

RIVERSIDE COMMUNITY CARE, INC.
**FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION**
YEARS ENDED JUNE 30, 2021 AND 2020



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RIVERSIDE COMMUNITY CARE, INC.
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Riverside Community Care, Inc.
Dedham, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of Riverside Community Care, Inc. (Riverside or the Organization), which comprises the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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.

Auditors' 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 audits 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 auditors' 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 Riverside Community Care, Inc. as of June 30, 2021 and 2020, 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.

Other Supplemental 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* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements. The 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. Such 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 30, 2021, on our consideration of Riverside Community Care, 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 solely 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 the effectiveness of Riverside Community Care, Inc.'s 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 Riverside Community Care, Inc.'s internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Boston, Massachusetts
December 14, 2021

RIVERSIDE COMMUNITY CARE, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 16,284,094	\$ 10,260,767
Contracts Receivable, Net	7,830,352	6,682,813
Program Service Fees Receivable, Net	4,971,481	4,642,396
Current Portion of Contributions Receivable	85,283	-
Other Receivables	914,376	752,060
Prepaid Expenses and Other Current Assets	976,039	1,543,405
Total Current Assets	31,061,625	23,881,441
CONTRIBUTIONS RECEIVABLE, Net	-	221,107
PROPERTY AND EQUIPMENT, Net	27,288,221	26,480,346
INVESTMENTS	199,520	179,998
OTHER ASSETS	150,589	167,699
Total Assets	\$ 58,699,955	\$ 50,930,591
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 2,137,276	\$ 2,943,163
Accrued Salaries and Wages	7,534,151	5,563,814
Funds Held in Trust for Others	911,087	676,793
Deferred Revenue	2,212,969	1,980,191
Current Portion of Capital Lease Obligations	38,991	62,729
Current Maturities of Long-Term Debt	4,135,938	1,202,208
Total Current Liabilities	16,970,412	12,428,898
CAPITAL LEASE OBLIGATIONS, Net of Current Portion	3,763	41,537
LONG-TERM DEBT, Less Current Maturities, Net of Deferred Financing Costs	13,194,696	11,596,565
OTHER LONG-TERM LIABILITIES	5,000	5,000
Total Liabilities	30,173,871	24,072,000
NET ASSETS		
Without Donor Restrictions	24,137,772	22,723,334
With Donor Restrictions	4,388,312	4,135,257
Total Net Assets	28,526,084	26,858,591
Total Liabilities and Net Assets	\$ 58,699,955	\$ 50,930,591

See accompanying Notes to Financial Statements.

RIVERSIDE COMMUNITY CARE, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT			
Program Service Fees, Net of Contractual Allowances	\$ 29,818,389	\$ -	\$ 29,818,389
Provision for Uncollectible Accounts	<u>(1,189,355)</u>	<u>-</u>	<u>(1,189,355)</u>
Net Program Service Fees	28,629,034	-	28,629,034
Contract Revenue	56,504,824	-	56,504,824
Municipal Revenue	1,576,023	-	1,576,023
Contributions	195,047	764,083	959,130
Other Income	7,478,213	-	7,478,213
Net Assets Released from Restrictions Used in Operations	<u>530,550</u>	<u>(530,550)</u>	<u>-</u>
Total Revenues and Other Support	<u>94,913,691</u>	<u>233,533</u>	<u>95,147,224</u>
EXPENSES			
Salaries and Wages	58,116,443	-	58,116,443
Employee Benefits	11,390,320	-	11,390,320
Supplies and Expenses	2,702,070	-	2,702,070
Purchased Services	7,582,346	-	7,582,346
Occupancy	6,731,766	-	6,731,766
Transportation	965,109	-	965,109
Technology	2,944,146	-	2,944,146
Other Expenses	1,031,088	-	1,031,088
Interest Expense	604,766	-	604,766
Depreciation and Amortization	<u>1,442,928</u>	<u>-</u>	<u>1,442,928</u>
Total Expenses	<u>93,510,982</u>	<u>-</u>	<u>93,510,982</u>
EXCESS OF REVENUES AND OTHER SUPPORT OVER EXPENSES			
	1,402,709	233,533	1,636,242
Net Gain on Sale of Property and Equipment	11,729	-	11,729
Unrealized Gain on Investments	<u>-</u>	<u>19,522</u>	<u>19,522</u>
CHANGE IN NET ASSETS	1,414,438	253,055	1,667,493
Net Assets - Beginning of Year	<u>22,723,334</u>	<u>4,135,257</u>	<u>26,858,591</u>
NET ASSETS - END OF YEAR	<u>\$ 24,137,772</u>	<u>\$ 4,388,312</u>	<u>\$ 28,526,084</u>

See accompanying Notes to Financial Statements.

RIVERSIDE COMMUNITY CARE, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Program Service Fees, Net of Contractual Allowances	\$ 30,116,101	\$ -	\$ 30,116,101
Provision for Uncollectible Accounts	(642,583)	-	(642,583)
Net Program Service Fees	29,473,518	-	29,473,518
Contract Revenue	51,971,636	-	51,971,636
Municipal Revenue	1,800,627	-	1,800,627
Contributions	133,811	985,283	1,119,094
Other Income	5,412,093	-	5,412,093
Net Assets Released from Restrictions Used in Operations	364,491	(364,491)	-
Total Revenues and Other Support	89,156,176	620,792	89,776,968
EXPENSES			
Salaries and Wages	54,868,332	-	54,868,332
Employee Benefits	11,159,847	-	11,159,847
Supplies and Expenses	2,565,222	-	2,565,222
Purchased Services	6,345,055	-	6,345,055
Occupancy	6,096,456	-	6,096,456
Transportation	1,472,377	-	1,472,377
Technology	1,952,198	-	1,952,198
Other Expenses	962,423	-	962,423
Interest Expense	578,015	-	578,015
Depreciation and Amortization	1,304,076	-	1,304,076
Total Expenses	87,304,001	-	87,304,001
EXCESS OF REVENUES AND OTHER SUPPORT OVER EXPENSES	1,852,175	620,792	2,472,967
Net Loss on Sale of Property and Equipment	(445,685)	-	(445,685)
Unrealized Gain on Investments	-	4,705	4,705
CHANGE IN NET ASSETS	1,406,490	625,497	2,031,987
Net Assets - Beginning of Year	21,316,844	3,509,760	24,826,604
NET ASSETS - END OF YEAR	\$ 22,723,334	\$ 4,135,257	\$ 26,858,591

See accompanying Notes to Financial Statements.

RIVERSIDE COMMUNITY CARE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	Program Services						Support Services			Total Expenses	
	Behavioral Health Services	Mindwise Innovations	Development and Cognitive Disabilities	Community Living Services	Child and Family Services	Special Projects	Total Program Services	General and Administrative	Fundraising		Total Support Services
Salaries and Wages	\$ 13,187,407	\$ 4,216,929	\$ 14,880,825	\$ 9,654,040	\$ 10,611,317	\$ 13,437	\$ 52,563,955	\$ 5,324,942	\$ 227,546	\$ 5,552,488	\$ 58,116,443
Employee Benefits	2,391,677	893,642	2,727,867	2,008,457	2,181,902	2,697	10,206,242	1,135,885	48,193	1,184,078	11,390,320
Supplies and Expenses	110,071	65,923	1,420,609	349,709	316,184	304,462	2,566,958	127,233	7,879	135,112	2,702,070
Purchased Services	4,249,498	360,925	973,525	29,606	1,263,618	194,250	7,071,422	436,371	74,553	510,924	7,582,346
Occupancy	1,062,138	141,565	1,749,331	2,355,999	840,782	230,759	6,380,574	348,722	2,470	351,192	6,731,766
Transportation	60,148	3,374	521,968	312,370	53,562	2,395	953,817	11,250	42	11,292	965,109
Technology	775,538	273,641	599,246	417,272	486,664	145,128	2,697,489	241,950	4,707	246,657	2,944,146
Other Expenses	139,436	191,434	222,278	129,632	94,777	3,545	781,102	219,867	30,119	249,986	1,031,088
Interest Expense	103,750	6,439	154,210	76,089	147,810	92,591	580,889	23,872	5	23,877	604,766
Depreciation and Amortization	325,048	144,962	314,172	217,634	283,722	66,057	1,351,595	90,297	1,036	91,333	1,442,928
Total Expenses	\$ 22,404,711	\$ 6,298,834	\$ 23,564,031	\$ 15,550,808	\$ 16,280,338	\$ 1,055,321	\$ 85,154,043	\$ 7,960,389	\$ 396,550	\$ 8,356,939	\$ 93,510,982

See accompanying Notes to Financial Statements.

RIVERSIDE COMMUNITY CARE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

	Program Services						Support Services				Total Expenses
	Behavioral Health Services	Mindwise Innovations	Development and Cognitive Disabilities	Community Living Services	Child and Family Services	Special Projects	Total Program Services	General and Administrative	Fundraising	Total Support Services	
Salaries and Wages	\$ 12,635,997	\$ 2,112,040	\$ 13,873,621	\$ 9,803,101	\$ 11,515,494	\$ 6,418	\$ 49,946,671	\$ 4,716,476	\$ 205,185	\$ 4,921,661	\$ 54,868,332
Employee Benefits	2,374,212	450,493	2,619,184	2,123,672	2,444,404	1,371	10,013,336	1,100,667	45,844	1,146,511	11,159,847
Supplies and Expenses	106,102	107,738	1,397,397	421,255	290,674	91,582	2,414,748	139,981	10,493	150,474	2,565,222
Purchased Services	3,055,880	361,902	1,235,555	81,807	1,245,305	4,980	5,985,429	292,079	67,547	359,626	6,345,055
Occupancy	971,609	97,217	1,297,703	2,274,636	714,629	119,020	5,474,814	621,458	184	621,642	6,096,456
Transportation	101,137	34,123	596,913	436,291	229,502	1,424	1,399,390	72,638	349	72,987	1,472,377
Technology	481,417	156,213	393,014	317,558	408,257	624	1,757,083	192,896	2,219	195,115	1,952,198
Other Expenses	138,214	78,293	207,767	160,483	139,417	10,289	734,463	210,498	17,462	227,960	962,423
Interest Expense	32,414	7,241	147,053	76,335	65,808	226,991	555,842	22,172	1	22,173	578,015
Depreciation and Amortization	201,357	115,360	315,401	204,689	202,265	172,773	1,211,845	91,652	579	92,231	1,304,076
Total Expenses	\$ 20,098,339	\$ 3,520,620	\$ 22,083,608	\$ 15,899,827	\$ 17,255,755	\$ 635,472	\$ 79,493,621	\$ 7,460,517	\$ 349,863	\$ 7,810,380	\$ 87,304,001

See accompanying Notes to Financial Statements.

RIVERSIDE COMMUNITY CARE, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 1,667,493	\$ 2,031,987
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	1,442,928	1,304,076
Amortization of Deferred Financing Costs	17,728	13,411
Provision for Uncollectible Accounts	1,189,355	642,583
Unrealized Gain on Investments	(19,522)	(4,705)
Imputed Interest Accretion	79,272	69,981
Gain on Sale of Property and Equipment	(11,729)	445,685
Changes in Cash Resulting from a Change in:		
Contract Receivable	(1,147,539)	(1,228,177)
Program Service Fees Receivable	(1,518,440)	(386,654)
Other Receivables	(162,316)	(29,884)
Contributions Receivable	135,824	178,893
Prepaid Expenses and Other Current Assets	584,476	(223,090)
Accounts Payable and Accrued Expenses	(805,887)	138,019
Accrued Salaries and Wages	1,970,337	2,106,208
Funds Held in Trust for Others	234,294	261,173
Deferred Revenue	232,778	1,042,292
Other Long-Term Liabilities	-	-
Net Cash Provided by Operating Activities	3,889,052	6,361,798
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(2,473,852)	(5,685,866)
Proceeds from Sale of Property and Equipment	234,778	-
(Payments for) Proceeds from Security Deposits	-	(4,021)
Net Cash Used by Investing Activities	(2,239,074)	(5,689,887)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Capital Lease Obligations	(61,512)	(89,819)
Proceeds from Long-Term Debt	5,000,000	4,035,531
Payment of Deferred Financing Costs	(59,026)	-
Principal Payments on Long-Term Debt	(506,113)	(449,494)
Net Cash Provided by Financing Activities	4,373,349	3,496,218
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,023,327	4,168,129
Cash and Cash Equivalents - Beginning of Year	10,260,767	6,092,638
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 16,284,094	\$ 10,260,767
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Paid During the Year for Interest	\$ 525,494	\$ 508,034

See accompanying Notes to Financial Statements.

RIVERSIDE COMMUNITY CARE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 ORGANIZATION

Riverside Community Care, Inc. (Riverside or the Organization) is a Massachusetts based human service organization providing a full range of services to residents of the Commonwealth of Massachusetts. Services include behavioral healthcare, developmental disability and traumatic brain injury programs, substance abuse treatment, and early childhood services. Riverside is a nonprofit corporation organized under Chapter 180 of the general laws of the Commonwealth of Massachusetts. Riverside generates revenues through contracts negotiated with various agencies of the Commonwealth of Massachusetts and, therefore, is subject to the regulations and rate formulas of the Commonwealth of Massachusetts. Revenues are also derived through contracts with U.S. government agencies and from client fees, which are paid by the client or third-party insurers.

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 accounting principles generally accepted in the United States of America.

Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor- (or certain grantor-) imposed restrictions. The board of directors has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as Net Assets Released from Restrictions.

RIVERSIDE COMMUNITY CARE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses, as well as the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Fair Value of Financial Instruments

The Organization categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows. The Organization had no Level 2 assets or liabilities as of June 30, 2021 and 2020.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity. The Organization had no Level 3 assets or liabilities as of June 30, 2021 and 2020.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

Cash and Cash Equivalents

The Organization considers all short-term highly liquid investments with original maturities of three months or less from the date of purchase to be cash equivalents.

RIVERSIDE COMMUNITY CARE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Doubtful Accounts

Accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, the Organization analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about the major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. For receivables associated with services provided to clients who have third-party coverage, the Organization analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary. For receivables associated with self-pay clients, the Organization records a provision for bad debts in the period of service on the basis of its past experience, which indicates that certain clients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

Contributions Receivable

Contributions receivable are unconditional promises to give. Such promises that are expected to be collected within one year are recorded at expected net realizable value when the promise is received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. Contributions receivable are discounted using fair value rates and contributions are written off when deemed uncollectible.

Investments and Investment Income

Investments in equity securities and mutual funds with readily determinable fair values, investments in exchange traded funds, and investments in debt securities are measured at their fair value in the statement of financial position. Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in revenues in excess of expenses unless donor or law restricts the income or loss. Unrealized gains and losses on investments are excluded from revenues in excess (deficit) of expenses. The fair value of investments has been determined primarily by quoted market prices at the statement of financial position date.

Declines in fair market values below original cost of individual securities are evaluated to determine if the declines are other than temporary impairments. Changes in the economic environment, earnings performance, general market conditions, and the investor's ability to hold a security until the market recovers are indicators that are used. If the impairment is determined to be other than temporary, an impairment loss is recognized, and the fair value of the investment becomes the new cost.

Realized and unrealized gains and losses on investments relating to investments with donor restrictions are added to or deducted from net assets with donor restrictions, depending on the type of restriction.

RIVERSIDE COMMUNITY CARE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are recorded at cost, if purchased, or at fair market value, if donated. Assets with an estimated useful life of more than one year and a historical cost in excess of \$5,000 are capitalized. Property and equipment are depreciated over their estimated useful lives, utilizing the straight-line method. Leasehold improvements are amortized over the estimated useful lives of the assets or lease term, if shorter. Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the financial statements. Expenditures for maintenance and repairs are charged to operations, as incurred. Depreciation is provided over the estimated useful lives of the respective assets, as follows:

Buildings and Improvements	20 to 40 Years
Furnishings and Equipment	5 to 10 Years
Motor Vehicles	5 Years

Impairment of Long-Lived Assets

ASC 360, *Property, Plant, and Equipment* requires the Organization to review long-lived assets, such as fixed assets, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset. There were no impairments in 2021 or 2020.

Deferred Financing Costs

Deferred financing costs are amortized over the term of the related loan. Amortization of these costs is provided on a straight-line basis, which approximates the effective method over the term of the related loan. Deferred financing costs are presented as a direct deduction from the carrying amount of the related debt.

Funds Held in Trust for Others

The Organization acts as a representative payee for certain clients served by the Organization's programs. Accordingly, amounts held in trust for clients are recorded as cash and funds held in trust for others in the accompanying balance sheet.

RIVERSIDE COMMUNITY CARE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program Service Fees

The Organization recognizes program service revenue associated with services provided to clients who have third-party payor coverage on the basis of contractual rates for the services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Under the terms of various agreements, regulations, and statutes, certain elements of third-party reimbursements to the Organization are subject to negotiation, audit, and/or final determination by third-party payors. Retroactive adjustments are accrued on an estimated basis in the period related services are rendered and adjusted in future periods as final settlements are determined. For uninsured clients, the Organization recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy). On the basis of historical experience, a portion of the Organization's uninsured clients will be unable or unwilling to pay for the services provided. Thus, the Organization records a provision for bad debts related to uninsured clients in the period the services are provided. Program service fees are recorded as revenue at the point in time when services are provided. Payments received in advance of services are reported as deferred revenue.

Contract and Grant Revenue

The Organization derives revenues through contracts and grants received through the Commonwealth of Massachusetts Department of Mental Health, Department of Public Health, Department of Developmental Services, and the Massachusetts Rehabilitation Commission and from U.S. government agencies, various private foundations, and grantor agencies. Accordingly, the Organization is subject to the regulations and reporting requirements of the applicable governmental and grantor agencies. A portion of the Organization's revenue is derived from cost-reimbursable and unit rate federal and state contracts and grants, which are conditional grants based on certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as earned and are reported as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. As of June 30, 2021, there was \$1,457,147 of conditional contributions that have yet to be recognized in the financial statements.

Contributions

Contributions, including unconditional promises to give, are recognized as revenue in the period when earned. The Organization recognizes contributions when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, 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. Donor restricted contributions whose restrictions are met in the same operating period are presented as unrestricted support. Contributions in the form of property are recorded at the fair market value on the date the property is received.

**RIVERSIDE COMMUNITY CARE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Income

Other income includes miscellaneous program fees and program support service revenue. Other income consists of the following as of June 30:

	2021	2020
Program Fees	\$ 1,780,611	\$ 1,706,388
Section 8 Program Fees	161,688	190,498
Food Stamp Revenue	104,769	74,679
MindWise Revenue	1,640,529	1,741,068
Pass-Through Revenue	3,519,023	1,541,040
Interest Revenue	12,258	20,783
Other Revenues	259,335	137,637
Total	\$ 7,478,213	\$ 5,412,093

As of June 30, 2021, \$7,427,271 of other income is recorded as revenue at the point in time when services are provided.

Functional Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Expenses are directly allocated to program or support services whenever possible. Other shared expenses are allocated based on a reasonable basis that is consistently applied. Salaries and benefits are allocated on the basis of time and effort. The expenses that are allocated are the portions of depreciation and interest expense that are not directly attributable to specific programs or services. These expenses are allocated on a square footage basis.

Tax Status

The Organization is exempt from federal, state and local taxes under Section 501(c)(3) of the IRC and, therefore, has made no provision for income taxes in the accompanying financial statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the IRC. There was no unrelated business income for the year ended June 30, 2021 or 2020.

Under Accounting Standards Codification (ASC) 740, *Income Taxes*, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not that the position will not be sustained upon examination by a taxing authority. Riverside does not believe it has taken any material uncertain tax positions and, accordingly, it has not recorded any liability for unrecognized tax benefits. Riverside is subject to routine audits by taxing authorities. As of June 30, 2021 or 2020, Riverside was not subject to any examinations by taxing authorities.

**RIVERSIDE COMMUNITY CARE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Future Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements for lessees and lessors. The new standard applies a right-of-use (ROU) model that requires, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments to be recorded. The ASU is effective for the Organization's fiscal years beginning after December 15, 2021, with early adoption permitted. Management is currently evaluating the impact of this ASU on its financial statements.

Reclassifications

Certain amounts relating to the prior year have been reclassified to conform with the current year presentation. There is no effect on the change in net assets previously reported.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 30, 2021, the date the financial statements were available to be issued.

NOTE 3 LIQUIDITY AND AVAILABILITY

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

	<u>2021</u>	<u>2020</u>
Cash and Cash Equivalents	\$ 16,284,094	\$ 10,260,767
Investments	199,520	179,998
Contracts Receivable, Net	7,830,352	6,682,813
Program Service Fees Receivable, Net	4,971,481	4,642,396
Contributions Receivable	85,283	-
Other Receivables	914,376	752,060
Less: Donor Restricted Assets	<u>(4,388,312)</u>	<u>(4,135,257)</u>
Total	<u>\$ 25,896,794</u>	<u>\$ 18,382,777</u>

As a part of the Organization's liquidity management plan, it maintained a line of credit totaling \$1,000,000 with a financial institution (see Note 7) during the year ended June 30, 2020. The line of credit was not renewed during the year ended June 30, 2021.

RIVERSIDE COMMUNITY CARE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 4 CONCENTRATIONS OF CREDIT RISK

The Organization has a potential concentration of credit risk in that it occasionally maintains deposits with a financial institution in excess of amounts insured by the Federal Deposit Insurance Corporation (FDIC). The maximum deposit insurance amount is \$250,000, which was applied per depositor, per insured depository institution for each account ownership category. As of June 30, 2021, the Organization had \$15,499,750 in excess of FDIC limits.

The Organization provides the majority of its services through provider agreements with Medicare, Medicaid, and through contracts negotiated with various agencies of the Commonwealth of Massachusetts. Accordingly, these parties represent the majority of the Organization's contracts and program service fees receivable balances at June 30 as follows:

	<u>2021</u>	<u>Percent</u>	<u>2020</u>	<u>Percent</u>
Contract Receivable, Commonwealth of Massachusetts:				
Department of Mental Health	\$ 2,876,777	36%	\$ 2,306,990	41%
Department of Developmental Services	3,200,475	40%	3,101,989	34%
Massachusetts Rehabilitation Commission	613,894	8%	-	0%
Department of Public Health	406,757	5%	375,629	5%
Department of Children and Families	68,232	1%	208,221	3%
Subtotal	<u>7,166,135</u>	91%	<u>5,992,829</u>	83%
Contracts Receivable, Other	739,217	9%	729,984	17%
Subtotal	<u>7,905,352</u>	100%	<u>6,722,813</u>	100%
Less: Allowance for Uncollectible Accounts	<u>(75,000)</u>		<u>(40,000)</u>	
Total	<u>\$ 7,830,352</u>		<u>\$ 6,682,813</u>	
Program Service Fees Receivable:				
Commercial and Other Payers	\$ 1,778,830	30%	\$ 1,522,928	28%
Medicaid	2,816,688	48%	2,391,957	44%
Private	527,778	9%	761,799	14%
Blue Cross Blue Shield	417,017	7%	439,974	8%
Medicare	327,184	6%	324,569	6%
Subtotal	<u>5,867,497</u>	100%	<u>5,441,227</u>	100%
Less: Allowance for Uncollectible Accounts	<u>(896,016)</u>		<u>(798,831)</u>	
Total	<u>\$ 4,971,481</u>		<u>\$ 4,642,396</u>	

Management monitors and adjusts its allowances for uncollectible accounts to ensure that receivables are stated at their net realizable value. Although management expects the amounts recorded as net accounts receivable at June 30, 2021, to be collectible, this concentration of credit risk is expected to continue in the near term.

RIVERSIDE COMMUNITY CARE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 4 CONCENTRATIONS OF CREDIT RISK (CONTINUED)

The methodology and assumptions utilized by management to estimate the allowance for doubtful accounts have not significantly changed from the prior year.

Program service fees, net of contractual allowances and discounts (but before the provision for uncollectible accounts) recognized for the years ended June 30, 2021 and 2020, were as follows for uninsured patients and patients who have third-party coverage.

	<u>Third-Party Payors</u>	<u>Self-Pay</u>	<u>Total All Payors</u>
Program Service Fees, Net of Contractual Allowances and Discounts June 30, 2021	<u>\$ 28,107,670</u>	<u>\$ 521,364</u>	<u>\$ 28,629,034</u>
Program Service Fees, Net of Contractual Allowances and Discounts June 30, 2020	<u>\$ 28,706,540</u>	<u>\$ 766,978</u>	<u>\$ 29,473,518</u>

NOTE 5 CONTRIBUTIONS RECEIVABLE

Contributions receivables as of June 30 are summarized as follows:

	<u>2021</u>	<u>2020</u>
Contributions Receivable Expected to be Collected in:		
Less than One Year	\$ 85,283	\$ -
Two to Five Years	-	221,107
Total Contributions Receivable	<u>\$ 85,283</u>	<u>\$ 221,107</u>

NOTE 6 PROPERTY AND EQUIPMENT

Major classes of property and equipment consisted of the following at June 30:

	<u>2021</u>	<u>2020</u>
Buildings and Improvements	\$ 28,466,190	\$ 21,786,620
Land	6,835,119	6,835,119
Furniture and Equipment	3,200,373	3,110,354
Motor Vehicles	129,281	129,281
Construction-in-Progress	51,177	5,541,333
Subtotal	<u>38,682,140</u>	<u>37,402,707</u>
Less: Accumulated Depreciation and Amortization	11,393,919	10,922,361
Total	<u>\$ 27,288,221</u>	<u>\$ 26,480,346</u>

RIVERSIDE COMMUNITY CARE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 6 PROPERTY AND EQUIPMENT (CONTINUED)

Construction-in-progress consists of several ongoing projects with varying estimated completion dates, none of which include contractual commitments at June 30, 2021.

The Organization accounts for asset retirement obligations in accordance with accounting principles generally accepted in the United States of America. Accordingly, an entity is required to recognize a liability for the fair value of a conditional asset retirement obligation if the fair value can be reasonably estimated based upon a legal obligation to perform an asset retirement activity in which the timing and (or) method of settlement are conditional on a future event that may or may not be within the control of the entity.

Generally accepted accounting principles require that the fair value of a liability for the legal obligation associated with an asset retirement be recorded in the period in which the obligation is incurred. When the liability is initially recorded, the cost of the asset retirement is capitalized. As of June 30, 2021, the Organization did not have sufficient information to estimate the fair value of the asset retirement obligation because the settlement date or the range of potential settlement dates had not been specified by others and information was not available to apply an expected value technique. Therefore, the Organization could not reasonably estimate the fair value of the liability.

NOTE 7 LINE OF CREDIT

The Organization maintained an agreement for a \$1,000,000 revolving line of credit with a financial institution during the year ended June 30, 2020. Borrowings under this agreement were due on demand, and interest was payable monthly at the bank's prime rate plus 0.25% (3.50% at June 30 2020). The line of credit was secured by a first priority lien on all business assets. As of June 30, 2020, \$1,000,000 remained available to draw on the Organization's line of credit. The agreement was also subject to various financial and reporting covenants, with which Riverside was in compliance. The line of credit was not renewed during the year ended June 30, 2021.

RIVERSIDE COMMUNITY CARE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 8 LONG-TERM DEBT

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

<u>Description</u>	<u>2021</u>	<u>2020</u>
Promissory note payable to Community Economic Development Assistance Corporation, imputed interest at 5%, due to June 2032 with possible extended maturity date 10 years beyond the original maturity date, secured by land. Face amount of \$242,500 reduced by imputed interest discount of \$108,886.	\$ 140,614	\$ 133,614
Promissory note payable to Massachusetts Housing Partnership Fund Board, imputed interest at 4.25%, due June 2032 with possible extended maturity date 10 years beyond the original maturity date, secured by land. Face amount of \$390,000 reduced by imputed interest discount of \$155,415.	244,994	234,585
Mortgage note payable to the Newton Community Development Authority in monthly installments of \$333, including interest at 3%, through April 2021, The note is secured by real estate.	-	2,173
Promissory note payable to Community Economic Development Assistance Corporation, imputed interest at 5%, due June 2032 with possible extended maturity date 10 years beyond the original maturity date, secured by land. Face amount of \$203,658 reduced by imputed interest discount of \$91,151.	121,540	115,507
Construction loan interest fixed annually at the Federal Home Loan Bank of Boston 5-year Advance Rate. Monthly payments of interest only until July 8, 2020, and subsequent equal monthly payment of principal interest. Loan matures on February 8, 2044. The note is secured by real estate.	4,778,163	4,896,348

RIVERSIDE COMMUNITY CARE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 8 LONG-TERM DEBT (CONTINUED)

<u>Description (Continued)</u>	<u>2021</u>	<u>2020</u>
Promissory note payable to Community Economic Development Assistance Corporation, imputed interest at 5%, due February 2048, secured by land. Face amount of \$201,800 reduced by imputed interest discount of \$150,066.	\$ 54,444	\$ 51,734
Promissory note payable to Community Economic Development Assistance Corporation, imputed interest at 5%, due June 2032 with possible extended maturity date 10 years beyond the original maturity date, secured by land. Face amount of \$344,392 reduced by imputed interest discount of \$165,078.	188,707	179,314
First mortgage note payable to a bank in monthly installments of \$957, including interest at 6.5%, through October 2033. secured by real estate.	96,433	101,857
Promissory note payable to a bank in monthly installments of \$505, including interest amortized at 5.85% over 30 years with a balloon payment due in September 2022. The note is secured by real estate.	49,456	52,523
First mortgage note payable to a bank in monthly installments of \$1,650, including interest at 6.3%, through April 2032, secured by real estate.	152,690	162,538
First mortgage note payable to a bank in monthly installments of \$1,581, including interest at 5%, through June 2029, secured by real estate.	123,737	136,179
First mortgage note payable to a bank in monthly installments of \$2,376, including interest at 5.2%, through December 2019, when the rate is adjusted to equal the Federal Home Loan Bank 5/20 rate plus 3% to be reset at each five-year anniversary through maturity in December 2029, secured by real estate.	122,947	138,380

RIVERSIDE COMMUNITY CARE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 8 LONG-TERM DEBT (CONTINUED)

<u>Description (Continued)</u>	<u>2021</u>	<u>2020</u>
First mortgage note payable to a bank in monthly installments of \$3,038, including interest at 5.2%, through November 2019, when the rate is adjusted to equal the Federal Home Loan Bank 5/20 rate 3% to be reset at each five-year anniversary through maturity in November 2029, secured by real estate.	\$ 189,865	\$ 207,904
First mortgage note payable to a bank in monthly installments of \$3,638, including interest at 7.125%, through June 2025, secured by real estate.	199,267	227,620
First mortgage note payable to a bank in monthly installments of \$511, including interest at 6.25%, through July 2024, secured by real estate.	16,757	21,684
Promissory note payable to Community Economic Development Assistance Corporation, imputed interest at 5%, due November 2034 with possible extended maturity date 10 years beyond the original maturity date, secured by land. Face amount of \$362,637 reduced by imputed interest discount of \$183,603.	188,413	179,034
Promissory note payable to Community Economic Development Assistance Corporation, imputed interest at 5%, due June 2034 with possible extended maturity date 10 years beyond the original maturity date, secured by land. Face amount of \$317,476 reduced by imputed interest discount of \$157,493.	168,364	159,983
Promissory note payable to Community Economic Development Assistance Corporation, imputed interest at 5%, due June 2054 with possible extended maturity date 10 years beyond the original maturity date, secured by land. Face amount of \$198,286 reduced by imputed interest discount of \$150,204.	50,209	48,082
Promissory note payable to Community Economic Development Assistance Corporation, imputed interest at 5%, due June 2039 with possible extended maturity date 10 years beyond the original maturity date, secured by land. Face amount of \$358,471 reduced by imputed interest discount of \$216,934.	148,952	141,537

RIVERSIDE COMMUNITY CARE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 8 LONG-TERM DEBT (CONTINUED)

<u>Description (Continued)</u>	<u>2021</u>	<u>2020</u>
First mortgage note payable to the Newton Community Development Authority, with 0% stated interest rate, due November 2054. Secured by real estate.	\$ 70,300	\$ 70,300
Promissory note payable to Community Economic Development Assistance Corporation, imputed interest at 5%, due January 2038. Face amount of \$351,233 reduced by imputed interest discount of \$203,832. Secured by real estate.	155,122	147,401
Promissory note payable to Community Economic Development Assistance Corporation, imputed interest at 5%, due January 2038. Face amount \$452,765 reduced by imputed interest discount of \$286,613. Secured by real estate.	174,856	166,152
First mortgage note payable to a bank in monthly principal installments of \$8,389 plus interest at a rate of 4.2%, through March 2021, when the remaining balance is due in full. The note is secured by real estate.	696,287	780,177
First mortgage note payable to a bank in monthly installments of \$1,728, including interest at a rate of 5%, through March 2028, when the remaining balance is due in full. The note is secured by real estate.	116,811	131,176
Massachusetts Health and Educational Facilities Authority Variable Rate Demand Revenue Bonds Series 2016A payable in monthly installments of \$24,859, including variable interest at a rate of 3.7% at June 30, 2020, maturing December 2040, collateralized by real estate.	4,109,994	4,251,380
First mortgage note payable to a bank in monthly installments of \$1,280, including interest at 4.875%, through August 2047, secured by real estate.	225,243	229,402
Massachusetts Health and Educational Facilities Authority Variable Rate Demand Revenue Bonds Series 2016B, fixed interest rate 2.89%, maturing December 2040, monthly principal and interest payments of \$3,296, collateralized by real estate.	54,826	92,169

RIVERSIDE COMMUNITY CARE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 8 LONG-TERM DEBT (CONTINUED)

<u>Description (Continued)</u>	<u>2021</u>	<u>2020</u>
First mortgage note payable to a bank in monthly installments of \$7,080, including interest at 2.79%, through October 2030, secured by real estate.	\$ 1,492,923	\$ -
Payroll Protection Program Loan	<u>3,500,000</u>	<u>-</u>
Subtotal	17,631,914	13,058,753
Less: Current Portion	4,135,938	1,202,208
Less: Unamortized Deferred Financing Costs	<u>301,280</u>	<u>259,980</u>
Total	<u>\$ 13,194,696</u>	<u>\$ 11,596,565</u>

Future maturities of long-term debt are as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2022	\$ 4,135,938
2023	633,592
2024	639,910
2025	657,894
2026	531,509
Thereafter	<u>11,033,071</u>
Total	<u>\$ 17,631,914</u>

Pursuant to its long-term debt agreements, the Organization is required to maintain certain financial and other covenants, which management believes will not restrict the nature of the Organization's business or operations. At June 30, 2021, Riverside believes that it is in compliance with all debt covenants.

On May 28, 2021, the Organization received a loan from Needham Bank in the amount of \$3,500,000 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program Loan (the PPP Loan). The PPP Loan bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration (SBA). Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Organization fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. The covered period, which is up to the 24-week period beginning May 28, 2021, is the time that a business has to spend their PPP Loan funds. The PPP Loan matures on May 28, 2023. Subsequent to year-end, the Organizations obtained full formal forgiveness from the SBA for their PPP Loans and their associated accrued interest.

RIVERSIDE COMMUNITY CARE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 9 CAPITAL LEASE OBLIGATIONS

Assets held under capital lease consisted of the following at June 30:

	<u>2021</u>	<u>2020</u>
Leased Equipment	\$ 338,874	\$ 338,874
Less: Accumulated Amortization	235,069	172,647
Total	<u>\$ 103,805</u>	<u>\$ 166,227</u>

Amortization expense relating to leased equipment included in depreciation and amortization expense for the years ended June 30, 2021 and 2020, amounted to \$62,422 and \$62,434 respectively.

The following is a schedule, by year, of the future minimum lease payments under the capital lease obligations and the net present value of the future minimum lease payments:

<u>Years Ending June 30,</u>	<u>Amount</u>
2022	\$ 38,991
2023	3,763
Total	<u>\$ 42,754</u>

NOTE 10 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30 were available to be used for the following:

	<u>2021</u>	<u>2020</u>
Donor Restricted Net Assets Not Invested in Perpetuity:		
Real Property Utilization	\$ 1,803,212	\$ 1,882,484
Program Services	2,206,014	1,717,844
Newton Affordable Housing	80,000	80,000
Trauma/Suicide Prevention	22,596	43,758
Medical Records System	15,812	15,664
Accumulated Earnings on Endowment	5,700	4,705
Time Restricted	85,283	221,107
Total	<u>\$ 4,218,617</u>	<u>\$ 3,965,562</u>
 Donor Restricted Net Assets Investment in Perpetuity:		
Endowment Fund	\$ 169,695	\$ 169,695
Total	<u>\$ 169,695</u>	<u>\$ 169,695</u>

RIVERSIDE COMMUNITY CARE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 10 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets released from restriction were released for the following purposes for the years ended June 30:

	<u>2021</u>	<u>2020</u>
Program Services	\$ 430,117	\$ 293,973
Trauma/Suicide Prevention	21,161	1,537
Real Property Utilization	79,272	68,981
Total	<u>\$ 530,550</u>	<u>\$ 364,491</u>

NOTE 11 ENDOWMENT

The board of directors has interpreted Massachusetts General Law Chapter 180A as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization would classify, upon receipt of donor restricted endowment funds, as net assets with donor restrictions invested in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The Organization considers the following factors in making a determination to appropriate or accumulate endowment funds: (1) the duration and preservation of the endowment fund; (2) the purposes of the institution and the endowment fund; (3) general economic conditions; (4) the possible effect of inflation or deflation; (5) the expected total return from income and the appreciation of investments; (6) other resources of the institutions, and (7) the investment policy of the institution.

Changes in endowment net assets are as follows:

	<u>2021</u>	<u>2020</u>
Endowment Net Assets - Beginning of Year	\$ 179,998	\$ 175,293
Net Appreciation, Net of Fees	<u>19,522</u>	<u>4,705</u>
Endowment Net Assets - End of Year	<u>\$ 199,520</u>	<u>\$ 179,998</u>

The Organization did not appropriate any accumulated appreciation on the net assets with donor restrictions in 2021 or 2020.

NOTE 12 RETIREMENT PLAN

Riverside maintains a 403(b) defined contribution retirement plan under which all employees are eligible to participate upon hire. During 2021 and 2020, no contributions were made to the plan by the Organization.

**RIVERSIDE COMMUNITY CARE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 13 OPERATING LEASES

The Organization leases building space for program and administrative purposes under various operating leases expiring through 2031. Monthly payments range from \$1,793 to \$44,334. Rent expense totaled \$3,890,785 and \$3,877,812 for the years ended June 30, 2021 and 2020, respectively.

The following is a schedule of future minimum rental payments under noncancelable lease agreements which have remaining terms in excess of one year:

<u>Years Ending June 30,</u>	<u>Amount</u>
2022	\$ 2,510,840
2023	1,495,521
2024	940,266
2025	792,805
2026	765,371
Thereafter	3,096,178
Total	<u>\$ 9,600,981</u>

NOTE 14 COMMITMENTS AND CONTINGENCIES

The human service industry is subject to numerous laws and regulations of federal, state, and local governments. Government activity is ongoing with respect to investigations and allegations concerning possible violations by providers of fraud and abuse statutes and regulations, which could result in the imposition of significant fines and penalties, as well as significant repayments for program services previously billed. Compliance with such laws and regulations can be subject to future government review and interpretations, as well as regulatory actions unknown or unasserted at this time. Management believes that the Organization is in substantial compliance with current laws and regulations.

Claims and legal actions are brought against the Organization during the normal course of business. Management has taken the necessary steps to mitigate potential losses by obtaining insurance coverage and engaging legal counsel. In the opinion of management, no claims or legal actions have been asserted against the Organization which, individually or in the aggregate, will be in excess of its insurance coverage.

NOTE 15 FAIR VALUE OF FINANCIAL MEASUREMENTS AND INVESTMENTS

The Organization uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. Fair value measurement is based on quoted market prices. For additional information on how the Organization measures fair value refer to Note 2 – Summary of Significant Accounting Policies.

RIVERSIDE COMMUNITY CARE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 15 FAIR VALUE OF FINANCIAL MEASUREMENTS AND INVESTMENTS (CONTINUED)

The following table presents the Organization's fair value hierarchy for those assets measured at fair value on a recurring basis as of June 30:

	Total	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
<u>2021</u>				
Investments:				
Equity Securities	\$ 113,987	\$ 113,987	\$ -	\$ -
Subtotal	113,987	\$ 113,987	-	-
Cash Equivalents	85,533			
Total Investments	\$ 199,520			
<u>2020</u>				
Investments:				
Equity Securities	\$ 94,810	\$ 94,810	\$ -	\$ -
Subtotal	94,810	\$ 94,810	-	-
Cash Equivalents	85,188			
Total Investments	\$ 179,998			

The Organization did not have any assets measured at fair value on a nonrecurring basis as of June 30, 2021 or 2020.

NOTE 16 COVID-19 IMPACT

In 2020, the World Health Organization declared the spread of Coronavirus (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. In response to the pandemic and in an effort to supplement lost revenues and support increased costs incurred to secure personal protective equipment, the federal and state governments issued stimulus payments to the Organization.

COVID-19 may also impact various parts of the Organization's 2022 operations and financial results including but not limited to additional costs for emergency preparedness, disease control and containment, potential shortages of healthcare personnel, or loss of revenue due to reductions in certain revenue streams. Management believes that the Organization is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as of June 30, 2021.

RIVERSIDE COMMUNITY CARE, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Health and Human Services:				
Head Start	93.600	Not Available	\$ -	\$ 1,270,590
Passed through the Bradley Hospital:				
NIH/National Institute of Mental Health - Mental Health Research Grants	93.242	Various	-	47,570
Passed through the Boston University:				
NIH/National Institute of Mental Health - Mental Health Research Grants	93.242	Various	-	3,000
Passed through the Commonwealth of Massachusetts:				
Department of Mental Health:				
Block Grants for Community Mental Health Services	93.958	4000-9401	-	2,168,841
Mental Health Disaster Assistance and Emergency Mental Health (FEMA)	93.983	5012-9404	-	2,801,159
Department of Public Health:				
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777	4510-0401	-	8,100
Block Grant for Prevention and Treatment of Substance Abuse	93.959	4512-9069	-	337
Injury Prevention and Control Research and State and Community Based Programs	93.136	4570-1569	-	15,000
Maternal and Child Health Services Block Grant to the States	93.994	4500-2000	-	117,729
Executive Office of Health and Human Services:				
Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	4512-0194	-	332,573
<i>Total U.S. Department of Health and Human Services</i>				6,764,899
U.S. Department of Homeland Security				
Crisis Counseling (FEMA)	97.032	8811-0096	-	302,305
U.S. Department of Justice:				
Passed through the Commonwealth of Massachusetts:				
Office of Victim Assistance:				
Formula Grant for Crime Victim Assistance	16.575	Not Available	-	145,301
U.S. Department of Housing and Urban Development:				
Passed through the City of Cambridge:				
Community Development Block Grants/Entitlement Grants	14.218	Not Available	-	19,080
Passed through City of Newton:				
Community Development Block Grants/Entitlement Grants	14.218	3401	-	50,000
<i>Total U.S. Department of Housing and Urban Development</i>				69,080
U.S. Department of Education:				
Passed through the Commonwealth of Massachusetts:				
Department of Public Health:				
Special Education - Grants for Infants and Families	84.181	4513-9021	-	80,103
Total Expenditures of Federal Awards			\$ -	\$ 7,361,688

See accompanying Notes to Schedule of Expenditures of Federal Awards.

RIVERSIDE COMMUNITY CARE, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2021

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Riverside Community Care, Inc. under programs of the federal government for the year ended June 30, 2019. The information in the 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 Riverside Community Care, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Riverside Community Care, 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 Uniform Guidance, wherein certain types of expenditures are not allowable or limited as to reimbursement.

NOTE 3 INDIRECT COST RATE

Riverside Community Care, Inc. has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.



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

Board of Directors
Riverside Community Care, Inc.
Dedham, Massachusetts

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 Riverside Community Care, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, 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 30, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Riverside Community Care, 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 Riverside Community Care, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Riverside Community Care, 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.

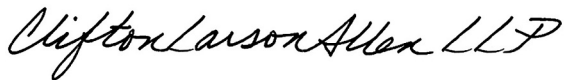
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 Riverside Community Care, 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 financial statements. 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Boston, Massachusetts
December 14, 2021



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

Board of Directors
Riverside Community Care, Inc.
Dedham, Massachusetts

Report on Compliance for Each Major Federal Program

We have audited Riverside Community Care, 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 Riverside Community Care, Inc.'s major federal programs for the year ended June 30, 2021. Riverside Community Care, 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 Riverside Community Care, 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 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 Riverside Community Care, 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 Riverside Community Care, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Riverside Community Care, 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, 2021.

Report on Internal Control Over Compliance

Management of Riverside Community Care, 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 Riverside Community Care, 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 Riverside Community Care, 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.



CliftonLarsonAllen LLP

Boston, Massachusetts
December 14, 2021

**RIVERSIDE COMMUNITY CARE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021**

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal Control over Financial Reporting:

- Material weakness(es) identified? _____yes no
- Significant deficiencies identified that are not considered to be material weakness(es)? _____yes none reported

Noncompliance material to financial statements noted? _____yes no

Federal Awards

Internal Control over Major Programs:

- Material weakness(es) identified? _____yes no
- Significant deficiencies identified that are not considered to be material weakness(es)? _____yes none reported

Type of auditor’s report issued on compliance for major programs: Unmodified

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

Identification of Major Federal Programs

Federal Assistance Listing Number(s)	Name of Federal Program or Cluster
93.982	Mental Health Disaster Assistance and Emergency Mental Health (FEMA)

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

Auditee qualified as low-risk? _____X_____yes _____no

**RIVERSIDE COMMUNITY CARE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2021**

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

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