of low income and non-profit organizations under operating leases. Rental income for the years ended June 30, 2017 and 2016 was \$167,616 and \$149,506, respectively.

As of June 30, 2017, minimum future rentals on non-cancelable operating leases are as follows:

2018	\$ 131,024
2019	\$ 127,231
2020	\$ 130,412
2021	\$ 133,672

Note 12 – Leases

The Organization leases equipment and various facilities throughout the greater Lowell area under both short-term and long-term operating leases. Rent expense under all leases amounted to \$1,311,564 and \$1,371,801 for the years ended June 30, 2017 and 2016, respectively.

As of June 30, 2017, the Organization had minimum operating lease commitments as follows:

2018	\$ 1,050,266
2019	\$ 818,784
2020	\$ 763,961
2021	\$ 646,243
2022	\$ 105,484
Thereafter	\$ 1,518,231

Community Teamwork, Inc.
Notes to Financial Statements
June 30, 2017 and 2016

Note 13 – Retirement Plan

The Organization provides retirement benefits for its employees who earn at least 1,000 hours during an eligibility computation period through the Community Teamwork, Inc. Retirement Plan. As of June 30, 2017 and 2016 the plan provides for employer contributions 5% of annual compensation. Employees become eligible to participate in the plan after six months of service with a vesting schedule graduated from one to three years of service. Retirement expense was \$628,313 and \$684,013 for the years ended June 30, 2017 and 2016, respectively.

Note 14 – Interest Expense

The Organization follows the policy of capitalizing interest as a component of the cost of property, plant, and equipment constructed for its own use. Total interest incurred and charged to operations was \$223,692 and \$201,732 during the years ended June 30, 2017 and 2016, respectively. No interest was capitalized during either of the years ended June 30, 2017 and 2016.

Note 15 – Contingencies

From time to time, the Organization may become involved in litigation relating to claims arising out of operations in the normal course of business, which are considered routine and incidental to the business. The Organization is currently not a party to any legal proceedings which, in management's opinion, would have a material adverse effect on its financial condition.

The Organization is a guarantor on a line of credit and various notes payable held by Common Ground Development Corporation ("CGDC"), and its affiliated organizations. The balance due on these debt obligations was \$12,230,803 and \$9,654,624 for the years ended June 30, 2017 and 2016, respectively.

The Organization is also the guarantor on various agreements of the Towne School Limited Partnership ("TSLP") and SB2 Housing Limited Partnership ("SB2") (affiliates of CGDC) housing projects sponsored by the Organization and CGDC, such as cost overrun obligations, adjuster distributions, recapture distributions, recapture payments, operating deficit capital contributions, and unauthorized withdrawal liability payments. The Organization does not expect to perform under the guarantees as CGDC, TSLP and SB2 have met all related obligations as of June 30, 2017.

The Organization receives funding from various governmental agencies that is subject to review and audit by the funding agency. The Organization does not expect that the results of any such audit, if it were to incur, would result in any material adjustment to revenue received.

Community Teamwork, Inc.
Notes to Financial Statements
June 30, 2017 and 2016

Note 16 – Related Party Transactions

The Organization engages in transactions with affiliated organizations whose boards of directors are comprised mainly of the Organization's officers, directors, and employees.

The Organization leases a building located at 167 Dutton St. in Lowell, MA from Mechanics Hall Corporation ("MHC"). Rent expense under this lease was \$73,630 and \$72,562 for the years ended June 30, 2017 and 2016, respectively. MHC incurred management fees totaling \$1,975 and \$2,221 during the years ended June 30, 2017 and 2016, respectively, for the payroll and related expenses of the Organization's employees who performed services on behalf of MHC. As of June 30, 2017 and 2016, MHC's liability to the Organization was \$163,503 and \$151,320, respectively.

The Organization provides management services to Merrimack Valley Housing Services, Inc. ("MVHS"). MVHS incurred reimbursable expenses totaling \$11,317 and \$9,624 during the years ended June 30, 2017 and 2016, for the payroll and related expenses of CTI's employees who performed services on behalf of MVHS. As of June 30, 2017 and 2016, the MVHS's liability to CTI was \$1,480 and \$807 respectively.

The Organization advances funds to Community Housing, Inc. ("CHI") to pay for operating expenses and administrative support. The Organization incurred reimbursable expenses totaling \$20,694 and \$17,315 during the years ended June 30, 2017 and 2016, respectively, for the payroll and related expenses of the Organization's employees who performed services on behalf of CHI. No excess funds were transferred during the year ended June 30, 2017. CHI transferred excess funds of \$12,903 to CTI during the year ended June 30, 2016. As of June 30, 2017 and 2016, the Organization's accounts receivable included amounts due from CHI of \$7,092 and \$2,571, respectively.

The Organization advances funds to Common Ground Development Corporation ("CGDC") to pay for predevelopment costs, operating expenses, and administrative support. The Organization incurred reimbursable expenses totaling \$232,018 and \$213,896 during the years ended June 30, 2017 and 2016, respectively, for the payroll and related expenses of the Organization's employees who performed services on behalf of CGDC. As of June 30, 2017 and 2016, the Organization's accounts receivable included amounts due from CGDC of \$365,061 and \$490,671, respectively. Also, during the year ended June 30, 2017, the Organization did not lease any program space from CGDC. The Organization paid \$27,000 to CGDC for the rental of properties which were used for the Organization's programs during the year ended June 30, 2016.

Note 17 – Prior Period Adjustment

During the fiscal year ended June 30, 2017, Home Modification Loan Program ("HMLP") financial reporting requirements were clarified by the program's funding agency, the Community Economic Development Assistance Corporation ("CEDAC"), requiring the Organization to record a non-current liability for HMLP restricted cash and loans receivable which would be returned to CEDAC upon termination of the program or if the Organization's contract was not renewed, resulting in an understatement of amounts previously reported for long-term liabilities and an overstatement of amounts previously reported for advances on contracts, net assets, revenue, and expenses. Accordingly, the financial statements have been restated to reflect this change.

Community Teamwork, Inc.
Notes to Financial Statements
June 30, 2017 and 2016

Note 17 – Prior Period Adjustment (continued)

As of June 30, 2015, the following amounts have been restated:

	<u>As Previously Stated</u>	<u>Adjustment</u>	<u>As Restated</u>
Statement of activities:			
Unrestricted net assets	\$ 1,721,869	\$ (170,369)	\$ 1,551,500
Temporarily restricted net assets	\$ 7,198,517	\$ (5,065,135)	\$ 2,133,382

As of and for the year ended June 30, 2016, the following amounts have been restated:

	<u>As Previously Stated</u>	<u>Adjustment</u>	<u>As Restated</u>
Statement of financial position:			
Advances on contracts	\$ 4,146,911	\$ (210,578)	\$ 3,936,333
HMLP liability to CEDAC	\$ -	\$ 5,665,046	\$ 5,665,046
Unrestricted net assets	\$ 2,034,362	\$ 376,496	\$ 2,410,858
Temporarily restricted net assets	\$ 7,621,508	\$ (5,830,964)	\$ 1,790,544
Statement of activities:			
Service fees, grants and contributions	\$ 6,161,322	\$ (245,015)	\$ 5,916,307
Statement of functional expenses:			
Housing and Homeless Services –			
Other administrative expenses	\$ 318,050	\$ (26,051)	\$ 291,999
Statement of cash flows:			
Change in net assets	\$ 735,484	\$ (218,964)	\$ 516,520
Bad debt expense	\$ 26,051	\$ (26,051)	\$ -
Decrease (increase) in accounts receivable	\$ (1,160,753)	\$ 26,051	\$ (1,134,702)
(Decrease) increase in advances on contracts	\$ 1,249,691	\$ 42,048	\$ 1,291,739
Increase in HMLP liability to CEDAC	\$ -	\$ 176,916	\$ 176,916

Note 18 – Reclassifications

During the fiscal year ended June 30, 2017, the Organization performed a review of net assets and determined that certain unrestricted amounts had been recorded as temporarily restricted in prior years. Accordingly, these amounts have been reclassified to reflect the proper net asset classifications.

Community Teamwork, Inc.
Notes to Financial Statements
June 30, 2017 and 2016

Note 19 – Subsequent Events

ASC 855-10, “Subsequent Events” defines further disclosure requirements for events that occur after the statement of financial position date but before financial statements are issued. In accordance with ASC 855-10, the Organization’s management has evaluated events subsequent from June 30, 2017 through November 9, 2017, which is the date the financial statements were available to be issued. There has been no material event noted during this period that would either impact the results reflected in this report or the Organization’s results going forward.

Community Teamwork, Inc.
Housing Programs - DHCD
Supplemental Schedule of Assets, Liabilities and Net Assets
June 30, 2017

	Federal Voucher	MRVP	Moderate Rehab	MEOP	AHVP	Total
Assets						
Cash and cash equivalents	\$ 3,955,604	\$ 827,288	\$ 160,579	\$ -	\$ 34,494	\$ 4,977,965
Accounts receivable	53,998	-	8,852	-	1,754	64,604
Prepaid expense	9,054	170	-	-	-	9,224
Total assets	\$ 4,018,656	\$ 827,458	\$ 169,431	\$ -	\$ 36,248	\$ 5,051,793
Liabilities and Net Assets						
Accounts payable and other liabilities	\$ 124,929	\$ 59,726	\$ 2,555	\$ -	\$ 1,664	\$ 188,874
Advances on contracts	2,323,976	623,454	11,766	-	3,544	2,962,740
Total liabilities	2,448,905	683,180	14,321	-	5,208	3,151,614
Net assets	1,569,751	144,278	155,110	-	31,040	1,900,179
Total liabilities and net assets	\$ 4,018,656	\$ 827,458	\$ 169,431	\$ -	\$ 36,248	\$ 5,051,793

Community Teamwork, Inc.
Housing Programs - DHCD
Supplemental Schedule of Program Revenues, Expenses and Changes in Net Assets
June 30, 2017

	Federal Voucher	MRVP	Moderate Rehab	MEOP	AHVP	Total
Revenues						
Federal HAP	\$ 25,388,511	\$ -	\$ 106,630	\$ -	\$ -	\$ 25,495,141
DHCD HAP	-	6,426,073	-	-	39,385	6,465,458
Federal Admin	2,122,483	-	32,911	-	-	2,155,394
DHCD administration	-	279,960	-	-	2,400	282,360
Subcontract revenue	-	180,205	-	-	-	180,205
Total revenues	27,510,994	6,886,238	139,541	-	41,785	34,578,558
Expenses						
Housing payments	25,429,367	6,430,246	106,630	-	39,385	32,005,628
Salaries	784,709	147,499	5,750	-	-	937,958
Taxes and fringe	259,477	49,740	1,866	-	-	311,083
Administrative support	186,358	27,028	1,651	-	-	215,037
Indirect	160,095	28,884	1,279	-	-	190,258
Occupancy	199,789	6,491	3,164	-	-	209,444
Program support	54,644	187,489	-	-	-	242,133
Total expenses	27,074,439	6,877,377	120,340	-	39,385	34,111,541
Change in Net Assets	436,555	8,861	19,201	-	2,400	467,017
Beginning Net Assets	1,133,196	135,417	135,909	20,888	28,640	1,454,050
Other Net Assets Changes	-	-	-	(20,888)	-	(20,888)
Ending Net Assets	\$ 1,569,751	\$ 144,278	\$ 155,110	\$ -	\$ 31,040	\$ 1,900,179

**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***

To the Board of Directors of
Community Teamwork, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Community Teamwork, Inc. (a non-profit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 9, 2017.

Internal Control over Financial Reporting

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

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

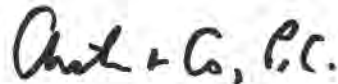
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

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.



Anstiss & Co., P.C.
Lowell, MA
November 9, 2017

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by The Uniform Guidance

To the Board of Directors of
Community Teamwork, Inc.

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Community Teamwork, Inc. 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, 2017.

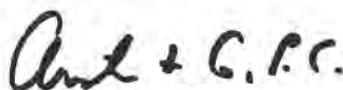
Report on Internal Control Over Compliance

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

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

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

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



Anstiss & Co., P.C.
Lowell, MA
November 9, 2017

Community Teamwork, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified? ☐ yes ☒ none reported
- Noncompliance material to financial statements noted? ☐ yes ☒ none reported

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified? ☐ yes ☒ none reported

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

Any audit findings disclosed that are required to be reported
in accordance with 2 CFR 200.516(a)? ☐ yes ☒ no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.557	Special Supplemental Nutrition Program for Women, Infants and Children (WIC)
14.871, 14.879	Housing Voucher Cluster
93.568	Low-income Home Energy Assistance (LIHEAP)

Dollar threshold used to distinguish between type A and type
B programs:

\$1,666,643

Auditee qualified as low-risk auditee?

☒ yes ☐ no

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

Community Teamwork, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

	CFDA Number	Contract Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Housing and Urban Development				
* Housing Voucher Cluster				
Mainstream Vouchers	14.879	MA882DV0019		\$ 467,226
<u>Pass-through -- City of Lowell</u>				
Community Development Block Grant/Entitlement Grants	14.218	17006987-00		4,000
		32770351-00		20,885
		17002944-00		150
		17004335-00		15,000
		17004336-00		8,000
		17004337-00		7,000
		17004458-00		8,000
Total Community Development Block Grant/Entitlement Grants				63,035
<u>Pass-through -- Commonwealth of Massachusetts</u>				
Supportive Housing for Persons with Disabilities (Section 811)	14.181	SCOCD264217699017MS5		98,640
Emergency Solutions Grant Program	14.231	OCD800016FMESG622120		94,675
Continuum of Care Program	14.267	OCD810014FGBSGRANT10		4,790
		OCD810015FNSTGRANT10		130,899
		MA0252LIT161609		13,351
		OCD810015FGBSGRANT10		54,930
		OCD810015FJULGRANT10		88,517
Total - Continuum of Care Program				292,487
Lower Income Housing Assistance Program - Section 8				
Moderate Rehabilitation	14.856	SCOCD264017699019MRB		141,410

Community Teamwork, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

	CFDA Number	Contract Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Housing and Urban Development (continued)				
<u>Pass-through -- Commonwealth of Massachusetts (continued)</u>				
* Housing Voucher Cluster				
Section 8 Housing Choice Vouchers	14.871	SCOCD2640174699014HCV		<u>1,144,040</u>
Total Housing Voucher Cluster				<u>1,144,040</u>
Family Unification Program	14.880	SCOCD2641174699016FUP		<u>259,342</u>
Moving to Work Demonstration Program	14.881	SCOCD264517699015MTW		<u>26,226,454</u>
Financial Self Sufficiency Program	14.896	SCOCD2640174699021FSS		<u>96,421</u>
<u>Pass-through -- Justice Resource Institute</u>				
Housing Opportunities for Persons with AIDS	14.241	MA-H130019		96,429
		MAH15F003		82,595
		MAH160011		<u>70,663</u>
Total - Housing Opportunities for Persons with AIDS				<u>249,687</u>
Total U.S. Department of Housing and Urban Development				<u>29,133,417</u>
U.S. Department of Health and Human Services				
Head Start	93.600	01CH10243-01		2,192,638
		01CH10243-02		<u>4,646,032</u>
Total Head Start				<u>6,838,670</u>
Assets for Independence Demonstration Program	93.602	90E10813-01-01		<u>202</u>

Community Teamwork, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

	CFDA Number	Contract Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Health and Human Services (continued)				
<u>Pass-through -- Commonwealth of Massachusetts</u>				
* Low-Income Home Energy Assistance	93.568	POOCD44001758LIHP160		6,053,593
		SCOCD44001758HW08000		442,684
		SCOCD44001658HW08000		83,970
		POOCD44001658LIHP160		880,384
Total Low-Income Home Energy Assistance				<u>7,460,631</u>
Community Services Block Grant	93.569	SCOCD42001660BG11000		180,095
		SCOCD42001760BG11000		370,604
Total Community Services Block Grant				<u>550,699</u>
Temporary Assistance for Needy Families	93.558	2017FLEXPOOLINCOMEEL		112,420
		2017PRIORPORSUPPMA01		398,416
		2017TEENCONTFLEXPOOL		2,138
		300010COMMUNITY08IE		1,111,683
		3100COMMUNITYTEAPPSP		406,095
		3200COMMUNITYTEAPPTN		127,348
		3300COMMUNITYTEAPPHL		137,484
		400010COMMUNITYT11IE		238,022
		4100COMMUNITYTEAPPSP		41,060
Total Temporary Assistance for Needy Families				<u>2,574,666</u>

Community Teamwork, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

	CFDA Number	Contract Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Health and Human Services (continued)				
<u>Pass-through -- Commonwealth of Massachusetts (continued)</u>				
CCDF Cluster				
Child Care Development Block Grant	93.575	2017FLEXPOOLINCOMEEL		26,370
		2017PRIORPORSUPPMA01		466,118
		2017TEENCONTFLEXPOOL		502
		300010COMMUNITY08IE		260,770
		3100COMMUNITYTEAPPSP		475,102
		3200COMMUNITYTEAPPTN		29,872
		3300COMMUNITYTEAPPHL		32,250
		400010COMMUNITYT11IE		55,833
		4100COMMUNITYTEAPPSP		48,038
Total Child Care Development Block Grant				<u>1,394,855</u>
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	2017FLEXPOOLINCOMEEL		30,959
		2017PRIORPORSUPPMA01		341,664
		2017TEENCONTFLEXPOOL		589
		300010COMMUNITY08IE		306,146
		3100COMMUNITYTEAPPSP		348,247
		3200COMMUNITYTEAPPTN		35,070
		3300COMMUNITYTEAPPHL		37,861
		400010COMMUNITYT11IE		65,549
		4100COMMUNITYTEAPPSP		35,211
Total Child Care Mandatory and Matching Funds of the Child Care and Development Fund				<u>1,201,296</u>
Total CCDF Cluster				<u>2,596,151</u>
Total U.S. Department of Health and Human Services				<u>20,021,019</u>

Community Teamwork, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

	CFDA Number	Contract Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Agriculture				
Community Foods Project	10.225	30143380022325	161,049	167,082
<u>Pass-through -- Commonwealth of Massachusetts</u>				
* Special Supplemental Nutrition Program for Women, Infants, and Children (Note 3)	10.557	INTF3502M03162726100 INTF3500J10200717294		630,147 2,231,454
Total Women, Infants, and Children				2,861,601
Child and Adult Care Food Program	10.558	SCDOE17758G70532117A SCDOE17758J70532117A SCDOE17758L70532117A SCDOE17758N70532117A SCDOE17758Q70532117A		488,686 746 270 107,859 2,371
Total Child and Adult Care Food Program				599,932
WIC Grants to States (WGS)	10.578	INTF3502M03700915087		1,015
Total Department of Agriculture			161,049	3,629,630
Department of Education				
Fund for the Improvement of Education	84.215	17005165-00 89370969-00 17003759-00		5,726 33,107 98,788
Total Fund for the Improvement of Education				137,621
Preschool Development Grants	84.419	17002135-00		1,474,637
Total Department of Education				1,612,258

Community Teamwork, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

	CFDA Number	Contract Number	Passed Through to Subrecipients	Federal Expenditures
Corporation for National and Community Service				
Retired and Senior Volunteer Program	94.002	17SRAMA001 14SRAMA004		7,039 37,039
Total Retired and Senior Volunteer Program				44,078
Foster Grandparent / Senior Companion Cluster				
Foster Grandparent Program	94.011	16SFAMA003		189,916
Senior Companion Program	94.016	16SCAMA002		287,285
Total Foster Grandparent/Senior Companion Cluster				477,201
<u>Pass-through -- Youthbuild U.S.A.</u>				
Americorps	94.006	16NDHMA0010043 13NDHMA0010038		45,975 32,380
Total Americorps				78,355
Total Corporation for National and Community Service				599,634
Department of Labor				
Youthbuild - WIOA Youth Activities	17.259	17002270-00		32,662
Youthbuild	17.274	YB-26186-14-60-A-25		183,949
Total Department of Labor				216,611
Department of the Interior				
Conservation Activities by Youth Service Organizations	15.931	P14AC00340		135,268
Total Department of the Interior				135,268

Community Teamwork, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

	CFDA Number	Contract Number	Passed Through to Subrecipients	Federal Expenditures
Department of Homeland Security				
Emergency Food and Shelter National Board Program	97.024	451000-021		74,000
Total Department of Homeland Security				74,000
Department of Justice				
<u>Pass-through -- Youthbuild U.S.A.</u>				
Juvenile Mentoring Program	16.726	2013-JU-FX-0021		14,407
		2016-JU-FX-0011		20,167
		2014-JU-FX-0022		19,055
Total Juvenile Mentoring Program				53,629
Total Department of Justice				53,629
Department of Energy				
<u>Pass-through -- Greater Lawrence Community Action Council, Inc.</u>				
Weatherization Assistance for Low-Income Persons	81.042	MOU		48,843
Total Department of Energy				48,843
Small Business Administration				
Technical Assistance	59.007	SBAHQ-16-Y-0084		26,397
Total Small Business Administration				26,397

Community Teamwork, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

	<u>CFDA Number</u>	<u>Contract Number</u>	<u>Passed Through to Subrecipients</u>	<u>Federal Expenditures</u>
Department of the Treasury				
<u>Pass-through -- Massachusetts Association for Community Action</u>				
Volunteer Income Tax Assistance (VITA)				
Matching Grant Program	21.009	MOU		<u>4,073</u>
Total Department of the Treasury				<u>4,073</u>
<u>Total Expenditures of Federal Awards</u>			<u>\$ 161,049</u>	<u>\$ 55,554,779</u>

Community Teamwork, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal award activity of Community Teamwork, Inc., under programs of the federal government for the year ended June 30, 2017. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Community Teamwork, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Community Teamwork, Inc.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Community Teamwork, Inc. has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3 - Food Vouchers

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. The Massachusetts Department of Public Health administers the Special Supplemental Food Program for Women, Infants, and Children (“WIC”). For the year ended June 30, 2017, the value of food vouchers provided to WIC recipients was \$2,231,454.

* Major Program