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Community Teamwork, Inc.

Financial Statements

June 30, 2019 and 2018

AUDIT, TAX & ADVISORY SERVICES
SINCE 1964

Community Teamwork, Inc.
Financial Statements
June 30, 2019 and 2018

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1-2
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7-20
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, 2019 and 2018, 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, 2019 and 2018. Our report on those financial statements dated November 11, 2019 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, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during the year ended June 30, 2019, the Organization adopted Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-profit Entities*. As a result, the standard was retroactively applied to the financial statements for the year ending June 30, 2018. Our opinion is not modified with respect to this 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 11, 2019, 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.

Anstiss & Co., P.C.

Lowell, MA

November 11, 2019

Community Teamwork, Inc.
Statements of Financial Position
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 7,150,839	\$ 6,947,924
Short-term investment	-	30,109
Accounts receivable - net	4,301,477	3,661,966
Due from affiliates - net	847,658	549,688
Prepaid expenses and other current assets	485,191	367,846
Total current assets	<u>12,785,165</u>	<u>11,557,533</u>
Fixed assets		
Land, building and equipment - net	<u>10,059,987</u>	<u>9,950,030</u>
Other assets		
Notes receivable - net	5,430,926	4,793,560
Beneficial interest in assets held by GLCF	217,461	176,568
Total other assets	<u>5,648,387</u>	<u>4,970,128</u>
Total assets	<u><u>\$ 28,493,539</u></u>	<u><u>\$ 26,477,691</u></u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 1,615,929	\$ 1,525,373
Accrued vacation	887,350	732,708
Notes payable	323,694	306,072
Advances on contracts	3,692,310	3,505,761
Other current liabilities	1,878,117	1,798,677
Total current liabilities	<u>8,397,400</u>	<u>7,868,591</u>
Long-term liabilities		
HMLP liability to CEDAC	7,373,007	6,655,506
Notes payable	5,247,561	5,488,932
Other long-term liabilities	350,218	231,901
Total long-term liabilities	<u>12,970,786</u>	<u>12,376,339</u>
Total liabilities	<u>21,368,186</u>	<u>20,244,930</u>
Net assets		
Without donor restrictions		
Undesignated net assets	4,562,052	3,652,479
Board-designated net assets	311,506	577,032
Total without donor restrictions	4,873,558	4,229,511
With donor restrictions	2,251,795	2,003,250
Total net assets	<u>7,125,353</u>	<u>6,232,761</u>
Total liabilities and net assets	<u><u>\$ 28,493,539</u></u>	<u><u>\$ 26,477,691</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, 2019 and 2018

	Without Donor Restrictions	With Donor Restrictions	2019 Total	Without Donor Restrictions	With Donor Restrictions	2018 Total
Revenue and Support						
Contract revenue	\$ 87,736,414	\$ -	\$ 87,736,414	\$ 83,112,851	\$ -	\$ 83,112,851
Service fees, grants and contributions	8,358,984	316,666	8,675,650	6,988,553	-	6,988,553
Other income	335,547	-	335,547	261,859	-	261,859
Rental income	153,070	-	153,070	154,775	-	154,775
Local revenue	8,050	-	8,050	13,147	-	13,147
Net assets released from restriction	66,769	(66,769)	-	30,046	(30,046)	-
Total revenue and support	96,658,834	249,897	96,908,731	90,561,231	(30,046)	90,531,185
Expenses						
Program services						
Housing and homeless services	53,355,509	-	53,355,509	49,962,381	-	49,962,381
Child and family services	24,004,593	-	24,004,593	22,657,352	-	22,657,352
Energy and community resources	13,612,043	-	13,612,043	12,736,356	-	12,736,356
Local initiative	707,834	-	707,834	691,837	-	691,837
Total program services	91,679,979	-	91,679,979	86,047,926	-	86,047,926
Supportive services						
Management and general	4,149,270	-	4,149,270	3,862,000	-	3,862,000
Fundraising	186,890	-	186,890	180,527	-	180,527
Total expenses	96,016,139	-	96,016,139	90,090,453	-	90,090,453
Change in Net Assets from Operations	642,695	249,897	892,592	470,778	(30,046)	440,732
Other Net Asset Transfers	1,352	(1,352)	-	(482)	482	-
Change in Net Assets	644,047	248,545	892,592	470,296	(29,564)	440,732
Net Assets - Beginning of Year as Previously Stated	4,229,511	2,003,250	6,232,761	3,130,070	2,661,959	5,792,029
Change in Accounting Principle	-	-	-	629,145	(629,145)	-
Net Assets - Beginning of Year as Restated	4,229,511	2,003,250	6,232,761	3,759,215	2,032,814	5,792,029
Net Assets - End of Year	<u>\$ 4,873,558</u>	<u>\$ 2,251,795</u>	<u>\$ 7,125,353</u>	<u>\$ 4,229,511</u>	<u>\$ 2,003,250</u>	<u>\$ 6,232,761</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, 2019 and 2018

	Housing and Homeless Services	Child, Family and Adolescent Services	Energy and Community Resources	Local Initiative	Total Program Services	Management and General	Fundraising	2019 Total
Client payments	\$ 44,386,089	\$ 5,165,589	\$ 10,767,408	\$ 6,680	\$ 60,325,766	\$ -	\$ -	\$ 60,325,766
Salaries	3,863,989	10,731,830	1,687,254	406,984	16,690,057	2,205,072	85,991	18,981,120
Taxes and benefits	1,243,113	3,328,468	524,522	108,987	5,205,090	486,831	29,111	5,721,032
Contract services	2,181,361	561,732	108,682	68,657	2,920,432	367,796	11,034	3,299,262
Other expenses	504,720	1,704,952	129,959	23,603	2,363,234	319,659	39,320	2,722,213
Occupancy	662,887	1,336,464	110,055	59,431	2,168,837	193,679	5,859	2,368,375
Other administrative expenses	331,381	274,905	215,922	24,138	846,346	430,598	14,854	1,291,798
Depreciation	151,938	712,682	39,819	9,354	913,793	104,586	721	1,019,100
Interest expense	26,916	171,353	18,539	-	216,808	32,299	-	249,107
Consultants	3,115	16,618	9,883	-	29,616	8,750	-	38,366
Total expenses	\$ 53,355,509	\$ 24,004,593	\$ 13,612,043	\$ 707,834	\$ 91,679,979	\$ 4,149,270	\$ 186,890	\$ 96,016,139

	Housing and Homeless Services	Child, Family and Adolescent Services	Energy and Community Resources	Local Initiative	Total Program Services	Management and General	Fundraising	2018 Total
Client payments	\$ 41,266,487	\$ 5,130,297	\$ 10,033,645	\$ 6,916	\$ 56,437,345	\$ 178	\$ -	\$ 56,437,523
Salaries	3,750,824	9,678,212	1,575,433	398,153	15,402,622	1,855,225	54,825	17,312,672
Taxes and benefits	1,212,177	3,181,071	491,065	108,615	4,992,928	497,811	19,821	5,510,560
Contract services	2,138,650	543,114	173,122	34,452	2,889,338	321,997	41,257	3,252,592
Other expenses	531,809	1,799,803	104,309	37,153	2,473,074	290,668	29,356	2,793,098
Occupancy	636,989	1,263,606	97,414	71,473	2,069,482	197,672	305	2,267,459
Other administrative expenses	225,097	292,844	186,596	24,851	729,388	578,396	34,271	1,342,055
Depreciation	166,784	600,821	38,849	9,198	815,652	89,659	692	906,003
Interest expense	31,585	167,584	21,015	-	220,184	30,069	-	250,253
Consultants	1,979	-	14,908	1,026	17,913	325	-	18,238
Total expenses	\$ 49,962,381	\$ 22,657,352	\$ 12,736,356	\$ 691,837	\$ 86,047,926	\$ 3,862,000	\$ 180,527	\$ 90,090,453

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

Community Teamwork, Inc.
Statements of Cash Flows
For the Years Ended June 30, 2019 and 2018

	2019	2018
Cash Flows From Operating Activities		
Change in Net Assets	\$ 892,592	\$ 440,732
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Non-cash interest expense - 0% Financing	31,743	30,046
Depreciation	1,019,100	906,003
Gain on disposal of fixed assets	(1,000)	-
Bad debt expense	10,349	205,280
<i>Changes in Assets and Liabilities</i>		
Increase in accounts receivable	(649,860)	(313,785)
Increase in due from affiliates	(297,970)	(212,527)
(Increase) decrease in prepaid expenses	(117,345)	13,539
Increase in notes receivable	(637,366)	(119,274)
Increase in beneficial interest in assets held by GLCF	(40,893)	(16,622)
Increase in accounts payable	90,556	74,912
Increase (decrease) in accrued vacation	154,642	(58,440)
Increase in advances on contracts	186,549	364,795
Increase in HMLP liability to CEDAC	717,501	616,877
Increase in other liabilities	197,757	80,742
Net Cash Provided by Operating Activities	<u>1,556,355</u>	<u>2,012,278</u>
Cash Flows from Investing Activities		
Purchase of short-term investment	-	(30,109)
Redemption of short-term investment	30,109	-
Purchase of fixed assets and development property	(1,129,057)	(723,783)
Sales of fixed assets	1,000	-
Net Cash Utilized in Investing Activities	<u>(1,097,948)</u>	<u>(753,892)</u>
Cash Flows from Financing Activities		
Proceeds from notes payable	37,105	-
Payments on notes payable	(292,597)	(294,078)
Net Cash Utilized in Financing Activities	<u>(255,492)</u>	<u>(294,078)</u>
Net Increase in Cash and Cash Equivalents	202,915	964,308
Cash and Cash Equivalents - Beginning	6,947,924	5,983,616
Cash and Cash Equivalents - Ending	<u><u>\$ 7,150,839</u></u>	<u><u>\$ 6,947,924</u></u>
Supplemental Data:		
Interest paid	<u>\$ 217,364</u>	<u>\$ 220,207</u>
Cost basis of fully depreciated assets disposed	<u>\$ 10,400</u>	<u>\$ -</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, 2019 and 2018

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 Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. The Organization is required to report information regarding its financial position and activities according to two classes of net assets based upon the existence or absence of donor-imposed restrictions as follow:

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed stipulations are classified as without donor restrictions. Also included in this category, are net assets that are not subjected to donor-imposed stipulations but are designated to be used for a specified purpose by the Board of Directors.

Net Assets With Donor Restrictions

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 are classified as net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Also included in this category, are net assets subject to donor restrictions to be maintained in perpetuity as permanent assets of 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 specified purposes. For the years ended June 30, 2019 and 2018, the Organization did not have any net assets with donor restrictions to be maintained in perpetuity.

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, 2019 and 2018.

Community Teamwork, Inc.
Notes to Financial Statements
June 30, 2019 and 2018

Note 2 – Summary of Significant Accounting Policies (continued)

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.

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, 2019 and 2018, there was an allowance for doubtful accounts of approximately \$90,000 and \$131,000, 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, 2019 and 2018.

Revenue Recognition

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.

Contributions received with donor-imposed restrictions that are met in the same year as the contribution are reported as without donor restrictions.

Donated Services

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

Community Teamwork, Inc.
Notes to Financial Statements
June 30, 2019 and 2018

Note 2 – Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

The cost of providing the Organization's various programs and supporting services have been summarized on a functional basis in the statements of functional expenses. The statement of functional expenses is required to present the natural classification detail of expenses by function allocated on a reasonable basis that is consistently applied. 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 include 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. Based on management's estimates, certain costs have been allocated among major classes of program services and supporting as appropriate.

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 material unrelated business income taxes and will continue to qualify as a tax-exempt not-for-profit entity.

Adoption of Recent Accounting Pronouncements

During the year ended June 30, 2019, the Organization adopted ASU 2016-14, *Not-for-Profit Entities (Topic 958): "Presentation of Financial Statements for Not-for-Profit Entities."* This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and noted about a not-for-profit entity's liquidity, financial performance, and cash flows. The main provision of this guidance include: presentation of two classes of net assets versus the previously three; recognition of capital gifts as net assets without donor restrictions when the associated long-lived asset is placed in service; and recognition of underwater endowment funds as a reduction in net assets with donor restrictions. The guidance also enhances disclosures for board designated amounts, composition of net assets without donor restrictions, liquidity, and expenses by both their natural and functional classification. As a result of the adoption of this standard, certain amounts from prior year financial statements were reclassified to conform to current year presentation.

Community Teamwork, Inc.
Notes to Financial Statements
June 30, 2019 and 2018

Note 2 – Summary of Significant Accounting Policies (continued)

Adoption of Recent Accounting Pronouncements (continued)

A recap of the net asset reclassifications driven by the adoption of ASU 2016-14 as of June 30, 2017 and 2018, is as follows:

June 30, 2017			
Net Asset Classifications	ASU 2016-14 Classifications		
	Without donor restrictions	With donor restrictions	Total net assets
As previously presented:			
Unrestricted	\$ 3,130,070	\$ -	\$ 3,130,070
Temporarily restricted	629,145	2,032,814	2,661,959
Total net assets as reclassified	<u>\$ 3,759,215</u>	<u>\$ 2,032,814</u>	<u>\$ 5,792,029</u>

June 30, 2018			
Net Asset Classifications	ASU 2016-14 Classifications		
	Without donor restrictions	With donor restrictions	Total net assets
As previously presented:			
Unrestricted	\$ 3,677,601	\$ -	\$ 3,677,601
Temporarily restricted	551,910	2,003,250	2,555,160
Total net assets as reclassified	<u>\$ 4,229,511</u>	<u>\$ 2,003,250</u>	<u>\$ 6,232,761</u>

Prior to the adoption of ASU 2016-14, for assets acquired with donor restricted funds, the Organization reported a release of the donor restriction over the estimated useful life of the acquired assets. Under ASU 2016-14, this option is no longer available in the absence of explicit donor stipulations. Accordingly, as of June 30, 2017, net assets without donor restrictions have been increased by \$629,145 to reflect this change in the accounting principle. Similarly, for the year ended June 30, 2018, satisfaction of property and equipment restrictions, total revenue and support and change in net assets from operations without donor restrictions have been reduced by \$77,235, while the total revenue and support and change in net assets with donor restrictions have increased by \$77,235. The net assets balances presented in the above table represent the net assets balances as restated.

Community Teamwork, Inc.
Notes to Financial Statements
June 30, 2019 and 2018

Note 2 – Summary of Significant Accounting Policies (continued)

Recent Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, “*Revenue from Contracts with Customers*,” amending Financial Accounting Standards Board Accounting Standards Codification (ASC) topic 606. This ASU affects any entity that enters into contracts with customers to transfer goods or services and is intended to enhance the comparability of revenue recognition practices across entities. The new standard requires entities to recognize revenue when the entity has satisfied its performance obligations under contracts with customers in the amount the entity expects to be entitled to in exchange for the goods or services provided. For non-profit organizations with no public debt, this ASU takes effect for annual periods beginning after December 15, 2018. Early adoption is permitted.

In June 2018, the FASB issued ASU 2018-08, “*Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*,” amending Financial Accounting Standards Board Accounting Standards Codification (ASC) 958-605. The new ASU clarifies the difference between an exchange transaction and a contribution and further defines when a contribution is considered conditional or unconditional. This will allow non-profit entities to identify when and how revenue should be recognized. For non-profit organizations without public debt, this ASU is effective for financial statements issued for annual periods beginning after December 15, 2018.

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 these accounting pronouncements 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.

Community Teamwork, Inc.
Notes to Financial Statements
June 30, 2019 and 2018

Note 3 – Liquidity and Availability

Financial assets available for general expenditure, that is, without board-designations or donor restrictions limiting their use, within one year of the statement of financial position date were as follows as of June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Financial assets		
Cash and cash equivalents	\$ 7,150,839	\$ 6,947,924
Short-term investment	-	30,109
Accounts receivable - net	4,301,477	3,661,966
Due from affiliates - net	847,658	549,688
Distribution from beneficial interest held by GLCF	46,219	7,836
Total financial assets available for expenditure	<u>\$ 12,346,193</u>	<u>\$ 11,197,523</u>
Less: amounts not available for general expenditure		
Cash - Representative Payee Program	(111,553)	(138,726)
Cash - SBA Microloan Program	(119,910)	(215,651)
Cash - Home Modification Loan Program	(2,167,930)	(2,032,255)
Board-designated Property Maintenance Reserves	(311,506)	(577,032)
Donor-restricted funds held for specific purposes	(589,150)	(304,204)
Total amounts not available for general expenditure	<u>(3,300,049)</u>	<u>(3,267,868)</u>
Total financial assets available for general expenditure within one year	<u>\$ 9,046,144</u>	<u>\$ 7,929,655</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In the event of an unanticipated liquidity need, the Organization also could draw upon \$2,000,000 available under its line of credit.

Note 4 – Fixed Assets

Fixed assets consisted of the following as of June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Land	\$ 1,352,123	\$ 1,352,123
Buildings and improvements	13,455,249	12,747,014
Equipment	3,661,228	3,250,805
Total Fixed assets	18,468,600	17,349,942
Less: Accumulated depreciation	(8,408,613)	(7,399,912)
Fixed assets – net	<u>\$10,059,987</u>	<u>\$9,950,030</u>

Depreciation expense was \$1,019,100 and \$906,003 for the years ended June 30, 2019 and 2018, 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, 2019 and 2018

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 to eligible property owners. Under the Program, loans of up to \$50,000 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 are interest-free, with repayment required when the property is sold or the title is transferred.

The outstanding balance of the HMLP loan pool at June 30, 2019 and 2018 was \$5,205,077 and \$4,623,251, respectively. There is no allowance for uncollectible loans as the risk of loss on the uncollectible loan amounts is with the funding source (CEDAC).

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, 2019 and 2018, the HMLP liability to CEDAC was as follows:

	2019	2018
HMLP restricted cash	\$ 2,167,930	\$ 2,032,255
HMLP loans receivable	5,205,077	4,623,251
HMLP liability to CEDAC	<u>\$ 7,373,007</u>	<u>\$ 6,655,506</u>

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 support without donor restrictions 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, 2019, the Organization has transferred \$145,805 to the GLCF and has received distributions of \$31,903. There was a contribution of \$30,125 made to the fund during the year ended June 30, 2019. There were no contributions made to the fund during the year ended June 30, 2018. There were no funds distributed from the fund during the years ended June 30, 2019 and 2018. 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, 2019 and 2018, the Organization’s beneficial interest in the funds held by GLCF was \$217,461 and \$176,568, respectively. Net gains (losses) attributed to the fund (including realized and unrealized gains and losses, interest and dividend income and administration fees) amounting to \$10,769 and \$16,622 for the years ending June 30, 2019 and 2018, respectively, have been included in the statements of activities.

Community Teamwork, Inc.
Notes to Financial Statements
June 30, 2019 and 2018

Note 7 – Capital Lease Obligations

The Organization leases buses under multiple capital lease agreements. The buses have been recorded at an estimated fair value of \$1,238,812 and \$896,132 as of June 30, 2019 and 2018, respectively, and are being depreciated over their estimated useful lives of 5 years. As of June 30, 2019 and 2018, accumulated depreciation on the buses was \$735,599 and \$505,472, respectively.

As of June 30, 2019 and 2018, the current and long-term portions of the capital lease liabilities were as follows:

	<u>2019</u>	<u>2018</u>
Current portion of capital lease liabilities	\$ 176,463	\$ 189,309
Long-term portion of capital lease liabilities	<u>350,218</u>	<u>231,901</u>
Total capital lease liabilities	<u><u>\$ 526,681</u></u>	<u><u>\$ 421,210</u></u>

As of June 30, 2019, the Organization had future minimum capital lease commitments as follows with imputed interest rates ranging from 3.22% to 5.25%:

	<u>Total Payment</u>	<u>Imputed Interest</u>	<u>Lease Liability</u>
2020	\$ 198,855	\$ 22,392	\$ 176,463
2021	\$ 158,629	\$ 14,599	\$ 144,030
2022	\$ 118,503	\$ 8,189	\$ 110,314
2023	\$ 84,036	\$ 3,149	\$ 80,887
2024	\$ 15,659	\$ 672	\$ 14,987

Note 8 – 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, 2019 and 2018. The interest rate applied to the outstanding principal balance is 1% above the prime rate (6.5% at June 30, 2019 and 6% at June 30, 2018). 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, 2019 and 2018.

Community Teamwork, Inc.
Notes to Financial Statements
June 30, 2019 and 2018

Note 9 – Notes Payable

	<u>2019</u>	<u>2018</u>
Notes payable to Enterprise Bank & Trust Company in the original principal amounts of \$210,000, \$1,810,750, up to \$880,000, \$1,700,000, \$940,000, \$30,500, and \$37,105. The first note is payable in 120 monthly installments at an interest rate of 4.46%. The second note is payable in 300 monthly installments at an interest rate of 2.68%. The third note is payable in 306 monthly installments at an interest rate of 5.31%. 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%. The seventh note is payable in 60 monthly installments at an interest rate of 4.95%. All seven notes are secured by the related properties.	\$ 3,036,128	\$ 3,212,673
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.	1,424,396	1,453,296
Notes payable to Community Economic Development Assistance Corporation in the original principal amount of \$249,222 (Note A), \$700,000 (Note B), \$1,000,000 (Note C), and \$250,000 (Note D). The notes are interest-free and mature on June 2, 2035, January 22, 2042, and September 30, 2046 (for both Note C and D), respectively. Note A has been reduced by \$153,090, Note B has been reduced by \$518,606, and Note C and D have been reduced by \$929,068 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	2,199,222
Less: deferred interest expense	<u>(1,600,764)</u>	<u>(1,632,507)</u>
Total - net of deferred interest expense	598,458	566,715

Community Teamwork, Inc.
Notes to Financial Statements
June 30, 2019 and 2018

Note 9 – Notes Payable (continued)

	<u>2019</u>	<u>2018</u>
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.	280,135	286,645
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 year, with the balance of the first note payable in 108 monthly installments and the balance of the second note payable in 98 monthly installments.	232,138	275,675
Total Notes Payable	5,571,255	5,795,004
Less: Current Portion of Notes Payable	(323,694)	(306,072)
Long-Term Portion of Notes Payable	<u>\$ 5,247,561</u>	<u>\$ 5,488,932</u>

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

2020	\$ 323,694
2021	335,536
2022	344,243
2023	353,279
2024	344,781
Thereafter	<u>5,470,486</u>
Total	7,172,019
Less: Deferred Interest Expense	<u>(1,600,764)</u>
Total – Net of Deferred Interest Expense	<u>\$ 5,571,255</u>

Community Teamwork, Inc.
Notes to Financial Statements
June 30, 2019 and 2018

Note 10 – Board-designated Net Assets

Board-designated net assets consisted of the following as of June 30th:

	<u>2019</u>	<u>2018</u>
Property Maintenance Reserves		
Merrimack Street	\$ 109,445	\$ 146,402
Princeton Boulevard	99,874	140,000
360 Pawtucket Street	62,229	141,038
Kirk Street	35,341	59,592
536-524 Pawtucket Street	4,617	90,000
Total board-designated net assets	<u>\$ 311,506</u>	<u>\$ 577,032</u>

Note 11 – Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following as of June 30th:

	<u>2019</u>	<u>2018</u>
Interest-free debt	\$ 1,600,764	\$ 1,632,507
HomeBase Program	288,677	298,006
167 Dutton Street renovation	250,000	-
MicroLoan Program	71,385	72,737
YouthBuild Culinary Program	40,969	-
Total net assets with donor restrictions	<u>\$ 2,251,795</u>	<u>\$ 2,003,250</u>

Additional loans made through the Microloan Program are reported as Other Net Asset Transfers on the Statement of Activities.

Note 12 – 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, 2019 and 2018, the value of food vouchers provided to WIC recipients was recorded as contract revenue and client payments at amounts of \$2,203,018 and \$2,166,617.

Note 13 – 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, 2019 and 2018 was \$153,070 and \$154,775, respectively.

As of June 30, 2019, minimum future rentals on non-cancelable operating leases are as follows:

2020	\$ 130,412
2021	\$ 133,672

Community Teamwork, Inc.
Notes to Financial Statements
June 30, 2019 and 2018

Note 14 – 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 \$1,262,151 and \$1,200,843 for the years ended June 30, 2019 and 2018, respectively.

As of June 30, 2019, the Organization had minimum operating lease commitments as follows:

2020	\$ 1,077,327
2021	\$ 720,181
2022	\$ 391,157
2023	\$ 402,278
2024	\$ 395,245
Thereafter	\$ 571,109

Note 15 – Retirement Plan

The Organization provides retirement benefits for its employees through the Community Teamwork, Inc. Retirement Plan. The plan provides for employer contributions 5% of annual compensation. Employees are eligible to receive contributions after six months of service with a vesting schedule graduated from one to three years of service. Retirement expense was \$751,529 and \$740,294 for the years ended June 30, 2019 and 2018, respectively.

Note 16 – 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 \$249,107 and \$250,253 during the years ended June 30, 2019 and 2018, respectively. No interest was capitalized during either of the years ended June 30, 2019 and 2018.

Note 17 – 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 \$12,049,820 and \$12,142,647 for the years ended June 30, 2019 and 2018, 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, 2019.

Community Teamwork, Inc.
Notes to Financial Statements
June 30, 2019 and 2018

Note 17 – Contingencies (continued)

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.

Note 18 – 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 \$77,154 and \$74,362 for the years ended June 30, 2019 and 2018, respectively. MHC incurred management fees totaling \$2,258 and \$2,469 during the years ended June 30, 2019 and 2018, respectively, for the payroll and related expenses of the Organization's employees who performed services on behalf of MHC. As of June 30, 2019 and 2018, MHC's liability to the Organization was \$307,575 and \$199,129, respectively.

The Organization provides management services to Merrimack Valley Housing Services, Inc. ("MVHS"). MVHS incurred reimbursable expenses totaling \$21,195 and \$19,855 during the years ended June 30, 2019 and 2018, for the payroll and related expenses of CTI's employees who performed services on behalf of MVHS. As of June 30, 2019 and 2018, the MVHS's liability to CTI was \$1,718 and \$5,418, respectively.

The Organization advances funds to Community Housing, Inc. ("CHI") to pay for operating expenses and administrative support. The Organization incurred reimbursable expenses totaling \$34,990 and \$22,917 during the years ended June 30, 2019 and 2018, respectively, for the payroll and related expenses of the Organization's employees who performed services on behalf of CHI. As of June 30, 2019 and 2018, the Organization's accounts receivable included amounts due from CHI of \$26,258 and \$16,253, 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 \$275,040 and \$226,500 during the years ended June 30, 2019 and 2018, respectively, for the payroll and related expenses of the Organization's employees who performed services on behalf of CGDC. As of June 30, 2019 and 2018, the Organization's accounts receivable included amounts due from CGDC of \$511,912 and \$328,005, respectively. During the year ended June 30, 2018, CTI forgave \$200,000 of receivables due from CGDC. There was no such forgiveness for the year ended June 30, 2019.

StonyBrook I Housing Services, Inc. (SB1) is an affiliated organization of Common Ground Development Corporation. During the years ended June 30, 2019 and 2018, SB1 incurred expenses totaling \$2,389 and \$2,592, respectively for the payroll and related expenses of CTI employees who performed services on behalf of the Organization. As of June 30, 2019, the Organization's account receivable included amounts due from SB1 of \$195 and \$417, respectively.

Community Teamwork, Inc.
Notes to Financial Statements
June 30, 2019 and 2018

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, 2019 through November 11, 2019, 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, 2019

	Federal Voucher	MRVP	Moderate Rehab	AVHP	FSS	811 Rental Assistance	Total
Assets							
Cash and cash equivalents	\$ 4,502,700	\$ 208,718	\$ 216,727	\$ 32,008	\$ -	\$ 3,068	\$ 4,963,221
Accounts receivable	418,220	25,901	1,648	-	10,982	-	456,751
Prepaid expenses	9,114	27,782	-	-	-	-	36,896
Total assets	<u>\$ 4,930,034</u>	<u>\$ 262,401</u>	<u>\$ 218,375</u>	<u>\$ 32,008</u>	<u>\$ 10,982</u>	<u>\$ 3,068</u>	<u>\$ 5,456,868</u>
Liabilities and Net Assets							
Accounts payable and other liabilities	\$ 285,526	\$ -	\$ -	\$ -	\$ 29,916	\$ -	\$ 315,442
Advances on contracts	2,676,240	-	19,903	-	-	-	2,696,143
Total liabilities	2,961,766	-	19,903	-	29,916	-	3,011,585
Net assets	1,968,268	262,401	198,472	32,008	(18,934)	3,068	2,445,283
Total liabilities and net assets	<u>\$ 4,930,034</u>	<u>\$ 262,401</u>	<u>\$ 218,375</u>	<u>\$ 32,008</u>	<u>\$ 10,982</u>	<u>\$ 3,068</u>	<u>\$ 5,456,868</u>

Community Teamwork, Inc
Housing Programs - DHCD
Supplemental Schedule of Program Revenues, Expenses and Change in Net Assets
June 30, 2019

	Federal Voucher	MRVP	Moderate Rehab	AVHP	FSS	811 Rental Assistance	Total
Revenues							
Federal HAP	\$ 27,608,350	\$ -	\$ 111,660	\$ -	\$ 147,928	\$ 18,877	\$ 27,886,815
DHCD HAP	-	7,497,360	-	71,344	-	-	7,568,704
Federal admin	2,077,336	-	32,911	-	-	910	2,111,157
DHCD admin	-	312,020	-	3,080	-	-	315,100
Subcontract revenue	-	244,900	-	-	-	-	244,900
Total revenues	\$ 29,685,686	\$ 8,054,280	\$ 144,571	\$ 74,424	\$ 147,928	\$ 19,787	\$ 38,126,676
Expenses							
Housing payments	\$ 27,585,781	\$ 7,501,638	\$ 111,660	\$ 71,344	\$ -	\$ 16,719	\$ 35,287,142
Salaries	969,386	121,236	5,674	1,356	92,714	-	1,190,366
Taxes and fringe	335,227	42,942	2,155	723	34,153	-	415,200
Administrative Support	128,045	40,193	-	169	-	-	168,407
Indirect	195,589	26,166	939	250	15,645	-	238,589
Occupancy	191,027	4,143	-	-	-	-	195,170
Program support	64,671	249,823	-	-	3,505	-	317,999
Total expenses	29,469,726	7,986,141	120,428	73,842	146,017	16,719	37,812,873
Change in Net assets	215,960	68,139	24,143	582	1,911	3,068	313,803
Beginning Net Assets	1,752,308	194,262	174,329	31,426	(20,845)	-	2,131,480
Ending Net Assets	\$ 1,968,268	\$ 262,401	\$ 198,472	\$ 32,008	\$ (18,934)	\$ 3,068	\$ 2,445,283

**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, 2019, 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 11, 2019.

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.

Anstiss & Co., P.C.

Lowell, MA

November 11, 2019

**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, 2019. 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, 2019.

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.

Anstiss & Co., P.C.

Lowell, MA

November 11, 2019

Community Teamwork, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

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>
93.600	Head Start
93.558	Temporary Assistance for Needy Families
93,575, 93.596	CCDF Cluster

Dollar threshold used to distinguish between type A and type
B programs: \$1,799,748

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, 2019

	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	MA882DV		<u>\$ 488,655</u>
<u>Pass-through -- City of Lowell</u>				
Community Development Block Grant/Entitlement Grants	14.218	19003410-00		7,000
		32770351-00		3,747
		19005321-00		10,000
		19004905-00		36,000
		32760148-00		2,000
		19003406-00		1,792
		19003405-00		10,000
		19003407-00		5,000
		19006774-00		10,037
		18005520-00		2,431
Total Community Development Block Grant/Entitlement Grants				<u>88,007</u>
Continuum of Care Program	14.267	19004904		<u>56,394</u>
<u>Pass-through -- Commonwealth of Massachusetts</u>				
Supportive Housing for Persons with Disabilities (Section 811)	14.181	SCOCD264219869017MS5		<u>100,176</u>
Emergency Shelter Grants Program	14.231	OCD800016FMESG622121		<u>83,622</u>
Continuum of Care Program	14.267	OCD810016FGBSGRANT10		4,329
		OCD810017FGBSGRANT10		55,481
		OCD810017FNSTGRANT10		97,742
		OCD810018FNSTGRANT10		8,631
		OCD810017FJULGRANT10		80,876
Total - Continuum of Care Program				<u>247,059</u>

Community Teamwork, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

	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>				
Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	14.856	SCOCD264019869019MRB		<u>153,782</u>
Housing Voucher Cluster Section 8 Housing Choice Vouchers	14.871	SCOCD264019869014HCV		<u>1,404,815</u>
Family Unification Program	14.880	SCOCD264119869016FUP		<u>389,922</u>
Total Housing Voucher Cluster				<u>1,794,737</u>
Moving to Work Demonstration Program	14.881	SCOCD264519869015MTW SCOCD264519750001000 SCOCD264519750007SNO		27,760,241 7,751 40,955 <u>27,808,947</u>
Total Moving to Work Demonstration Program				<u>27,808,947</u>
Project Rental Assistance Demonstration	14.326	SCOCD264019961000000		<u>53,219</u>
Financial Self Sufficiency Program	14.896	SCOCD264019869021FSS		<u>119,585</u>
<u>Pass-through -- Justice Resource Institute</u>				
Housing Opportunities for Persons with AIDS	14.241	MA-H160011 MA-H160011 MA-H15F003		117,206 76,094 115,668 <u>308,968</u>
Total - Housing Opportunities for Persons with AIDS				<u>308,968</u>
Total U.S. Department of Housing and Urban Development				<u>31,303,151</u>

Community Teamwork, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

	CFDA Number	Contract Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Health and Human Services				
* Head Start	93.600	01CH10243-03		1,934,151
		01CH10243-04		5,067,366
		01HP000155-01		77,508
Total Head Start				<u>7,079,025</u>
<u>Pass-through -- Commonwealth of Massachusetts</u>				
Low-Income Home Energy Assistance	93.568	POOCD44001857LIHP180		709,952
		SCOCD44001857HW08000		146,871
		SCOCD44001957HW08000		392,306
		POOCD44001957LIHP190		6,732,004
Total Low-Income Home Energy Assistance				<u>7,981,133</u>
Community Services Block Grant	93.569	SCOCD42001860BG11000		157,373
		SCOCD42001960BG11000		346,787
		SCOCD42001860SP24000		25,000
Total Community Services Block Grant				<u>529,160</u>
* Temporary Assistance for Needy Families	93.558	2019FLEXPOOLINCOMEEL		125,525
		2019PRIORPORSUPPMA01		454,854
		2019TEENCONTFLEXPOOL		2,784
		300010COMMUNITY08IE		1,874,488
		3100COMMUNITYTEAPPSP		460,711
		3200COMMUNITYTEAPPTN		144,252
		3300COMMUNITYTEAPPHL		188,917
		400010COMMUNITYT11IE		415,061
		4100COMMUNITYTEAPPSP		44,562
Total Temporary Assistance for Needy Families				<u>3,711,154</u>

Community Teamwork, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

	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	2019FLEXPOOLINCOMEEL 2019PRIORPORSUPPMA01 2019TEENCONTFLEXPOOL 300010COMMUNITY08IE 3100COMMUNITYTEAPPSP 3200COMMUNITYTEAPPTN 3300COMMUNITYTEAPPHL 400010COMMUNITYT11IE 4100COMMUNITYTEAPPSP		7,949 685,706 176 118,707 694,535 9,135 11,963 26,285 67,179
Total Child Care Development Block Grant				<u>1,621,635</u>
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	2019FLEXPOOLINCOMEEL 2019PRIORPORSUPPMA01 2019TEENCONTFLEXPOOL 300010COMMUNITY08IE 3100COMMUNITYTEAPPSP 3200COMMUNITYTEAPPTN 3300COMMUNITYTEAPPHL 400010COMMUNITYT11IE 4100COMMUNITYTEAPPSP		17,062 386,860 378 254,779 391,842 19,606 25,677 56,415 37,901
Total Child Care Mandatory and Matching Funds of the Child Care and Development Fund				<u>1,190,520</u>
Total CCDF Cluster				<u>2,812,155</u>
Total U.S. Department of Health and Human Services				<u>22,112,627</u>

Community Teamwork, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

	CFDA Number	Contract Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Agriculture				
<u>Pass-through -- Commonwealth of Massachusetts</u>				
Special Supplemental Nutrition Program for Women, Infants, and Children (Note 3)	10.557	INTF3502M03162726100 INTF3500J10200717294		716,421 2,203,018 <u>2,919,439</u>
Total Women, Infants, and Children				<u>2,919,439</u>
National School Lunch Program	10.555	SCDOE19758A70532112B SCDOE19758C70532112B SCDOE19758T70532112B		45,581 134,231 485,809 <u>665,621</u>
Total National School Lunch Program				<u>665,621</u>
Child and Adult Care Food Program	10.558	SCDOE19758C70532117A SCDOE19758V70532117A		1,129 1,520 <u>2,649</u>
Total Child and Adult Care Food Program				<u>2,649</u>
WIC Grants to States (WGS)	10.578	INTF3502M03162726100		<u>434</u>
Total Department of Agriculture				<u>3,588,143</u>
Department of Education				
Fund for the Improvement of Education	84.215	18003746-00 19002829-00		32,910 41,315 <u>74,225</u>
Total Fund for the Improvement of Education				<u>74,225</u>
Preschool Development Grants	84.419	18002816-00 19002811-00		270,956 1,172,981 <u>1,443,937</u>
Total Preschool Development Grants				<u>1,443,937</u>
Total Department of Education				<u>1,518,162</u>

Community Teamwork, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

	CFDA Number	Contract Number	Passed Through to Subrecipients	Federal Expenditures
Corporation for National and Community Service				
Retired and Senior Volunteer Program	94.002	17SRAMA001		<u>52,476</u>
Foster Grandparent / Senior Companion Cluster				
Foster Grandparent Program	94.011	16SFAMA003		<u>193,948</u>
Senior Companion Program	94.016	16SCAMA002		<u>294,617</u>
Total Foster Grandparent/Senior Companion Cluster				<u>488,565</u>
<u>Pass-through -- Youthbuild U.S.A.</u>				
Americorps	94.006	16NDHMA0010043		<u>85,499</u>
Total Corporation for National and Community Service				<u>626,540</u>
Department of Labor				
Youthbuild	17.274	YB-310408C0		<u>391,705</u>
Youthbuild - WIOA	17.259	18007570		<u>66,021</u>
Total Department of Labor				<u>457,726</u>
Department of the Interior				
Conservation Activities by Youth Service Organizations	15.931	P14AC00340		<u>170,520</u>
Total Department of the Interior				<u>170,520</u>

Community Teamwork, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

	<u>CFDA Number</u>	<u>Contract Number</u>	<u>Passed Through to Subrecipients</u>	<u>Federal Expenditures</u>
Department of Energy				
<u>Pass-through -- Greater Lawrence Community Action Council, Inc.</u>				
Weatherization Assistance for Low-Income Persons	81.042	MOU		<u>59,770</u>
Total Department of Energy				<u>59,770</u>
Department of Homeland Security				
Emergency Food and Shelter National Board Program	97.024	451000-021		<u>59,455</u>
Total Department of Homeland Security				<u>59,455</u>
Department of Justice				
<u>Pass-through -- Youthbuild U.S.A.</u>				
Juvenile Mentoring Program	16.726	2016-JU-FX-0011		<u>53,995</u>
Total Department of Justice				<u>53,995</u>
Small Business Administration				
Technical Assistance	59.046	SBAHQ18Y0021/0001		<u>30,270</u>
Total Small Business Administration				<u>30,270</u>

Community Teamwork, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

	<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		4,073
		MOU		7,159
Total Department of the Treasury				<u>11,232</u>
<u>Total Expenditures of Federal Awards</u>				<u><u>59,991,591</u></u>

Community Teamwork, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

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, 2019. 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, 2019, the value of food vouchers provided to WIC recipients was \$2,203,018.

* Major Program