

**Tri Town Economic Opportunity Committee
(A Nonprofit Corporation)**

Financial Statements

For the Years Ended September 30, 2010 and 2009

With Independent Auditors' Reports

TRI TOWN ECONOMIC OPPORTUNITY COMMITTEE, INC
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FOR YEARS ENDED SEPTEMBER 30, 2010 AND 2009

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To the Board of Directors of
Tri Town Economic Opportunity Committee
Johnston, Rhode Island

We have audited the accompanying statement of financial position of Tri-Town Economic Opportunity Committee (a not for profit corporation) as of September 30, 2010, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of Tri-Town Economic Opportunity Committee as of September 30, 2009, were audited by other auditors whose report dated April 2, 2010, expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tri-Town Economic Opportunity Committee as of September 30, 2010, and the respective changes in its net assets and cash flows, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2011 on our consideration of Tri-Town Economic Opportunity Committee'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* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming opinions on the financial statements of Tri-Town Economic Opportunity Committee taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.



Parmelee Poirier & Associates, LLP
Parmelee, Poirier & Associates, LLP
March 25, 2011

TRI-TOWN ECONOMIC OPPORTUNITY COMMITTEE

Statements of Financial Position

September 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Assets		
Cash	\$ 433,576	\$ 777,625
Grants receivable	792,270	1,059,628
Accounts receivable, net	358,133	278,487
Health center patient fees, net	265,154	277,470
Prepaid expenses	1,896	12,005
Property, plant and equipment, net	<u>3,898,416</u>	<u>2,505,504</u>
Total assets	\$ <u>5,749,445</u>	\$ <u>4,910,719</u>
Liabilities and Net Assets		
Liabilities:		
Line of credit	\$ 175,000	\$ 300,000
Current portion of long-term debt	24,854	19,047
Accounts payable	559,413	291,502
Accrued expenses	94,916	254,874
Refundable grants	54,432	169,902
Deferred revenues	122,254	516,862
Interest rate swap	161,198	118,858
Debt	<u>1,093,962</u>	<u>719,419</u>
Total liabilities	<u>2,286,029</u>	<u>2,390,464</u>
Net assets:		
Available for operations	1,020,014	872,075
Investment in property, plant and equipment	<u>2,443,402</u>	<u>1,648,180</u>
Total net assets	<u>3,463,416</u>	<u>2,520,255</u>
Total liabilities and net assets	\$ <u>5,749,445</u>	\$ <u>4,910,719</u>

See accompanying notes to the financial statements.

TRI-TOWN ECONOMIC OPPORTUNITY COMMITTEE

Statements of Activities

Years Ended September 30 2010 and 2009

	2010	2009
Revenues and other support:		
Grants and contracts	\$ 12,439,020	\$ 9,356,712
USDA	89,979	86,627
Patient service revenue	1,834,123	1,669,405
Fee for service	495,661	346,338
Other revenue	134,538	289,232
Total revenues and other support	14,993,321	11,748,314
Expenses:		
Program services:		
Family health services	4,369,042	3,722,037
Senior services	1,119,687	887,335
Youth programs	550,084	587,508
Education and employment training	389,746	627,192
Early childhood programs	2,206,118	1,928,805
Energy services	4,317,919	3,414,308
Social services and support	839,630	226,568
Total program services	13,792,225	11,393,753
Support services:		
Management, general and facilities	215,595	193,498
Total expenses	14,007,820	11,587,251
Other income (expense):		
Change in interest rate swap	(42,340)	(118,858)
Total other income (expense)	(42,340)	(118,858)
Change in net assets	943,161	42,205
Net assets, beginning	2,520,255	2,478,050
Net assets, ending	\$ 3,463,416	\$ 2,520,255

See accompanying notes to the financial statements.

TRI-TOWN ECONOMIC OPPORTUNITY COMMITTEE
Statement of Functional Expenses

Year Ended September 30, 2010

	Family Health Services	Senior Services	Youth Programs	Program Services Education & Employment Training	Early Childhood Programs	Energy Services	Social Services & Support	Total	Management and General	2010 Total Expenses
Operating:										
Salaries	1,654,095	679,886	240,278	258,697	1,114,058	275,372	103,240	4,325,626	662,247	\$ 4,987,873
Payroll taxes and fringe	343,654	163,759	55,261	58,544	332,013	77,371	22,433	1,053,035	112,675	1,165,710
Contracted services	226,863	2,601	94,568	54	7,132	23,070	1,874	356,162	107,644	463,806
Office supplies	60,436	11,650	7,726	3,520	4,460	7,249	1,437	96,478	26,208	122,686
Advertising	15,981	561	19,338	-	3,105	-	1,181	40,166	100	40,266
Education and training	27,448	4,964	399	1,968	35,228	1,836	8,481	80,324	5,060	85,384
Travel and transportation	34,396	29,860	6,381	3,967	20,764	79	1,460	96,907	10,987	107,894
Equipment and vehicle expense	49,516	4,471	14,853	2,235	41,888	29,328	1,857	144,148	49,973	194,121
Insurance	60,998	4,767	1,885	185	12,788	8,192	1,292	90,107	13,149	103,256
Refundable grant proceeds	36,000	-	-	-	-	-	-	36,000	-	36,000
Program and other supplies	158,166	2,081	22,533	8,115	60,501	40,448	8,913	300,757	2,272	303,029
Telephone and utilities	52,808	23,896	9,586	5,012	50,003	7,454	2,482	151,241	19,481	170,722
Facility costs	161,117	45,037	11,642	9,339	158,481	14,997	10,671	411,284	21,557	432,841
Program services	11,490	-	-	15,040	126,993	-	-	153,523	-	153,523
Dues, subscriptions and licenses	30,456	1,067	1,166	-	6,178	547	687	40,101	10,091	50,192
Other	9,947	2,835	502	196	2,700	5,351	26	21,557	25,075	46,632
Energy labor and materials	-	-	-	-	-	1,435,553	-	1,435,553	-	1,435,553
Depreciation	53,284	14,894	3,850	3,089	52,412	4,960	3,529	136,018	7,129	143,147
Direct client assistance and food	995,000	-	-	-	-	-	659,409	1,654,409	-	1,654,409
Bad debt expense	50,000	-	-	-	-	-	-	50,000	-	50,000
Interest expense	23,262	9,561	3,379	3,638	15,667	3,873	1,452	60,833	9,313	70,146
Subtotal	4,054,917	1,001,891	493,347	373,599	2,044,371	1,955,679	830,424	10,734,228	1,082,962	11,817,190
Space costs allocated to programs	(48,363)	(13,519)	(3,495)	(2,803)	(47,572)	(4,502)	(3,203)	(123,456)	(6,471)	(129,927)
Allocation of indirect costs	362,488	131,315	60,231	18,951	209,318	66,184	12,409	860,896	(860,896)	-
Subtotal	4,369,042	1,119,687	550,084	389,746	2,206,118	1,997,362	839,630	11,471,668	215,595	11,687,263
Pass through:										
Fuel assistance payments	-	-	-	-	-	2,320,557	-	2,320,557	-	2,320,557
Sub-grantee awards	-	-	-	-	-	-	-	-	-	-
Other pass through	-	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	2,320,557	-	2,320,557	-	2,320,557
Total expenses	\$ 4,369,042	\$ 1,119,687	\$ 550,084	\$ 389,746	\$ 2,206,118	\$ 4,317,919	\$ 839,630	\$ 13,792,225	\$ 215,595	\$ 14,007,820

See accompanying notes to the financial statements.

TRI-TOWN ECONOMIC OPPORTUNITY COMMITTEE
Statement of Functional Expenses

Year Ended September 30, 2009

	Program Services						Social Services & Support	Total	Management and General	Total Expenses
	Family Health Services	Senior Services	Youth Programs	Education & Employment Training	Early Childhood Programs	Energy Services				
Operating:	\$ 1,226,946	\$ 514,055	\$ 253,150	\$ 304,445	\$ 960,670	\$ 195,494	\$ 7,492	\$ 3,462,252	\$ 610,091	\$ 4,072,343
Salaries	263,994	131,205	51,539	52,811	275,750	57,365	1,311	833,975	106,109	940,084
Payroll taxes and fringe	178,611	17,730	97,018	512	21,081	13,796	-	328,748	41,068	369,816
Contracted services	32,046	20,444	13,064	2,788	7,084	7,696	1,200	84,322	19,337	103,659
Office supplies	14,270	272	9,699	435	2,692	-	-	27,368	1,875	29,243
Advertising	52,878	8,232	35,455	1,797	24,611	657	-	123,630	4,709	128,339
Education and training	373	15,548	14,578	9,608	11,680	146	-	51,933	8,195	60,128
Travel and transportation	44,962	10,359	9,370	1,407	33,279	95,215	-	194,592	31,438	226,030
Equipment and vehicle expense	73,825	2,683	3,042	1,800	21,187	10,348	688	113,573	17,237	130,810
Insurance	169,902	-	-	-	-	-	-	169,902	-	169,902
Refundable grant proceeds	94,886	694	12,016	8,037	47,578	27,942	-	191,153	707	191,860
Program and other supplies	43,477	22,024	8,003	2,584	57,585	8,466	1,839	143,978	19,848	163,826
Telephone and utilities	174,654	31,299	10,678	12,234	140,429	16,230	9,861	395,385	16,336	411,721
Facility costs	28,471	1,032	-	8,691	125,518	-	-	163,712	2,521	166,233
Program services	28,783	6,202	1,363	-	7,784	712	-	44,844	3,380	48,224
Dues, subscriptions and licenses	3,867	3,819	497	12,414	2,570	4,610	30	27,807	44,270	72,077
Other	-	-	-	-	-	719,225	-	719,225	-	719,225
Energy labor and materials	39,987	7,166	2,445	2,801	32,151	3,716	2,258	90,524	3,740	94,264
Depreciation	976,547	-	-	-	-	-	186,826	1,163,373	-	1,163,373
Direct client assistance and food	50,000	-	-	-	-	-	-	50,000	-	50,000
Bad debt expense	34,787	6,234	2,127	2,437	27,970	3,233	1,964	78,752	3,254	82,006
Interest expense	-	-	-	-	-	-	-	-	-	-
Subtotal	3,533,266	798,998	524,044	424,801	1,799,619	1,164,851	213,469	8,459,048	934,115	9,393,163
Space costs allocated to programs	(82,531)	(14,261)	(4,865)	(5,574)	(66,937)	(7,395)	(4,493)	(186,056)	(7,442)	(193,498)
Allocation of indirect costs	271,302	102,598	68,329	33,746	196,123	43,485	17,592	733,175	(733,175)	-
Subtotal	3,722,037	887,335	587,508	452,973	1,928,805	1,200,941	226,568	9,006,167	193,498	9,199,665
Pass through:	-	-	-	-	-	2,213,367	-	2,213,367	-	2,213,367
Fuel assistance payments	-	-	-	174,219	-	-	-	174,219	-	174,219
Sub-grantee awards	-	-	-	-	-	-	-	-	-	-
Other pass through	-	-	-	-	-	-	-	-	-	-
Subtotal	-	-	-	174,219	-	2,213,367	-	2,387,586	-	2,387,586
Total expenses	\$ 3,722,037	\$ 887,335	\$ 587,508	\$ 627,192	\$ 1,928,805	\$ 3,414,308	\$ 226,568	\$ 11,393,753	\$ 193,498	\$ 11,587,251

See accompanying notes to the financial statements.

TRI-TOWN ECONOMIC OPPORTUNITY COMMITTEE

Statements of Cash Flows

Years Ended September 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Change in net assets	\$ 943,161	\$ 42,205
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	143,147	94,264
Loss on interest rate swap contract	42,340	118,858
Change in:		
Grants receivable	267,358	(317,801)
Accounts receivable	(79,646)	17,375
Health center patient fees receivable	12,316	15,940
Prepaid expenses	10,109	22,617
Accounts payable	267,911	70,481
Accrued expenses	(159,958)	103,083
Refundable advances	(115,470)	4,820
Deferred revenues	(394,608)	402,022
Total adjustments	<u>(6,501)</u>	<u>531,659</u>
Net cash provided by operating activities	<u>936,660</u>	<u>573,864</u>
Cash flows from investing activities:		
Cash paid for construction in progress	-	(43,121)
Purchase of property, plant and equipment	(1,536,059)	(150,376)
Net cash used in investing activities	<u>(1,536,059)</u>	<u>(193,497)</u>
Cash flows from financing activities:		
Net change in line of credit borrowing	(125,000)	-
Net change in long term debt	380,350	(30,611)
Net cash used in financing activities	<u>255,350</u>	<u>(30,611)</u>
Change in cash and cash equivalents	(344,049)	349,756
Cash and cash equivalents, beginning	<u>777,625</u>	<u>427,869</u>
Cash and cash equivalents, ending	<u>\$ 433,576</u>	<u>\$ 777,625</u>

See accompanying notes to the financial statements.

TRI-TOWN ECONOMIC OPPORTUNITY COMMITTEE

Notes to Financial Statements

For the Years Ended September 30, 2010 and 2009

Note 1 - Nature of Organization and Significant Accounting Policies

Tri-Town Economic Opportunity Committee, Inc. (the "Agency") is a not-for-profit community action agency. The Agency is a community-based, multi-purpose organization committed to providing quality, comprehensive social, health and advocacy services to individuals and families in need while promoting their self-sufficiency. The Agency coordinates and administers a variety of programs and activities to eligible clients primarily through programs funded by various federal, state and local agencies.

A summary of significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

Basis of Combination

The combined financial statements of the Health Center and the Foundation have been prepared on the accrual basis. All significant intercompany account balances and transactions have been eliminated in combination.

Basis of Presentation

The financial statements are presented on the basis of unrestricted, temporarily restricted and permanently restricted net assets in accordance with Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-For-Profit Organizations*. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets - consist of assets, public support and program revenues, which are available and used for operations and programs. Contributions are considered available for unrestricted use unless specifically restricted by the donor. Unrestricted net assets are further classified for display purposes as follows:

Available for Operations - represents the portion of expendable funds that is available for support of operations.

Net Investment in Plant - represents resources used for plant acquisitions net of financing plant assets.

Temporarily Restricted Net Assets - include funds with donor-imposed restrictions, which permit the Organization to expend the assets as specified, and are satisfied either by the passage of time or by actions of the Organization. Resources of this nature originate from gifts, grants, bequests, contracts and investment income earned on restricted funds.

Use of Estimates

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

TRI-TOWN ECONOMIC OPPORTUNITY COMMITTEE

Notes to Financial Statements

For the Years Ended September 30, 2010 and 2009

Note 1 - Nature of Organization and Significant Accounting Policies (Continued)

Cash

The Agency maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Agency has not experienced any losses in such accounts.

Grants and Contracts Revenue Recognition and Receivable

The Agency receives significant grants from federal, state and local governments. Entitlement to the resources is generally conditional upon compliance with the terms and conditions of the grant and contract agreements and is subject to review and audit by the grantors or their representatives. Such audits could result in a request for reimbursement to the grant agency if expenditures are disallowed. Management is not aware of any potential disallowances.

Grants and contracts receivable are carried at original invoice amount less an estimate made for doubtful accounts based on a review of all outstanding amounts on a periodic basis. Management determines the allowance for doubtful accounts by regularly evaluating individual grantor receivables and considering the services provided and the current economic conditions. Grants and contracts receivable are written off when deemed uncollectible. Recoveries of grants and contracts receivable previously written off are recorded as revenue when received.

Health Center Patient Service Revenue and Fee Receivable

The Agency has entered into payment agreements with Medicare, Medicaid and various commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to the Agency under these agreements includes discounts from established charges, fee screens and capitation fees earned on a per-member-per-month basis. Net patient service revenue is reported at the estimated net realizable amounts due from patients, third-party payors, and others for services rendered.

Under the terms of various agreements, regulations and statutes, certain elements of third-party reimbursement are subject to negotiation, audit and/or final determination by the third-party payors. Variances between preliminary estimates of net patient service revenue and final third-party settlements are included in net patient service revenue in the year in which the settlement or change in estimate occurs.

Patient accounts receivable, where a third party payor is responsible for paying the amount, are carried at a net amount determined by the original charge for the service provided, less an estimate made for contractual adjustments or discounts provided to the third party payor.

Patient receivables due directly from the patients are carried at the original charge for the services provided less amounts covered by third party payors and less an estimated allowance for doubtful accounts. Management determines the allowance for doubtful accounts by identifying troubled accounts and by historical experience applied to an aging of accounts. Patient receivables are written off as bad debt expense when deemed uncollectible. Recoveries of receivables previously written off are recorded as a reduction of bad debt expense when received.

TRI-TOWN ECONOMIC OPPORTUNITY COMMITTEE

Notes to Financial Statements

For the Years Ended September 30, 2010 and 2009

Note 1 - Nature of Organization and Significant Accounting Policies (Continued)

Accounts Receivable, Other

Accounts receivable, other represent amounts due from other agencies and municipalities for services provided by the Agency. Management determines the allowance for doubtful accounts by identifying troubled accounts and by historical experience applied to an aging of accounts. Accounts receivable are written off as bad debt expense when deemed uncollectible. Recoveries of receivables previously written off are recorded as a reduction of bad debt expense when received.

Fair Value Measurements

The Agency measures its financial instruments at fair value. Fair value standards require an entity to maximize the use of observable inputs and minimize the use of unobservable inputs to determine value. Fair value standards also require the Agency to classify its financial instruments into a three-level hierarchy, based on the priority of inputs to the valuation technique is as follows:

Level 1 – Quoted prices are available in active markets for identical investments as of the reporting date. The types of investments included in Level 1 include listed equity and debt securities publicly traded on a stock exchange.

Level 2 - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Instruments which are generally included in this category include less liquid and restricted equity securities and over-the-counter derivatives including corporate bonds and loans and public company equity securities with legal restrictions.

Level 3 – Pricing inputs are unobservable for the instrument and include situations where there is little, if any market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation. Instruments that are included in this category generally include investments in privately-held portfolio companies, promissory notes to privately-held companies and interests in other investment partnerships.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such instances, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Fair values of financial instruments are included in the table below. The fair values of such instruments have been derived, in part, by management's assumptions, the estimated amount and timing of future cash flows and estimated discount rates. Different assumptions could significantly affect these estimated fair values. Accordingly, the net realizable values could be materially different from the estimates presented below at September 30, 2010. In addition, the estimates are only indicative of the value of individual financial instruments and should not be considered an indication of the fair value of the Agency.

Cash	Carrying amount approximates fair value
Grants and Contracts receivable	Carrying amount approximates fair value
Health Center patient fees receivable	Carrying amount approximates fair value
Accounts receivable, other	Carrying amount approximates fair value
Accounts payable	Carrying amount approximates fair value
Debt	Carrying amount approximates fair value

TRI-TOWN ECONOMIC OPPORTUNITY COMMITTEE

Notes to Financial Statements

For the Years Ended September 30, 2010 and 2009

Note 1 - Nature of Organization and Significant Accounting Policies (Continued)

Property, Plant and Equipment

Property, plant and equipment acquisitions are recorded at cost. Property and equipment donated for operations are recorded at fair value at the date of receipt. Depreciation and amortization of property and equipment are provided over the estimated useful lives of the respective assets on a straight-line basis as follows:

<i>Description</i>	<i>Years</i>
Furniture and equipment	5-7
Buildings and building improvements	20-39
Vehicles	5-10

Expenditures for major renewals and improvements are capitalized, while expenditures for maintenance and repairs are expensed as incurred.

Deferred Revenue

Deferred revenue represents amounts received in advance of incurring expenses of particular program exchange transactions. Such amounts are recorded as support when the related program expenditure is made.

Charity Care

The Agency provides medical and behavioral health care without charge or at amounts less than its established rates to patients who meet certain criteria under its charity care policy. Because the Agency does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

Allocation of Functional Expenses

The cost of providing various programs and other activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. General and administrative costs directly reimbursed by the applicable funding source are classified as program costs.

Income Tax Status

The Agency is qualified under Section 501(c)(3) of the Internal Revenue Code and is exempt from Federal and state income taxes. The Agency accounts for the effect of any uncertain tax positions based on a "more likely than not" threshold to the recognition of the tax positions being sustained based on the technical merits of the position under scrutiny by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a "cumulative probability assessment" that aggregates the estimated tax liability for all uncertain tax positions. Interest and penalties assessed, if any, are accrued as income tax expense. The Agency has identified its tax status as a tax exempt entity as a tax position; however, the Agency has determined that such tax position does not result in an uncertainty requiring recognition. The Agency is not currently under examination by any taxing jurisdiction. It's Federal and state income tax returns are generally open for examination for the past 3 years.

TRI-TOWN ECONOMIC OPPORTUNITY COMMITTEE

Notes to Financial Statements

For the Years Ended September 30, 2010 and 2009

Note 1 - Nature of Organization and Significant Accounting Policies (Continued)

Advertising costs

The Agency expenses advertising costs as incurred. During the years ended September 30, 2010 and 2009, the Agency incurred advertising expense totaling \$40,266 and \$29,243, respectively.

Note 2 – Health Center Patient Fees Receivable, Net

The Agency grants credit without collateral to its patients, most of who are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at September 30 was as follows:

	<i>2010</i>	<i>2009</i>
Medicaid and Medicare	\$ 74,148	\$ 94,097
Other third party payors	168,111	172,615
Private patients	186,463	124,326
	428,722	391,038
Less allowance for doubtful accounts	163,568	113,568
Patient accounts receivable, net	\$ 265,154	\$ 277,470

Note 3 – Property, Plan and Equipment, Net

The following is a summary at September 30:

	<i>2010</i>	<i>2009</i>
Land	\$ 362,000	\$ 362,000
Buildings	4,223,497	2,914,501
Furniture and equipment	516,542	467,861
Vehicles	155,084	155,084
Construction in process	-	43,121
	5,257,123	3,942,567
Less accumulated depreciation	1,358,707	1,437,063
Property, plant and equipment, net	\$ 3,898,416	\$ 2,505,504

Note 4 – Line of Credit

The Agency has outstanding a demand line of credit with a financial institution with a maximum availability of \$300,000. Interest is computed at the institution's floating prime rate on the note's outstanding balance (3.26% and 3.25%, at September 30, 2010 and 2009, respectively). The note is collateralized by all of the Agency's business assets. The outstanding balance was \$175,000 and \$300,000 at September 30, 2010 and 2009, respectively. Interest expense was \$7,566 and \$10,696 for the years ended September 30, 2010 and 2009, respectively.

TRI-TOWN ECONOMIC OPPORTUNITY COMMITTEE
Notes to Financial Statements
For the Years Ended September 30, 2010 and 2009

Note 5 – Long-Term Debt

	2010	2009
Long-term debt consists of the following at September 30:		
Note payable to a financial institution, secured by a vehicle, payable in monthly installments of approximately \$245, including interest at 7.99%, through June 2011	\$ 2,096	\$ 4,658
Mortgage payable to a financial institution payable in monthly installments of approximately \$1,586, including interest at 12%, through December 2009. The mortgage is collateralized by certain of the Agency's land and buildings.	-	4,732
Mortgage payable, originating in July 2010, to a financial institution payable in monthly installments of approximately \$2,866, including interest at a fixed rate of 6%. The mortgage is collateralized by certain of the Agency's land and buildings.	399,400	-
Mortgage payable to a financial institution payable in monthly installments of approximately \$2,700, including interest at a variable rate through September 2017. The interest rate was 2.77% and 2.77% at September 30, 2010 and 2009, respectively. The mortgage is collateralized by certain of the Agency's land and buildings.	717,319	729,076
Total long-term debt	1,118,815	738,466
Less current maturities	24,854	19,047
Long-term debt	\$ 1,093,961	\$ 719,419

Aggregate maturities of the long-term debt for the years ended September 30 are as follows:

2011	\$	24,854
2012		22,758
2013		22,758
2014		22,758
2015		351,360
Thereafter		674,327
	\$	1,118,815

TRI-TOWN ECONOMIC OPPORTUNITY COMMITTEE

Notes to Financial Statements

For the Years Ended September 30, 2010 and 2009

Note 6 - Interest Rate Swap

The Agency has entered into an interest rate swap agreement in order to hedge the variable interest rate exposure on its mortgage note, thereby managing the interest cost risk. The swap agreement calls for the Agency to pay a fixed rate of interest of 5.45% through September 18, 2017 while it receives a variable payment, based on the London Inter-Bank Offer Rate (LIBOR), from the counter party to the swap. The swap is for a notional amount of \$750,000 and allows the Agency to manage interest rate exposure. The swap is accounted for at market value and such was a liability of \$161,198 and \$118,858 for the years ended September 30, 2010 and 2009, respectively. The swap is considered a Level 2 financial instrument.

Note 7 - Operating Leases

The Agency leases various equipment and automobiles under non-cancelable lease agreements expiring at various dates through June 2014. Rental expense totaled \$94,550 and \$95,248 during the years ended September 30, 2010 and 2009, respectively.

Minimum future net lease payments, under non-cancelable operating leases having a remaining term in excess of one year as of September 30, 2010 are as follows at September 30:

2011	\$	48,177
2012		26,718
2013		11,391
2014		6,985
	\$	<u>93,271</u>

Note 8 - Defined Contribution Plan

The Agency sponsors a defined contribution money purchase retirement plan under Section 403(b) of the Internal Revenue Code which provides for retirement benefits for substantially all employees. Under the plan, participants may contribute a portion of their compensation within certain limitations. The Agency contributes three percent of each participant's compensation. Expenses relating to the plan were \$78,333 and \$67,809 for the years ended September 30, 2010 and 2009, respectively.

Note 9 - In-Kind Revenue

The Agency receives in-kind contributions consisting of volunteer services, commodities, facilities and equipment for use in its programs which met the matching requirements of those programs. The contributions that are reflected in the financial statements are those that are required to be recognized under accounting principles relative to accounting for contributions received and contributions made, which recognizes contributions of services if the services received require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The Agency has also received volunteer services, which have not been reflected in the financial statements, and are valued at approximately \$889,716 and \$407,000 for the years ended September 30, 2010 and 2009, respectively and which qualify as matching contributions for the Agency's programs

TRI-TOWN ECONOMIC OPPORTUNITY COMMITTEE

Notes to Financial Statements

For the Years Ended September 30, 2010 and 2009

Note 10 – WIC Food Supplements

The Agency's clients receive direct support from the Rhode Island Department of Health for WIC food supplements. The dollar amount of these supplements provided to clients were supplied to the Agency by the Rhode Island Department of Health and amounted to \$953,649 and \$997,547 for the years ended September 30, 2010 and 2009, respectively and is included in the statement of activities.

Note 11 - Concentrations

Revenues from two grants accounted for 16.7% and 12.5% of total revenues in 2010. Accounts receivable from one grantor accounted for 24.3% of total accounts receivable at September 30, 2010.

Note 12 - Related Party Transactions

The Agency has an agreement with South County Community Action, a Rhode Island non-profit community action agency, to provide management services. The contract is ongoing and provides for the Agency to paid \$130,000 per year for the management services provided.

Note 13 – Subsequent Events

Management has evaluated subsequent events through March 25, 2011, the date the financial statements were available to be issued. As a result of this review no material subsequent events were noted.

TRI TOWN ECONOMIC OPPORTUNITY COMMITTEE

SINGLE AUDIT SECTION

**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
Tri Town Economic Opportunity Committee
Johnston, Rhode Island

We have audited the financial statements of Tri Town Economic Opportunity Committee (a Rhode Island nonprofit organization) as of and for the year fiscal ended September 30, 2010, and have issued our report thereon dated March 25, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matter

As part of obtaining reasonable assurance about whether Organization's financial statements are free of 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*.

This report is intended solely for the information and use of management, the School Committee, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Parmelee, Poirier & Associates, LLP
Parmelee, Poirier & Associates, LLP
March 25, 2011

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB
CIRCULAR A-133**

To the Board of Directors of
Tri Town Economic Opportunity Committee
Johnston, Rhode Island

Compliance

We have audited the compliance of Tri Town Economic Opportunity Committee (the Organization), with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2010. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Organization's management. Our responsibility is to express an opinion on the Organization's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 the Organization'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. Our audit does not provide a legal determination of the Organization's compliance with those requirements.

In our opinion, the Organization, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance


Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Organization's internal control over compliance with the requirements that could have a direct and material effect on a major federal program

in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 the Organization'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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board Director, management, other within the entity and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


Parmelee, Poirier & Associates, LLP
March 25, 2011

TRI-TOWN ECONOMIC OPPORTUNITY COMMITTEE

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2010

<u>Federal Grantor/Program Title/Pass-Through Grantor</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture:			
Passed through State of Rhode Island Department of Health and Human Services:			
Child and Adult Care Food Program	10.558	CACEP 16803	\$ 89,979
Emergency Food Assistance Program	10.569	FNS-0-08	21,641
ARRA - WIC Grants to States (WGS)	10.557		<u>318,193</u>
Total U.S. Department of Agriculture			<u>429,813</u>
U.S. Department of Energy:			
Passed through State of Rhode Island Governor's Office of Energy Assistance:			
Weatherization Assistance for Low-Income Persons	ARRA - 81.042	WAPARRA2009-04	756,920
Weatherization Assistance for Low-Income Persons	81.042	WAP2009-04	<u>474,976</u>
Total U.S. Department of Energy			<u>1,231,896</u>
U.S. Department of Education:			
Passed through State of Rhode Island Department of Education:			
Even Start - State of Educational Agencies	84.213	1420-51900-901	<u>62,924</u>
Total U.S. Department of Education			<u>62,924</u>
U.S. Department of Health and Human Services:			
Direct Programs:			
Head Start	93.600		1,619,546
Head Start	ARRA - 93.600		<u>262,351</u>
Total Head Start			<u>1,881,897</u>
Drug Free Communities Center for Substance Abuse	93.276		142,764
HRSA ARRA - Recovery Act Health Center Cluster Program	ARRA - 93.703		842,695
HRSA ARRA - Capital Improvement Program	ARRA - 93.703		250,000
HRSA ARRA - Increase Services to Health Centers	ARRA - 93.703		60,674
HRSA - Health Care and Other Facilities	93.887		<u>329,670</u>
Total HRSA			<u>1,483,039</u>
Passed through State of Rhode Island Department of Elderly Affairs:			
Special Programs for the aging, Title III Part B			
Grants for Supportive Services and Senior Centers	93.044	2010-21201032-410	328,027
Passed through State of Rhode Island Department of Health and Human Services:			
Family Planning Services			
Community Development Block Grant	93.217	3149911	77,696
Community Services Block Grant	14.218		50,000
Community Services Block Grant	93.569	CSBG09-08	258,383
Community Services Block Grant	ARRA - 93.569	CSBGARRA09-08	<u>290,358</u>
Total Community Services Block Grant			<u>676,437</u>
Emergency Community Services for the Homeless	93.572	RHEHA-2010RHEHA-2011	123,751
Centers for Disease Control and Prevention Investigations and Technical Assistance			
Youth Success Program	93.283	75A00211747	16,551
Youth Success Program	93.558	YS 10/12-1-09	4,383
Passed through State of Rhode Island Governor's Office of Energy Assistance:			
Low-Income Home Energy Assistance	93.568	LIHEAP 2010-04	<u>2,515,903</u>
Total U.S. Department of Health and Human Services			<u>7,172,752</u>

See Independent Auditors' Report and accompanying notes.

TRI-TOWN ECONOMIC OPPORTUNITY COMMITTEE

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2010

<u>Federal Grantor/Program Title/Pass-Through Grantor</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Labor:			
Passed through Workforce Partnership of Greater Rhode Island:			
WIA Youth Activities	17.259	WIARRA2010-6000-21	174,609
Total U.S. Department of Labor			<u>174,609</u>
U.S. Department of Housing and Urban Development			
Passed through Rhode Island Office of Housing and Community Development			
Homelessness Prevention and Rapid Re-housing	14.257	FY10SP-0037-TTCAP-8107	123,751
Total U.S. Department of Housing and Urban Development			<u>123,751</u>
 Total Federal Expenditures			 \$ <u>9,195,745</u>

See Independent Auditors' Report and accompanying notes.

TRI TOWN ECONOMIC OPPORTUNITY COMMITTEE
Schedule of Findings and Questioned Costs
For The Fiscal Year Ended September 30, 2010

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness (es) identified? yes X no

Significant deficiency (ies) identified that are not considered to be material weaknesses? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

Material weakness (es) identified? yes X no

Significant deficiency (ies) identified that are not considered to be material weakness (es)? yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB circular A-133? yes X no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.557	WIC Grants to States
81.042	Weatherization Assistance to Low Income People (and ARRA)
93.569	Community Service Block Grant (and ARRA)
93.703	ARRA – Grants to Health Centers

Dollar threshold used to distinguish between Type A and Type B programs: \$ 300,000

Auditee qualified as low risk auditee? X yes no

SECTION II – FINANCIAL STATEMENT FINDINGS yes X none

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS yes X none

TRI TOWN ECONOMIC OPPORTUNITY COMMITTEE
Schedule of Findings and Questioned Costs
For The Fiscal Year Ended September 30, 2010
(continued)

**SECTION II – FINDINGS RELATING TO THE FINANCIAL STATEMENT AUDIT
AS REQUIRED TO BE REPORTED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

A. Significant Deficiency in Internal Control

None Reported.

B. Compliance

None Reported.

SECTION III – FINDINGS AND QUESTIONED COST FOR FEDERAL AWARDS

A. Findings

None Reported

B. Questioned Costs

None Reported

TRI TOWN ECONOMIC OPPORTUNITY COMMITTEE
Schedule of Prior Year Findings and Questioned Costs
Year Ended September 30, 2010

PRIOR YEAR FINDINGS AND QUESTIONED COST FOR FEDERAL AWARDS

A. Findings

None Reported

B. Questioned Costs

None Reported

TRI TOWN ECONOMIC OPPORTUNITY COMMITTEE
Notes to Schedule of Expenditures of Federal Awards
September 30, 2010

1. **General** - The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal programs of Tri Town Economic Opportunity Committee
2. **Basis of Accounting** - The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting.
3. **Determination of Type A, Type B and Major Programs** - The determination of Type A and Type B federal programs was based upon the expenditures for all federal programs for Tri Town Economic Opportunity Committee. As such, the threshold for determining Type A vs. Type B programs is determined at the entity level. For the fiscal year-ended September 30, 2010, grants with expenditures exceeding \$300,000 were determined to be Type A programs and all other grants were considered Type B programs. The following programs were considered major programs:

<u>CFDA</u>	<u>Program Name</u>
10.557	WIC Grants to States
81.042	Weatherization Assistance for Low Income Persons (and ARRA)
93.569	Community Service Block Grant (and ARRA)
93.703	ARRA – Grants to Health Center Programs