

**Metropolitan Boston Housing
Partnership, Inc.**

Financial Statements
and
Auditors' Report

June 30, 2010 and 2009



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Metropolitan Boston Housing Partnership, Inc.

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Daniel Dennis & Company LLP

Certified Public Accountants

The Board of Directors of
Metropolitan Boston Housing Partnership, Inc.

Independent Auditors' Report

We have audited the accompanying consolidated statements of financial position of Metropolitan Boston Housing Partnership, Inc., (a nonprofit organization) and subsidiary as of June 30, 2010 and 2009, and the related consolidated statements of activities, functional expenses, and cash flows for the years 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 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 opinion.

In our opinion, the consolidated financial statements referred to above, present fairly in all material respects, the consolidated financial position of Metropolitan Boston Housing Partnership, Inc., and subsidiary as of June 30, 2010 and 2009, and the consolidated changes in its net assets and its cash flows for the years 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 September 10, 2010 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and is important for assessing the results of our audit.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of the Organization taken as a whole. The accompanying schedule of expenditures of federal awards and related notes are 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 are not a required part of the basic financial statements. Additionally, the accompanying schedules of support, revenue and expenses, of program expenses and of the federal housing assistance program are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Daniel Dennis & Company LLP

September 10, 2010

Metropolitan Boston Housing Partnership, Inc.
Consolidated Statements of Financial Position
June 30, 2010 and 2009

	2010	2009
<i>Assets</i>		
<hr/>		
<i>Current Assets</i>		
Cash and cash equivalents	\$ 10,916,689	\$10,655,647
Prepaid expenses	23,013	42,071
Accounts receivable	3,809,381	2,229,100
Client deposits	<u>644,624</u>	<u>666,933</u>
Total current assets	<u>15,393,707</u>	<u>13,593,751</u>
<i>Noncurrent Assets</i>		
Restricted cash	514,930	1,957,702
Restricted investments	600,000	600,000
Loans receivable	3,111,136	3,256,403
Less: allowance for doubtful accounts	(328,401)	(1,128,928)
Furniture and equipment less: accumulated depreciation \$597,046 and \$922,008	<u>166,710</u>	<u>322,161</u>
Total assets	<u>\$ 19,458,082</u>	<u>\$18,601,089</u>
<i>Liabilities and Net Assets</i>		
<hr/>		
<i>Current Liabilities</i>		
Accounts payable	\$ 2,009,701	\$ 1,478,196
Accrued expenses	772,147	544,383
Deferred revenue	7,650,801	7,557,577
Client deposits	<u>651,834</u>	<u>678,025</u>
Total current liabilities	<u>11,084,483</u>	<u>10,258,181</u>
<i>Noncurrent liabilities</i>		
CEDAC Home Modification Loans	3,217,152	2,420,147
Permanent reserve deposits	<u>-</u>	<u>63,658</u>
Total liabilities	<u>14,301,635</u>	<u>12,741,986</u>
<i>Net Assets</i>		
Unrestricted	<u>5,156,447</u>	<u>5,859,103</u>
Total liabilities and net assets	<u>\$ 19,458,082</u>	<u>\$18,601,089</u>

See accompanying notes to consolidated financial statements.

Metropolitan Boston Housing Partnership, Inc.
 Consolidated Statements of Activities
 For the Years Ended June 30, 2010 and 2009

<i>Change In Unrestricted Net Assets</i>	2010	2009
Revenue and Support		
Foundation grants	\$ 372,938	\$ 790,989
Corporate grants	187,304	240,092
Individual grants	48,417	-
Program service fees and reimbursement	104,917,033	103,314,490
Investment income	<u>21,764</u>	<u>80,162</u>
Total revenue and support	<u>105,547,456</u>	<u>104,425,733</u>
Expenses		
Program services	105,861,423	104,906,190
General administrative	185,326	297,522
Fundraising	<u>203,363</u>	<u>210,650</u>
Total expenses	<u>106,250,112</u>	<u>105,414,362</u>
Excess/(deficit) of revenue over expenses	<u>\$ (702,656)</u>	<u>\$ (988,629)</u>
Net assets, beginning of year	\$ 5,859,103	\$ 6,847,732
Excess/(deficit) of revenue over expenses	<u>(702,656)</u>	<u>(988,629)</u>
Net assets, end of year	<u>\$ 5,156,447</u>	<u>\$ 5,859,103</u>

See accompanying notes to consolidated financial statements.

Metropolitan Boston Housing Partnership, Inc.
Consolidated Statements of Functional Expenses
For the Years Ended June 30, 2010 and 2009

	2010			2009			
	Total Programs	General and Administrative	Fund-Raising	Total Programs	General and Administrative	Fund-Raising	Total
Direct Program Expenses:							
Rental subsidies	\$ 97,152,857	\$ -	\$ -	\$ 94,968,318	\$ -	\$ -	\$ 94,968,318
Charitable contributions	700,823	-	-	-	-	-	-
Loss on investment	185,722	-	-	119,320	-	-	119,320
Program supplies	80,340	-	-	462,757	-	-	462,757
Portability	43,506	-	-	32,137	-	-	32,137
Corporate taxes and fees	25,955	-	-	3,977	-	-	3,977
Training	51,451	-	-	66,173	-	-	66,173
Total program expenses	<u>98,240,654</u>	<u>-</u>	<u>-</u>	<u>95,652,682</u>	<u>-</u>	<u>-</u>	<u>95,652,682</u>
Operating Expenses:							
Salaries	4,990,813	5,555	112,277	5,180,576	7,284	101,306	5,289,166
Employee benefits	1,115,655	3,412	25,030	1,227,407	2,000	24,549	1,253,956
Printing	29,356	14,767	15,353	45,262	14,640	21,874	81,776
Dues and subscriptions	10,087	39,593	4,850	11,581	38,152	1,788	51,521
Office supplies and services	47,923	197	3,701	53,068	441	3,214	56,723
Contracted services	83,134	7,338	8,971	205,802	24,852	8,252	238,906
Promotion and advertising	3,693	310	500	5,890	935	-	6,825
Postage	115,722	297	5,216	113,247	2,862	3,432	119,541
Training and conferences	4,241	7,065	14,835	7,424	7,267	15,818	30,509
Legal fees and accounting	79,965	31,922	635	85,217	31,025	658	116,900
Travel	6,212	5,289	317	3,899	7,051	945	11,895
Temporary help	12,694	-	3,320	4,009	79	698	4,786
Consulting	14,489	26,811	5,002	43,193	11,772	25,935	80,900
Insurance	47,644	1,523	-	56,675	2,178	-	58,853
Telephone	53,661	775	521	66,260	1,588	408	68,256
Rent and utilities	705,238	21,365	-	670,247	23,915	-	694,162
Equipment	58,404	7,866	-	65,433	14,816	-	80,249
Depreciation and amortization	188,188	1,792	52	225,544	1,658	666	227,868
Miscellaneous expense	20,613	6,916	2,783	200,852	73,998	1,107	275,957
Bank charges	33,037	2,533	-	42,858	3,713	-	46,571
Bad debt expense	-	-	-	939,064	27,296	-	966,360
Total operating expenses	<u>7,620,769</u>	<u>185,326</u>	<u>203,363</u>	<u>9,253,508</u>	<u>297,522</u>	<u>210,650</u>	<u>9,761,680</u>
Total expenses	<u>\$105,861,423</u>	<u>\$ 185,326</u>	<u>\$ 203,363</u>	<u>\$104,906,190</u>	<u>\$ 297,522</u>	<u>\$ 210,650</u>	<u>\$105,414,362</u>

See accompanying notes to consolidated financial statements.

Metropolitan Boston Housing Partnership, Inc.
Consolidated Statements of Cash Flows
For the Years Ended June 30, 2010 and 2009

	2010	2009
<i>Cash Flows From Operating Activities:</i>		
Change in net assets	\$ (702,656)	\$ (988,629)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	190,032	227,868
Bad debt	-	966,360
(Increase)/decrease in operating assets:		
Restricted cash	1,442,772	526,687
Accounts receivable	(1,580,281)	1,139,357
Prepaid expenses	19,058	7,941
Loans receivable CEDAC Home Mod. Program	(655,251)	(224,865)
Client deposits	22,309	25,824
Increase/(decrease) in operating liabilities:		
Accounts payable	531,505	310,926
Accrued expenses	227,764	(44,972)
Deferred revenue	93,224	(456,107)
Loans payable CEDAC Home Mod. Program	797,005	513,883
Client deposits	(26,191)	(21,093)
Other liabilities	(63,658)	(325,953)
Net cash provided by operating activities	<u>295,632</u>	<u>1,657,227</u>
<i>Cash Flows From Investing Activities:</i>		
Purchase of fixed assets	(34,590)	(113,514)
Sale/(purchase) of investments	-	(15,301)
Net cash used by investing activities	<u>(34,590)</u>	<u>(128,815)</u>
Net increase in cash and cash equivalents	<u>261,042</u>	<u>1,528,412</u>
Cash and cash equivalents, beginning of year	<u>10,655,647</u>	<u>9,127,235</u>
Cash and cash equivalents, at end of year	<u>\$ 10,916,689</u>	<u>\$10,655,647</u>

See accompanying notes to consolidated financial statements.

Metropolitan Boston Housing Partnership, Inc.
Notes to Consolidated Financial Statements
June 30, 2010 and 2009

1. *The Organization*

Metropolitan Boston Housing Partnership, Inc. (the Organization) is a not-for-profit corporation exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization promotes, organizes and manages programs that provide affordable housing in order to improve the quality of life in the greater metropolitan Boston area.

The Organization provides the following programs for the benefit of its clients:

Rental Housing Assistance:

Section 8 housing voucher and other subsidy programs that serve more than 7,100 disabled, elderly, formerly homeless, and other individuals and families throughout Greater Boston.

Housing Consumer Education Center:

The Center is available to everyone requiring housing-related assistance. Issues include: utility or rent arrearages; landlord/tenant conflict; and inadequate incomes. Staff provides information, referrals, and brief counseling.

Specialized Programs:

Services include several programs with case management supports such as the Hoarding and Sanitation Initiative and Fair Housing Initiative.

Foreclosure Prevention and Tenancy Preservation Initiative:

This program provides early notification to tenants and offers counseling and advocacy to tenants and property owners.

American Recovery and Reinvestment Act

This program provides case management and financial assistance to prevent homelessness, housing stabilization supports and rapidly re-house people who are homeless.

Property Owner Services

Services include workshops, informational newsletters, and conflict resolution and mediation services. In addition, MBHP's *Home Modification Loan Program* offers low- and no-interest loans to make modifications to the homes of elders, adults with disabilities, and families with children with disabilities.

Metropolitan Boston Housing Partnership, Inc.
Notes to Consolidated Financial Statements - *Continued*
June 30, 2010 and 2009

2. *Summary of Significant Account Policies*

Basis of Accounting

The financial statements of the Organization are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United State of America. Certain reclassifications have been made to the 2009 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

Revenue Recognition

Grants and contracts received from government agencies are cost reimbursement agreements. Accordingly, grant and contract income equals expenses incurred. Therefore, the excess (deficit) of receipts over expenditures is carried as a liability (deferred revenue) or as an asset (accounts receivable), respectively. Government agency revenue is recognized from fixed price or unit based contracts when service has been rendered and billed.

The Organization received 96% of its revenue from The Commonwealth of Massachusetts Department of Housing and Community Development (DHCD) for the years ended June 30, 2010 and 2009, respectively. Contracts for administrative fees are subject to annual renewal as well as continued funding from the U.S. Department of Housing and Urban Development.

Cash and Cash Equivalents

Cash and cash equivalents consist of funds in the Organization's cash accounts and all highly liquid investments with an original maturity of three months or less.

Accounts Receivable

Accounts receivable are presented net of the allowance for doubtful accounts. Management's periodic evaluation of the adequacy of the allowance is based on its past experience and accounts receivable are charged off when deemed uncollectible. At June 30, 2010 and 2009, management has considered all accounts receivable to be fully collectable.

Fixed Assets

Fixed assets are carried at cost less accumulated depreciation. The Organization capitalizes all expenditures for furniture, equipment, and leasehold improvements with a useful life of more than one year and a cost of over \$500. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets.

Metropolitan Boston Housing Partnership, Inc.
Notes to Consolidated Financial Statements - *Continued*
June 30, 2010 and 2009

2. *Summary of Significant Account Policies - continued*

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted. During the years ended June 30, 2010 and 2009, the Organization received only unrestricted contributions.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows.

Fair Value Measurements

GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1- Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.
- Level 2 - Inputs to the valuation methodology include:
 - Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability;
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Metropolitan Boston Housing Partnership, Inc.
Notes to Consolidated Financial Statements - *Continued*
June 30, 2010 and 2009

2. *Summary of Significant Account Policies - continued*

Investments and Investment Income

Investments in marketable securities with readily determinable fair values are carried at their fair values based on quoted prices in active markets (all Level 1 measurements) in the Statement of Financial Position. Realized and unrealized gains and losses are included in the change in net assets in the accompanying *Statement of Activities*.

Dividends, interest and gains and losses on investments are reported as increases or decreases in unrestricted net assets unless a donor or law temporarily or permanently restrict their use. Dividends, interest and restricted gains whose restrictions are met in the same reporting period are reported as unrestricted support.

Income Taxes

The Organization is exempt from income taxes as a non-profit corporation under Section 501(c)(3) of the U.S. Internal Revenue Code and is also exempt from state income taxes, except for income taxes on unrelated business income, if any. For the years ended June 30, 2010 and 2009, the Organization had no unrelated business income subject to income taxes. Accordingly, no provision for income taxes has been included in these financial statements.

The Organization evaluates tax positions taken or expected to be taken in its tax returns to determine whether the tax positions are more-likely-than-not of being sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold, along with accrued interest and penalty thereon would be recorded as an expense in the current year financial statements. At June 30, 2010 the Organization believes that it has no uncertain tax positions within any of its open tax years.

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 that 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 revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs based on direct charges, personnel time estimates, space utilization and number of housing units administered.

Metropolitan Boston Housing Partnership, Inc.
Notes to Consolidated Financial Statements - *Continued*
June 30, 2010 and 2009

2. Summary of Significant Account Policies – continued

Major Maintenance Activities

The Organization uses the direct expensing method to account for planned major maintenance activities, under which actual costs incurred are expensed directly when maintenance is performed.

Subsequent Events

The Organization has performed an evaluation of subsequent events through September 10, 2010, which is the date of the Organization's financial statements were available to be issued. No material subsequent events have occurred since June 30, 2010 that requires recognition or disclosure in these financial statements.

3. Wholly-Owned Subsidiary

The accompanying consolidated financial statements include the accounts of a wholly-owned, for-profit subsidiary, BHP II, Inc., which acts as general partner of BHP II Limited Partnership (the Partnership). The Partnership's purpose is to participate in the rehabilitation and operation of 926 low income units of housing (the BHP II Program).

The financial position of BHP II, Inc. was as follows at June 30, 2010 and 2009:

	2010	2009
<i>Assets</i>		
Cash	\$ 19,922	\$ 1,577,032
<i>Liabilities</i>		
Accrued expenses	\$ 19,922	\$ -
Due to parent corporation	92,820	85,899
Total liabilities	112,742	85,899
<i>Equity</i>		
Common stock	100	100
Paid-in capital	1,800,000	1,800,000
Retained earnings	(1,892,920)	(308,967)
Total equity	(92,820)	1,491,133
Total liabilities and equity	\$ 19,922	\$ 1,577,032

The cash held by BHP II, Inc., was designated in that it was required to capitalize BHP II, Inc.'s, interest in the Partnership. At June 30, 2010, BHP II, Inc, is winding down and will cease activity in 2011. The above accounts and intercompany transactions have been eliminated in the consolidation of the entities.

Metropolitan Boston Housing Partnership, Inc.
Notes to Consolidated Financial Statements - *Continued*
June 30, 2010 and 2009

4. Loans Receivable

Loans receivable consist of the following:

	<i>2010</i>	<i>2009</i>
BHP I loans (1)	\$ 328,401	\$ 651,787
Development Reserve loans (2)	-	473,487
CEDAC home modification loans (3)	<u>2,782,735</u>	<u>2,131,129</u>
Total	<u>\$3,111,136</u>	<u>\$3,256,403</u>

(1) *BHP I Loans:*

The BHP I loans were advanced for capital improvements and operating costs of the following entities:

<i>2010</i>	<i>Stabilization</i>	<i>Reserve</i>	<i>Total</i>
Codman Square Limited Partnership	\$ -	\$ 23,494	\$ 23,494
Lena Park Community Limited Partnership	<u>-</u>	<u>304,907</u>	<u>304,907</u>
Total	<u>\$ -</u>	<u>\$328,401</u>	<u>\$328,401</u>

<i>2009</i>	<i>Stabilization</i>	<i>Reserve</i>	<i>Total</i>
Codman Square Limited Partnership	\$ 137,025	\$ 23,494	\$160,519
Lena Park Community Limited Partnership	92,850	304,907	397,757
Other Community Development Corporations	<u>93,511</u>	<u>-</u>	<u>93,511</u>
Total	<u>\$ 323,386</u>	<u>\$328,401</u>	<u>\$651,787</u>

There is substantial doubt regarding the collectability of the BHP I loans. The Organization has recorded an allowance for doubtful accounts representing 100% of the outstanding balance of these loans. As a result, amortization of this debt has been deferred and no interest is being accrued on these loans. During 2010 the balance of the Stabilization Loans was written off and the corresponding allowance for doubtful accounts was reduced by \$323,386.

Metropolitan Boston Housing Partnership, Inc.
Notes to Consolidated Financial Statements - *Continued*
June 30, 2010 and 2009

4. *Loans Receivable - Continued*

(2) Development Reserve Loans:

The Organization entered into agreements to administer development reserve funds for the benefit of Local Limited Partnerships (LLP's) involved in the development and operation of low income housing. Under the agreements, a portion of capital contributions to the LLP's was used to establish development reserves with the Organization acting as agent over those funds. The funds are to be loaned to the LLP's for development cost overruns and to fund operating reserves with respect to the projects. These loans are unsecured and mature at varying dates from 2015 to 2035. No payments for principle or interest are due prior to maturity unless certain benchmarks are reached as defined by the loan agreements. Loans are stated at the amount of unpaid principal, net of the allowance for loan losses. Interest on project loans is recognized as income by applying the interest rates in effect to the principal amount outstanding. At June 30, 2009, the Organization recorded an allowance for doubtful accounts representing 100% of the outstanding balance of these loans. At June 30, 2010 all of these loans have been forgiven by the Organization and a corresponding reduction was made to the allowance for doubtful accounts.

(3) CEDAC Home Modification Loans:

The Organization has agreements with the Community Economic Development Assistance Corporation to administer a Home Modification Loan Program (the Program) which offers loans of \$30,000 or less to eligible property owners. Under the Program loans are made to finance modifications to homes to provide for the needs of persons with disabilities. The loans are secured by mortgages on the homes and carry annual interest rates of up to 3%. The majority of these loans are interest free and each loan is to be repaid upon sale of the individual properties.

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

5. *Net Assets*

This account represents the cumulative excess of revenue, gains and other support over expenses. Net assets may consist of three components, unrestricted, temporarily restricted and permanently restricted. Unrestricted assets are not restricted as to use by donors. Temporarily and permanently restricted assets are assets whose use is limited by donor imposed restrictions. At June 30, 2010 and 2009, the Organization had no temporarily or permanently restricted net assets.

As stated above, the Organization's unrestricted net assets have no donor imposed restrictions. However, the use of these assets is in many cases limited by contractual requirements of the various programs to which they relate or by designation by the board of directors for a specific purpose.

Metropolitan Boston Housing Partnership, Inc.
Notes to Consolidated Financial Statements - *Continued*
June 30, 2010 and 2009

6. *Restricted Cash and Investments*

Restricted cash and investments consist of the following:

Unadvanced permanent reserve funds	\$ -	\$ 69,548
Building Success Campaign investment	600,000	600,000
Unadvanced CEDAC Home Mod. Loan proceeds	434,296	296,445
BHP II net worth cash	-	1,512,111
Security deposit on office space	<u>80,634</u>	<u>79,598</u>
Total	<u>\$1,114,930</u>	<u>\$2,557,702</u>

7. *Investments*

Investments, carried at fair value based on quoted prices in active markets (all Level 1 measurements) and approximating cost, consist of the following at June 30, 2010 and 2009:

<i>June 30, 2010</i>	
Mutual funds	<u>\$ 600,000</u>
<i>June 30, 2009</i>	
U.S. Government Agency Note, interest rate 4.875%, maturing August 15, 2009	<u>\$ 600,000</u>

8. *Lease*

The Organization has a lease agreement for office space at its Lincoln Street location. Rent expense for the years ended June 30, 2010 and 2009 was \$656,683 and \$607,817, respectively. The lease was assigned to the Organization effective September 1, 2002 and runs through August 31, 2017. Minimum lease payments under this agreement for the next five years are as follows:

2011	\$ 630,285
2012	\$ 664,355
2013	\$ 698,425
2014	\$ 723,031
2015	\$ 745,744

9. *DHCD Receivables*

Amounts included in accounts receivable at June 30, 2010 and 2009, that relate to Federal Section 8 housing assistance programs administered by DHCD are zero and \$352,578, respectively.

Metropolitan Boston Housing Partnership, Inc.
Notes to Consolidated Financial Statements - *Continued*
June 30, 2010 and 2009

10. *Deferred Revenue*

The following is a summary of deferred revenue at June 30, 2010 and 2009:

	<i>2010</i>	<i>2009</i>
Housing Assistance Program Rental Subsidies:		
Commonwealth of Massachusetts	\$ 591,628	\$ 446,844
U.S. Department of Housing & Urban Development	7,056,371	7,107,931
Other Deferred Income	<u>2,802</u>	<u>2,802</u>
Total	<u>\$7,650,801</u>	<u>\$7,557,577</u>

11. *Concentration of Cash Balances*

The Organization maintains its cash accounts in three commercial banks located in Massachusetts. Accounts at each bank are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank. The Organization does not believe it is exposed to significant risk as it periodically reviews the credit standings of the related institutions. A summary of the total insured and uninsured cash balances at June 30, 2010 and 2009 are as follows:

	<i>2010</i>	<i>2009</i>
Total cash in all Massachusetts banks	\$ 12,451,890	\$13,845,486
Portion insured by FDIC	(750,000)	(1,000,000)
Portion collateralized	<u>(10,330,143)</u>	<u>(11,045,745)</u>
Uninsured cash balances	<u>\$ 1,371,747</u>	<u>\$ 1,799,741</u>

Cash on deposit with Bank of America (BofA) is collateralized pursuant to a third party custodian agreement with the Bank of New York (BNY) whereby BNY holds cash and/or securities pledged by BofA for the benefit of MBHP. The amount of the collateral is equal to 102% of uninsured deposits with BofA, (\$10,536,746 at June 30, 2010).

12. *Surplus Revenue Retention*

Per State regulations, the Organization is entitled to retain an annual surplus, up to five (5%) of total revenues attributable to or generated by State agreements to further its charitable purpose. The cumulative surplus amount which can be retained may not in total exceed (20%) of its prior year's gross revenue from the State. At June 30, 2010 and 2009, the Organization had no cumulative revenue retention surplus balance.

Metropolitan Boston Housing Partnership, Inc.
Notes to Consolidated Financial Statements - *Continued*
June 30, 2010 and 2009

13. *Tax Deferred Retirement Plan*

MBHP provides for retirement benefits for its full-time employees through its tax deferred retirement plan. This plan constitutes a defined contribution plan under section 403(b) of the Internal Revenue Code and calls for an employer match of employee contributions of up to 2% of annual compensation. Upon employment participants become eligible to participate and are fully vested in the plan. Pension expense for the years ended June 30, 2010 and 2009 amounted to \$83,945 and \$181,573, respectively.

14. *Line of Credit*

The Organization has a \$68,000 revolving line of credit, all of which was unused at June 30, 2010. Bank advances on the credit line are payable on demand and carry an interest rate of 3.8% over prime. Borrowings under the line are collateralized by all assets of the Organization and the agreement expires, July 26, 2011.

SUPPLEMENTAL INFORMATION

Metropolitan Boston Housing Partnership, Inc.
Supplemental Schedule of Support, Revenue and Expenses
For the Year Ended June 30, 2010

	General Administrative & Fundraising	State Housing Assistance Program	Federal Housing Assistance Program	Multi- Family-II	Client Services	HPRP Program	Supported Housing Program	Loans and Monitoring Programs	Total
Revenue and Support:									
Foundation grants	\$ 8,202	\$ -	\$ -	\$ -	\$ 364,736	\$ -	\$ -	\$ -	\$ 372,938
Corporate grants	72,104	-	-	-	115,200	-	-	-	187,304
Individual grants	47,156	-	-	-	1,261	-	-	-	48,417
Rental subsidies and administrative fees	-	8,930,016	82,852,737	-	962,811	2,702,290	8,920,067	-	104,367,921
Other service fees	28	-	77,100	6,826	6,790	-	-	-	90,744
Contract service income	-	-	-	-	363,792	-	-	94,576	458,368
Total revenue and support	127,490	8,930,016	82,929,837	6,826	1,814,590	2,702,290	8,920,067	94,576	105,525,692
Other Revenue:									
Investment income	19,372	-	1,568	824	-	-	-	-	21,764
Total revenue	146,862	8,930,016	82,931,405	7,650	1,814,590	2,702,290	8,920,067	94,576	105,547,456
Expenses	388,689	8,878,209	82,265,054	961,318	2,034,345	2,790,261	8,859,196	73,040	106,250,112
Excess (deficiency) of revenue over expenses	\$ (241,827)	\$ 51,807	\$ 666,351	\$ (953,668)	\$ (219,755)	\$ (87,971)	\$ 60,871	\$ 21,536	\$ (702,656)

Metropolitan Boston Housing Partnership, Inc.
Supplemental Schedule of Support, Revenue and Expenses
For the Year Ended June 30, 2009

	General Administrative & Fundraising	State Housing Assistance Program	Federal Housing Assistance Program	Multi Family-II	Client Services	Co-op Initiative/ Site/BCS	SSFES Program	Supporting Housing Program	Asset Management Initiatives	Subcontract and other Programs	Total
Revenue and Support:											
Foundation grants	\$ 5,180	\$ -	\$ -	\$ -	\$ 785,809	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 790,989
Corporate grants	106,234	-	-	-	131,858	-	2,000	-	-	-	240,092
Rental subsidies and administrative fees	-	8,138,722	83,201,558	-	543,218	-	-	8,444,290	-	-	100,327,788
Other service fees	-	-	137,906	-	-	-	-	-	-	9,187	147,093
Contract service income	-	-	-	1,646	1,258,637	-	942,816	-	102,681	533,829	2,839,609
Total revenue and support	<u>111,414</u>	<u>8,138,722</u>	<u>83,339,464</u>	<u>1,646</u>	<u>2,719,522</u>	<u>-</u>	<u>944,816</u>	<u>8,444,290</u>	<u>102,681</u>	<u>543,016</u>	<u>104,345,571</u>
Other Revenue:											
Investment income	<u>52,097</u>	-	-	12,736	-	15,329	-	-	-	-	80,162
Total revenue	<u>163,511</u>	<u>8,138,722</u>	<u>83,339,464</u>	<u>14,382</u>	<u>2,719,522</u>	<u>15,329</u>	<u>944,816</u>	<u>8,444,290</u>	<u>102,681</u>	<u>543,016</u>	<u>104,425,733</u>
Expenses	<u>508,172</u>	<u>8,151,155</u>	<u>82,992,535</u>	<u>134,817</u>	<u>2,723,973</u>	<u>874,422</u>	<u>932,124</u>	<u>8,462,206</u>	<u>73,698</u>	<u>561,260</u>	<u>105,414,362</u>
Excess (deficiency) of revenue over expenses	<u>\$ (344,661)</u>	<u>\$ (12,433)</u>	<u>\$ 346,929</u>	<u>\$ (120,435)</u>	<u>\$ (4,451)</u>	<u>\$ (859,093)</u>	<u>\$ 12,692</u>	<u>\$ (17,916)</u>	<u>\$ 28,983</u>	<u>\$ (18,244)</u>	<u>\$ (988,629)</u>

Metropolitan Boston Housing Partnership, Inc.
Supplemental Schedule of Program Expenses
For the Year Ended June 30, 2010

	State Housing Assistance Program	Federal Housing Assistance Program	Multi-Family-II	Client Services	HPRP Program	Supported Housing Program	Loans and Monitoring Programs	Total
Program Expenses:								
Rental subsidies	\$ 8,600,893	\$ 77,101,294	\$ -	\$ 863,326	\$ 2,309,503	\$ 8,277,841	\$ -	\$ 97,152,857
Charitable contributions	-	-	700,823	-	-	-	-	700,823
Loss on investment	-	-	185,722	-	-	-	-	185,722
Program supplies	-	73,688	-	6,652	-	-	-	80,340
Portability	-	43,506	-	-	-	-	-	43,506
Corporate taxes and fees	-	-	25,950	-	-	-	5	25,955
Travel and training	61	36,792	-	7,831	6,127	34	606	51,451
Total program expenses	8,600,954	77,255,280	912,495	877,809	2,315,630	8,277,875	611	98,240,654
Operating Expenses:								
Salaries	188,324	3,230,084	32,346	787,107	300,891	398,991	53,070	4,990,813
Employee benefits	42,337	720,805	7,235	170,748	73,451	89,186	11,893	1,115,655
Printing	362	27,080	-	240	1,076	598	-	29,356
Dues and subscriptions	-	9,174	-	913	-	-	-	10,087
Office supplies and services	608	37,703	370	5,063	3,350	755	74	47,923
Contracted services	1,863	62,973	132	10,293	3,213	4,354	306	83,134
Promotion and advertising	-	573	-	3,120	-	-	-	3,693
Postage	3,435	85,829	166	15,551	6,321	4,105	315	115,722
Training and conferences	-	3,177	-	415	434	215	-	4,241
Legal and accounting	2,153	53,204	6,120	9,246	4,392	4,434	416	79,965
Travel	-	5,222	-	990	-	-	-	6,212
Temporary help	-	374	-	1,090	11,230	-	-	12,694
Consulting	-	2,582	-	4,367	7,540	-	-	14,489
Insurance	1,890	31,091	134	6,611	3,232	4,376	310	47,644
Telephone	1,464	36,529	89	7,368	4,265	3,307	639	53,661
Rent and utilities	26,568	461,543	1,875	101,046	48,468	61,386	4,352	705,238
Equipment	1,870	41,111	133	6,962	3,689	4,330	309	58,404
Depreciation and amortization	2,479	168,456	158	8,376	3,071	5,284	364	188,188
Miscellaneous expense	4	3,221	-	17,030	8	-	350	20,613
Bank charges	3,898	29,043	65	-	-	-	31	33,037
Total expenses before administrative allocation	8,878,209	82,265,054	961,318	2,034,345	2,790,261	8,859,196	73,040	105,861,423
Administrative allocation	7,124	121,791	519	24,561	13,319	16,809	1,203	185,326
Total expenses	\$ 8,885,333	\$ 82,386,845	\$ 961,837	\$ 2,058,906	\$ 2,803,580	\$ 8,876,005	\$ 74,243	\$ 106,046,749

Metropolitan Boston Housing Partnership, Inc.
Supplemental Schedule of Program Expenses
For the Year Ended June 30, 2009

	State Housing Assistance Program	Federal Housing Assistance Program	Mult- Family-II	Client Services	Co-op Initiative/ Site Acquisition	SSFES Program	Supported Housing Program	Asset Management Initiatives	Subcontract and other Programs	Total
Program Expenses:										
Rental subsidies	\$ 7,848,102	\$ 77,541,273	\$ -	\$ 817,392	\$ -	\$ 456,292	\$ 7,883,723	\$ -	\$ 421,536	\$ 94,968,318
Program supplies	-	-	-	316,772	-	74,824	-	-	71,161	462,757
Bad debt expense	-	-	-	19,440	874,422	-	45,202	-	-	939,064
Loss on investment	-	-	119,320	-	-	-	-	-	-	119,320
Portability	-	32,137	-	-	-	-	-	-	-	32,137
Corporate taxes and fees	-	-	3,977	-	-	-	-	-	-	3,977
Travel and training	-	49,019	-	13,128	-	2,616	116	637	657	66,173
Total program expenses	7,848,102	77,622,429	123,297	1,166,732	874,422	533,732	7,929,041	637	493,354	96,591,746
Operating Expenses:										
Salaries	204,153	3,331,973	8,492	945,855	-	230,296	361,386	52,875	45,546	5,180,576
Employee benefits	48,304	790,784	1,919	227,504	-	50,002	85,518	12,713	10,663	1,227,407
Printing	165	37,231	-	6,426	-	781	632	-	27	45,262
Dues and subscriptions	-	5,320	-	6,261	-	-	-	-	-	11,581
Office supplies and services	529	43,939	5	6,617	-	360	1,225	44	349	53,068
Contracted services	2,610	179,706	61	10,229	-	2,770	9,422	379	625	205,802
Promotion and advertising	-	1,375	-	4,515	-	-	-	-	-	5,890
Postage	3,972	79,715	5	19,186	-	3,912	5,298	433	726	113,247
Training and conferences	-	5,378	-	1,719	-	327	-	-	-	7,424
Legal and accounting	1,168	50,951	283	16,778	-	11,587	3,527	323	600	85,217
Travel	-	3,295	-	604	-	-	-	-	-	3,899
Temporary help	-	4,009	-	-	-	-	-	-	-	4,009
Consulting	-	19,997	-	22,454	-	-	-	350	392	43,193
Insurance	2,422	36,956	36	9,583	-	2,244	4,506	363	565	56,675
Telephone	1,891	43,569	29	12,547	-	3,815	3,258	735	416	66,260
Rent and utilities	28,141	435,831	447	119,686	-	25,516	50,133	4,101	6,392	670,247
Equipment	2,375	46,317	37	9,632	-	2,053	4,120	341	558	65,433
Depreciation and amortization	2,499	206,718	120	8,726	-	1,890	4,140	404	1,047	225,544
Miscellaneous expense	-	9,094	-	128,919	-	62,839	-	-	-	200,852
Bank charges	4,824	37,948	86	-	-	-	-	-	-	42,858
Total expenses before administrative allocation	8,151,155	82,992,535	134,817	2,723,973	874,422	932,124	8,462,206	73,698	561,260	104,906,190
Administrative allocation	7,456	122,684	185	31,486	-	7,870	11,699	1,106	2,035	184,521
Total expenses	\$ 8,158,611	\$ 83,115,219	\$ 135,002	\$ 2,755,459	\$ 874,422	\$ 939,994	\$ 8,473,905	\$ 74,804	\$ 563,295	\$ 105,090,711

**SCHEDULES OF FEDERAL HOUSING
ASSISTANCE PROGRAM**

Metropolitan Boston Housing Partnership, Inc.
Schedules of Revenue and Expenses of Federal Housing Assistance Program
For the Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
	<i>Voucher</i>	<i>Voucher</i>
	<i>Section 8</i>	<i>Section 8</i>
	<i>Program</i>	<i>Program</i>
Revenue:		
Rental subsidies and administrative fees	<u>\$ 82,011,485</u>	<u>\$83,339,464</u>
Program Expenses:		
Rental subsidies	76,379,821	77,541,273
Other program expenses	36,768	49,019
Portability	<u>43,506</u>	<u>32,137</u>
Total program expenses	<u>76,460,095</u>	<u>77,622,429</u>
Operating Expenses:		
Salaries	3,179,879	3,331,973
Employee benefits	709,627	790,784
Printing	27,080	37,231
Dues and subscriptions	9,126	5,320
Office supplies and services	37,619	43,939
Contracted services	62,335	179,706
Promotion and advertising	573	1,375
Postage	85,234	79,715
Training and conferences	3,177	5,378
Legal fees and accounting	52,471	50,951
Travel	5,222	3,295
Temporary help	374	4,009
Consulting	2,582	19,997
Rent and utilities	452,658	435,831
Insurance	30,461	36,956
Equipment	40,490	46,317
Telephone	36,048	43,569
Depreciation and amortization	167,711	206,718
Miscellaneous	32,081	47,042
Administrative allocation	<u>172,572</u>	<u>122,684</u>
Total expenses	<u>81,567,415</u>	<u>83,115,219</u>
Excess of revenue over expenses	<u>\$ 444,070</u>	<u>\$ 224,245</u>

Metropolitan Boston Housing Partnership, Inc.
Schedules of Financial Position of Federal Housing Assistance Program
June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
	<i>Voucher Section 8 Program</i>	<i>Voucher Section 8 Program</i>
Assets		
Cash: operating	\$ 8,980,207	\$ 7,861,061
Accounts receivable tenants	483,916	450,601
Accounts receivable	<u>-</u>	<u>350,954</u>
Total assets	<u>\$ 9,464,123</u>	<u>\$ 8,662,616</u>
Liabilities and Net Assets		
Accounts payable: tenants	\$ 483,916	\$ 450,601
Accounts payable	866,838	462,144
Deferred income	6,820,564	6,892,116
Deferred interest	<u>15,446</u>	<u>24,466</u>
Total liabilities	<u>8,186,764</u>	<u>7,829,327</u>
Net assets	<u>1,277,359</u>	<u>833,289</u>
Total liabilities and net assets	<u>\$ 9,464,123</u>	<u>\$ 8,662,616</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Metropolitan Boston Housing Partnership, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

<i>Federal (Pass-Through Grantor) Program Title</i>	<i>Federal CFDA Number</i>	<i>Pass-through Grantor Number</i>	<i>Expenditures</i>
U.S. Department of Housing and Urban Development			
Passed through Massachusetts Department of Housing and Community and Development:			
Low-Income Housing Assistance Programs for Families:			
Housing Choice Voucher Program *	14.871	N/A	\$81,932,818
Shelter Plus Care *	14.238	N/A	1,511,493
Homelessness Prevention and Rapid Re-Housing Program - ARRA	14.275	N/A	904,462
Moderate Rehabilitation Program	14.856	N/A	299,532
Passed through the City of Boston Public Facilities Commission			
Shelter Plus Care *	14.238	N/A	6,607,917
Homelessness Prevention and Rapid Re-Housing Program - ARRA	14.275	N/A	1,785,040
Housing Opportunities for Persons with AIDS	14.241	N/A	424,209
Supportive Housing Program	14.235	N/A	151,959
Passed through Jewish Family Children's Service, Inc.			
Homelessness Prevention and Rapid Re-Housing Program - ARRA	14.275	N/A	22,817
Passed through Latino Health Institute Proyecto Opciones			
Supportive Housing Program	14.235	N/A	259,979
Passed through Mass Housing and Shelter Alliance, Inc.			
Homelessness Prevention and Rapid Re-Housing Program - ARRA	14.275	N/A	15,870
Passed through National Association of Housing Partnerships			
Home Counseling Program	14.169	N/A	40,000
Passed through Traveler's Aid Family Services Inc.			
Homelessness Prevention and Rapid Re-Housing Program - ARRA	14.275	N/A	25,188
Passed through Urban Edge, Inc.			
Homelessness Prevention and Rapid Re-Housing Program ARRA	14.275	N/A	<u>25,021</u>
Total Federal Financial Assistance			<u>\$94,006,305</u>

* indicates a Major Federal Program

Metropolitan Boston Housing Partnership, Inc.
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

1. Summary of Significant Accounting Policies

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Metropolitan Boston Housing Partnership, Inc, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**REPORTS ON COMPLIANCE AND
ON INTERNAL CONTROL**

Daniel Dennis & Company LLP

Certified Public Accountants

The Board of Directors of
Metropolitan Boston Housing Partnership, Inc.

*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*

We have audited the consolidated financial statements of Metropolitan Boston Housing Partnership, Inc.; (a nonprofit organization) and subsidiary as of and for the year ended June 30, 2010, and have issued our report thereon dated September 10, 2010. 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 opinion 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 Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated 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 audit committee, Board of Directors, others within the Organization, 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.

Daniel Dennis & Company LLP

September 10, 2010

Daniel Dennis & Company LLP

Certified Public Accountants

The Board of Directors of
Metropolitan Boston Housing Partnership, Inc.

*Report On Compliance With Requirements Applicable To Each Major Program And On Internal
Control Over Compliance In Accordance With OMB Circular A-133*

Compliance

We have audited the compliance of Metropolitan Boston Housing Partnership, Inc., with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended June 30, 2010. Metropolitan Boston Housing Partnership, Inc.'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 its major federal programs is the responsibility of Metropolitan Boston Housing Partnership, Inc.'s management. Our responsibility is to express an opinion on Metropolitan Boston Housing Partnership, Inc.'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 Metropolitan Boston Housing Partnership, 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. Our audit does not provide a legal determination of Metropolitan Boston Housing Partnership, Inc.'s compliance with those requirements.

In our opinion, Metropolitan Boston Housing Partnership, Inc., complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The management of Metropolitan Boston Housing Partnership, Inc. 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 Metropolitan Boston Housing Partnership, Inc.'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 Metropolitan Boston Housing Partnership, 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.

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 management, the audit committee, Board of Directors, others within the Organization, 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.

Daniel Dennis : Company LLP

September 10, 2010

Metropolitan Boston Housing Partnership, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010

A. Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the financial statements of Metropolitan Boston Housing Partnership, Inc.
2. No significant deficiencies were identified during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Metropolitan Boston Housing Partnership, Inc., were disclosed during the audit.
4. No significant deficiencies were identified during the audit of the major federal award programs.
5. The auditors' report on compliance for the major federal award programs for Metropolitan Boston Housing Partnership, Inc., expresses an unqualified opinion on the major programs.
6. Audit findings relative to the major federal award program for Metropolitan Boston Housing Partnership, Inc., are reported in Part C. of this Schedule.
7. The programs tested as major programs were:
 - Section 8 Housing Choice Voucher (CFDA #14.871)
 - Shelter Plus Care Program (CFDA #14.238)
8. The threshold for distinguishing Types A and B programs was \$2,820,189.
9. Metropolitan Boston Housing Partnership, Inc. qualified as a low-risk auditee.

B. Findings - Financial Statements Audit

NONE

C. Findings and Questioned Costs - Major Federal Award Program Audit

NONE

Summary of Prior Audit findings

There were no unresolved audit findings from prior years' audits of Metropolitan Boston Housing Partnership, Inc.'s Schedule of Expenditures of Federal Awards.