

Metropolitan Boston Housing Partnership, Inc.

Financial Statements
and
Auditors' Report

June 30, 2012 and 2011



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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 statements of financial position of Metropolitan Boston Housing Partnership, Inc., (a nonprofit organization) as of June 30, 2012 and 2011, and the related 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above, present fairly in all material respects, the financial position of Metropolitan Boston Housing Partnership, Inc., as of June 30, 2012 and 2011, and the 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 August 27, 2012 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

August 27, 2012

Metropolitan Boston Housing Partnership, Inc.
 Statements of Financial Position
 June 30, 2012 and 2011

	2012	2011
<i>Assets</i>		
<i>Current Assets</i>		
Cash and cash equivalents	\$ 14,746,848	\$11,719,156
Prepaid expenses	36,736	47,637
Accounts receivable	<u>2,576,501</u>	<u>3,738,281</u>
Total current assets	<u>17,360,085</u>	<u>15,505,074</u>
<i>Noncurrent Assets</i>		
Client deposits	1,898,807	886,274
Restricted cash	853,085	570,143
Restricted investments	600,000	600,000
Loans receivable	3,684,717	3,197,435
Less: allowance for doubtful accounts	(304,907)	(328,401)
Furniture and equipment less: accumulated depreciation \$609,395 and \$555,615	<u>182,089</u>	<u>194,055</u>
Total assets	<u>\$ 24,273,876</u>	<u>\$20,624,580</u>
<i>Liabilities and Net Assets</i>		
<i>Current Liabilities</i>		
Accounts payable	\$ 2,758,147	\$ 2,181,221
Accrued expenses	609,089	522,163
Deferred revenue	<u>7,669,780</u>	<u>8,134,263</u>
Total current liabilities	<u>11,037,016</u>	<u>10,837,647</u>
<i>Noncurrent liabilities</i>		
Client deposits	1,853,523	863,344
CEDAC Home Modification Loans	<u>4,151,730</u>	<u>3,358,136</u>
Total liabilities	<u>17,042,269</u>	<u>15,059,127</u>
<i>Net Assets</i>		
Unrestricted	<u>7,231,607</u>	<u>5,565,453</u>
Total liabilities and net assets	<u>\$ 24,273,876</u>	<u>\$20,624,580</u>

See accompanying notes to financial statements.

Metropolitan Boston Housing Partnership, Inc.
 Statements of Activities
 For the Years Ended June 30, 2012 and 2011

<i>Change In Unrestricted Net Assets</i>	<i>2012</i>	<i>2011</i>
Revenue and Support		
Foundation grants	\$ 600,884	\$ 485,441
Corporate grants	145,800	149,211
Individual grants	50,606	58,100
Program service fees and reimbursement	122,574,888	108,584,942
Investment income	<u>1,120</u>	<u>13,814</u>
Total revenue and support	<u>123,373,298</u>	<u>109,291,508</u>
Expenses		
Program services	120,924,507	108,089,474
General administrative	534,103	560,799
Fundraising	<u>248,534</u>	<u>232,229</u>
Total expenses	<u>121,707,144</u>	<u>108,882,502</u>
Excess of revenue over expenses	<u>\$ 1,666,154</u>	<u>\$ 409,006</u>
Net assets, beginning of year	\$ 5,565,453	\$ 5,156,447
Excess of revenue over expenses	<u>1,666,154</u>	<u>409,006</u>
Net assets, end of year	<u><u>\$ 7,231,607</u></u>	<u><u>\$ 5,565,453</u></u>

See accompanying notes to financial statements.

Metropolitan Boston Housing Partnership, Inc.
Statements of Functional Expenses
For the Years Ended June 30, 2012 and 2011

	<u>2012</u>				<u>2011</u>			
	<i>Total Programs</i>	<i>General and Administrative</i>	<i>Fundraising</i>	<i>Total</i>	<i>Total Programs</i>	<i>General and Administrative</i>	<i>Fundraising</i>	<i>Total</i>
Direct Program Expenses:								
Rental subsidies	\$ 109,331,142	\$ -	\$ -	\$ 109,331,142	\$ 99,783,756	\$ -	\$ -	\$ 99,783,756
Payments to subgrantees	3,307,562	-	-	3,307,562	576,271	-	-	576,271
Program supplies	16,523	-	-	16,523	8,786	-	-	8,786
Portability	42,124	-	-	42,124	41,870	-	-	41,870
Corporate taxes and fees	-	-	-	-	2,556	-	-	2,556
Travel and training	68,088	-	-	68,088	52,286	-	-	52,286
Total program expenses	<u>112,765,439</u>	<u>-</u>	<u>-</u>	<u>112,765,439</u>	<u>100,465,525</u>	<u>-</u>	<u>-</u>	<u>100,465,525</u>
Operating Expenses:								
Salaries	5,528,393	272,282	139,785	5,940,460	5,030,042	297,873	102,769	5,430,684
Employee benefits	1,224,490	64,221	30,420	1,319,131	1,087,270	72,311	22,437	1,182,018
Printing	39,585	8,182	12,980	60,747	26,371	13,444	12,515	52,330
Dues and subscriptions	14,027	35,246	5,181	54,454	6,267	34,397	7,147	47,811
Office supplies and services	40,912	138	1,741	42,791	43,021	10,947	3,278	57,246
Contracted services	112,177	2,257	3,352	117,786	118,816	1,188	4,862	124,866
Promotion and advertising	2,475	1,684	615	4,774	6,438	7,751	825	15,014
Postage	110,566	161	4,723	115,450	101,083	5,184	5,385	111,652
Training and conferences	10,051	9,128	32,182	51,361	9,438	7,042	33,139	49,619
Legal fees and accounting	154,864	18,057	-	172,921	62,819	18,814	-	81,633
Travel	11,813	6,340	467	18,620	3,121	2,784	1,452	7,357
Temporary help	-	26,117	1,607	27,724	34,953	8,909	26,491	70,353
Consulting	8,055	53,860	9,852	71,767	27,611	35,493	9,600	72,704
Insurance	56,321	1,236	-	57,557	48,601	3,616	-	52,217
Telephone	57,336	572	529	58,437	55,379	362	441	56,182
Rent and utilities	609,347	18,529	-	627,876	732,606	28,646	-	761,252
Equipment	57,012	11,176	-	68,188	42,306	5,286	-	47,592
Depreciation and amortization	52,360	1,420	-	53,780	128,000	1,984	-	129,984
Miscellaneous expense	21,564	77	5,100	26,741	22,583	2,133	1,888	26,604
Bank charges	30,429	3,420	-	33,849	28,335	2,635	-	30,970
Bad debt expense	17,291	-	-	17,291	8,889	-	-	8,889
Total operating expenses	<u>8,159,068</u>	<u>534,103</u>	<u>248,534</u>	<u>8,941,705</u>	<u>7,623,949</u>	<u>560,799</u>	<u>232,229</u>	<u>8,416,977</u>
Total expenses	<u>\$ 120,924,507</u>	<u>\$ 534,103</u>	<u>\$ 248,534</u>	<u>\$ 121,707,144</u>	<u>\$ 108,089,474</u>	<u>\$ 560,799</u>	<u>\$ 232,229</u>	<u>\$ 108,882,502</u>

See accompanying notes to financial statements.

Metropolitan Boston Housing Partnership, Inc.
Statements of Cash Flows
For the Years Ended June 30, 2012 and 2011

	2012	2011
<i>Cash Flows From Operating Activities:</i>		
Change in net assets	\$ 1,666,154	\$ 409,006
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	53,780	129,984
Bad debt	17,291	8,889
(Increase)/decrease in operating assets:		
Restricted cash	(282,942)	(55,213)
Accounts receivable	1,144,489	62,211
Prepaid expenses	10,901	(24,624)
Loans receivable CEDAC Home Mod. Program	(510,776)	(86,299)
Client deposits	(1,012,533)	(241,650)
Increase/(decrease) in operating liabilities:		
Accounts payable	576,926	466,255
Accrued expenses	86,926	(249,984)
Deferred revenue	(464,483)	483,462
Loans payable CEDAC Home Mod. Program	793,594	140,984
Client deposits	<u>990,179</u>	<u>(83,225)</u>
Net cash provided by operating activities	<u>3,069,506</u>	<u>959,796</u>
<i>Cash Flows From Investing Activities:</i>		
Purchase of fixed assets	<u>(41,814)</u>	<u>(157,329)</u>
Net cash used by investing activities	<u>(41,814)</u>	<u>(157,329)</u>
Net increase in cash and cash equivalents	<u>3,027,692</u>	<u>802,467</u>
Cash and cash equivalents, beginning of year	<u>11,719,156</u>	<u>10,916,689</u>
Cash and cash equivalents, at end of year	<u>\$ 14,746,848</u>	<u>\$ 11,719,156</u>

See accompanying notes to financial statements.

Metropolitan Boston Housing Partnership, Inc.

Notes to Financial Statements

June 30, 2012 and 2011

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:

Federal housing and other subsidy programs that serve more than 7,600 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 (Homelessness Prevention and Rapid Re-Housing Program)

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 cognitive and physical disabilities, and families with children with disabilities.

HomeBASE

This program offers families housing stabilization funds and services instead of emergency shelter. To date, this innovative strategy has provided critical needs, re-housing, and stabilization services to more than 2,200 families.

Metropolitan Boston Housing Partnership, Inc.

Notes to Financial Statements - *Continued*

June 30, 2012 and 2011

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 (GAAP). Certain reclassifications have been made to the 2011 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 is recognized when expenses are 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 performed.

The Organization received 88% and 87% of its revenue from The Commonwealth of Massachusetts Department of Housing and Community Development (DHCD) for the years ended June 30, 2012 and 2011, 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, 2012 and 2011, 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 more than \$500. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets.

Metropolitan Boston Housing Partnership, Inc.

Notes to Financial Statements - *Continued*

June 30, 2012 and 2011

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, 2012 and 2011, 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 Financial Statements - *Continued*

June 30, 2012 and 2011

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, 2012 and 2011, 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, 2012 the Organization believes that it has no uncertain tax positions within any of its open tax years (2008-2011).

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 Financial Statements - *Continued*

June 30, 2012 and 2011

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 August 27, 2012, which is the date of the Organization's financial statements were available to be issued. No material subsequent events have occurred since June 30, 2012 that requires recognition or disclosure in these financial statements.

3. Loans Receivable

Loans receivable consist of the following:

	<i>2012</i>	<i>2011</i>
BHP I loans (1)	\$ 304,907	\$ 328,401
CEDAC home modification loans (2)	<u>3,379,810</u>	<u>2,869,034</u>
Total	<u>\$3,684,717</u>	<u>\$3,197,435</u>

(1) *BHP I Loans:*

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

	<i>2012</i>	<i>2011</i>
Codman Square Limited Partnership	\$ -	\$ 23,494
Lena Park Community Limited Partnership	<u>304,907</u>	<u>304,907</u>
Total	<u>\$ 304,907</u>	<u>\$ 328,401</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.

Metropolitan Boston Housing Partnership, Inc.

Notes to Financial Statements - *Continued*

June 30, 2012 and 2011

3. *Loans Receivable - Continued*

(2) 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.

4. *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, 2012 and 2011, 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.

5. *Restricted Cash and Investments*

Restricted cash and investments consist of the following:

	<i>2012</i>	<i>2011</i>
Building Success Campaign investment	\$ 600,000	\$ 600,000
Unadvanced CEDAC Home Mod. Loan proceeds	771,920	489,102
Security deposit on office space	81,165	81,041
Total	<u>\$1,453,085</u>	<u>\$1,170,143</u>

Metropolitan Boston Housing Partnership, Inc.

Notes to Financial Statements - *Continued*

June 30, 2012 and 2011

6. 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, 2012 and 2011:

	<i>2012</i>	<i>2011</i>
Mutual funds	<u>\$ 600,000</u>	<u>\$ 600,000</u>

7. Lease

The Organization has a lease agreement for office space at its Lincoln Street location. Rent expense for the years ended June 30, 2012 and 2011 was \$558,291 and \$685,948 respectively. The lease was assigned to the Organization effective September 1, 2002 and runs through November 30, 2017. Minimum lease payments under this agreement for the next five years are as follows:

2013	\$	698,425
2014	\$	723,031
2015	\$	745,744
2016	\$	768,457
2017	\$	791,170

8. DHCD Receivables/Payables

Amounts included in accounts payable and accounts receivable at June 30, 2012 and 2011, that relate to Federal housing assistance programs administered by DHCD are \$443,024 and \$51,189, respectively.

9. Deferred Revenue

The following is a summary of deferred revenue at June 30, 2012 and 2011:

	<i>2012</i>	<i>2011</i>
Housing Assistance Program Rental Subsidies:		
Commonwealth of Massachusetts	\$ 960,504	\$ 1,330,080
U.S. Department of Housing & Urban Development	6,706,474	6,796,381
Other Deferred Income	<u>2,802</u>	<u>7,802</u>
Total	<u>\$ 7,669,780</u>	<u>\$ 8,134,263</u>

Metropolitan Boston Housing Partnership, Inc.

Notes to Financial Statements - *Continued*

June 30, 2012 and 2011

10. 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, 2012 and 2011 are as follows:

	2012	2011
Total cash in all Massachusetts banks	\$ 16,460,394	\$13,560,946
Portion insured by FDIC	(750,000)	(750,000)
Portion collateralized	<u>(10,225,552)</u>	<u>(11,376,487)</u>
Uninsured cash balances	<u>\$ 5,484,842</u>	<u>\$ 1,434,459</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, (\$10,430,063 and \$11,604,017 at June 30, 2012 and 2011, respectively).

11. Surplus Revenue Retention

Surplus generated under the Commonwealth of Massachusetts' grants must comply with 808 CMR 1.19(3), Surplus Revenue Retention Policy. In accordance with these requirements, MBHP is entitled to retain surplus up to five percent (5%) of the total revenue of all Commonwealth programs per year as unrestricted net assets, but not more than 20% on a cumulative basis. The surplus can be used to further MBHP's charitable purposes, but it may not use these funds for non-reimbursable expenses, as defined in CMR 808 1.15.

As of June 30, 2012 and 2011 the current year surplus revenue was less than 5% of the total of all the Commonwealth programs. Additionally, the total cumulative surplus revenue retention at June 30, 2012 and 2011 is less than 20% of the total Commonwealth revenue from fiscal year 2011 and 2010, respectively. The following is the activity for the year ended June 30, 2012:

Beginning Balance	\$(1,316,263)
Current activity	<u>749,535</u>
Ending Balance	<u>\$ (566,728)</u>

Metropolitan Boston Housing Partnership, Inc.

Notes to Financial Statements - *Continued*

June 30, 2012 and 2011

12. *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 allows for a discretionary 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, 2012 and 2011 amounted to \$71,758 and \$76,000, respectively.

13. *Line of Credit*

The Organization has a \$350,000 revolving line of credit, all of which was unused at June 30, 2012 and 2011. Advances on the credit line are payable on demand and carry an interest rate of 3.5% over prime. Borrowings under the line are collateralized by all assets of the Organization and the agreement expires, April 1, 2013.

SUPPLEMENTAL INFORMATION

Metropolitan Boston Housing Partnership, Inc.
Supplemental Schedule of Support, Revenue and Expenses
For the Year Ended June 30, 2012

	<i>General Administrative & Fundraising</i>	<i>State Housing Assistance Program</i>	<i>Federal Housing Assistance Program</i>	<i>Client Services</i>	<i>HPRP Program</i>	<i>Homebase Program</i>	<i>Supported Housing Program</i>	<i>Loans and Monitoring Programs</i>	<i>Total</i>
Revenue and Support:									
Foundation grants	\$ 59,629	\$ -	\$ -	\$ 541,255	\$ -	\$ -	\$ -	\$ -	\$ 600,884
Corporate grants	94,800	-	-	51,000	-	-	-	-	145,800
Individual grants	46,756	-	-	3,850	-	-	-	-	50,606
Rental subsidies and administrative fees	-	10,973,742	79,602,213	661,120	1,437,314	19,286,542	10,170,955	18,502	122,150,388
Other service fees	-	17,291	149,009	-	-	-	1,210	9,100	176,610
Contract service income	-	-	-	151,993	-	-	-	95,897	247,890
Total revenue and support	<u>201,185</u>	<u>10,991,033</u>	<u>79,751,222</u>	<u>1,409,218</u>	<u>1,437,314</u>	<u>19,286,542</u>	<u>10,172,165</u>	<u>123,499</u>	<u>123,372,178</u>
Other Revenue:									
Investment income	-	-	1,120	-	-	-	-	-	1,120
Total revenue	<u>201,185</u>	<u>10,991,033</u>	<u>79,752,342</u>	<u>1,409,218</u>	<u>1,437,314</u>	<u>19,286,542</u>	<u>10,172,165</u>	<u>123,499</u>	<u>123,373,298</u>
Expenses	<u>782,637</u>	<u>10,832,353</u>	<u>78,704,245</u>	<u>1,297,676</u>	<u>1,498,316</u>	<u>18,383,846</u>	<u>10,125,608</u>	<u>82,463</u>	<u>121,707,144</u>
Excess (deficiency) of revenue over expenses	<u>\$ (581,452)</u>	<u>\$ 158,680</u>	<u>\$ 1,048,097</u>	<u>\$ 111,542</u>	<u>\$ (61,002)</u>	<u>\$ 902,696</u>	<u>\$ 46,557</u>	<u>\$ 41,036</u>	<u>\$ 1,666,154</u>

Metropolitan Boston Housing Partnership, Inc.
Supplemental Schedule of Support, Revenue and Expenses
For the Year Ended June 30, 2011

	<i>General Administrative & Fundraising</i>	<i>State Housing Assistance Program</i>	<i>Federal Housing Assistance Program</i>	<i>Client Services</i>	<i>HPRP Program</i>	<i>Supported Housing Program</i>	<i>Loans and Monitoring Programs</i>	<i>Total</i>
Revenue and Support:								
Foundation grants	\$ 212,631	\$ -	\$ -	\$ 272,810	\$ -	\$ -	\$ -	\$ 485,441
Corporate grants	125,511	-	-	23,700	-	-	-	149,211
Individual grants	52,750	-	-	5,350	-	-	-	58,100
Rental subsidies and administrative fees	-	9,363,122	80,138,834	1,222,397	7,234,016	10,273,548	43,382	108,275,299
Other service fees	-	-	84,599	-	-	-	-	84,599
Contract service income	-	-	-	169,790	-	-	55,254	225,044
	<u>390,892</u>	<u>9,363,122</u>	<u>80,223,433</u>	<u>1,694,047</u>	<u>7,234,016</u>	<u>10,273,548</u>	<u>98,636</u>	<u>109,277,694</u>
Total revenue and support								
Other Revenue:								
Investment income	<u>12,893</u>	<u>-</u>	<u>842</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>79</u>	<u>13,814</u>
Total revenue	<u>403,785</u>	<u>9,363,122</u>	<u>80,224,275</u>	<u>1,694,047</u>	<u>7,234,016</u>	<u>10,273,548</u>	<u>98,715</u>	<u>109,291,508</u>
Expenses	<u>793,028</u>	<u>9,272,222</u>	<u>79,409,551</u>	<u>1,775,770</u>	<u>7,049,831</u>	<u>10,490,405</u>	<u>91,695</u>	<u>108,882,502</u>
Excess (deficiency) of revenue over expenses	<u>\$ (389,243)</u>	<u>\$ 90,900</u>	<u>\$ 814,724</u>	<u>\$ (81,723)</u>	<u>\$ 184,185</u>	<u>\$ (216,857)</u>	<u>\$ 7,020</u>	<u>\$ 409,006</u>

Metropolitan Boston Housing Partnership, Inc.
Supplemental Schedule of Program Expenses
For the Year Ended June 30, 2012

	<i>State Housing Assistance Program</i>	<i>Federal Housing Assistance Program</i>	<i>Client Services</i>	<i>HPRP Program</i>	<i>Homebase Program</i>	<i>Supported Housing Program</i>	<i>Loans and Monitoring Programs</i>	<i>Total</i>
Program Expenses:								
Rental subsidies	\$ 10,560,860	\$ 73,881,408	\$ 254,125	\$ 1,197,325	\$ 14,418,996	\$ 9,018,428	\$ -	\$ 109,331,142
Payments to subgrantees	-	-	103,918	48,209	2,703,200	452,235	-	3,307,562
Program supplies	-	180	16,006	-	337	-	-	16,523
Portability	-	42,124	-	-	-	-	-	42,124
Travel and training	-	35,022	13,284	414	16,055	2,810	503	68,088
Total program expenses	<u>10,560,860</u>	<u>73,958,734</u>	<u>387,333</u>	<u>1,245,948</u>	<u>17,138,588</u>	<u>9,473,473</u>	<u>503</u>	<u>112,765,439</u>
Operating Expenses:								
Salaries	180,337	3,209,112	626,729	176,198	817,946	456,995	61,076	5,528,393
Employee benefits	39,719	710,056	138,506	39,397	182,010	101,299	13,503	1,224,490
Printing	109	31,239	2,279	26	4,884	1,048	-	39,585
Dues and subscriptions	-	12,341	1,536	-	150	-	-	14,027
Office supplies and services	267	20,157	3,044	1,824	13,271	2,223	126	40,912
Contracted services	2,372	76,554	7,803	2,547	14,994	7,345	562	112,177
Promotion and advertising	-	-	1,975	-	500	-	-	2,475
Postage	3,174	68,145	9,716	3,754	16,007	8,954	816	110,566
Training and conferences	-	6,794	1,562	10	1,270	415	-	10,051
Legal and accounting	1,930	124,441	6,221	2,227	11,230	8,332	483	154,864
Travel	-	6,873	2,804	-	2,136	-	-	11,813
Consulting	-	5,235	1,430	-	1,390	-	-	8,055
Insurance	1,799	31,759	5,967	1,928	9,448	4,996	424	56,321
Telephone	1,001	31,980	6,979	1,371	12,336	3,377	292	57,336
Rent and utilities	17,968	329,599	68,457	20,914	117,696	50,502	4,211	609,347
Equipment	379	21,510	2,292	590	29,531	2,619	91	57,012
Depreciation and amortization	1,526	32,883	4,919	1,582	7,074	4,030	346	52,360
Miscellaneous expense	-	3,440	18,124	-	-	-	-	21,564
Bank charges	3,621	23,393	-	-	3,385	-	30	30,429
Bad debt expense	17,291	-	-	-	-	-	-	17,291
Total expenses before administrative allocation	<u>10,832,353</u>	<u>78,704,245</u>	<u>1,297,676</u>	<u>1,498,316</u>	<u>18,383,846</u>	<u>10,125,608</u>	<u>82,463</u>	<u>120,924,507</u>
Administrative allocation	<u>16,657</u>	<u>294,228</u>	<u>56,500</u>	<u>18,888</u>	<u>96,212</u>	<u>47,627</u>	<u>3,991</u>	<u>534,103</u>
Total expenses	<u>\$ 10,849,010</u>	<u>\$ 78,998,473</u>	<u>\$ 1,354,176</u>	<u>\$ 1,517,204</u>	<u>\$ 18,480,058</u>	<u>\$ 10,173,235</u>	<u>\$ 86,454</u>	<u>\$ 121,458,610</u>

Metropolitan Boston Housing Partnership, Inc.
Supplemental Schedule of Program Expenses
For the Year Ended June 30, 2011

	<i>State Housing Assistance Program</i>	<i>Federal Housing Assistance Program</i>	<i>Client Services</i>	<i>HPRP Program</i>	<i>Supported Housing Program</i>	<i>Loans and Monitoring Programs</i>	<i>Total</i>
Program Expenses:							
Rental subsidies	\$ 9,007,626	\$ 74,479,739	\$ 639,418	\$ 6,130,055	\$ 9,526,918	\$ -	\$ 99,783,756
Payments to subgrantees	-	-	146,351	142,714	287,206	-	576,271
Program supplies	-	209	8,577	-	-	-	8,786
Portability	-	41,870	-	-	-	-	41,870
Corporate taxes and fees	-	2,556	-	-	-	-	2,556
Travel and training	-	31,427	13,694	5,701	1,243	221	52,286
Total program expenses	<u>9,007,626</u>	<u>74,555,801</u>	<u>808,040</u>	<u>6,278,470</u>	<u>9,815,367</u>	<u>221</u>	<u>100,465,525</u>
Operating Expenses:							
Salaries	182,225	3,197,196	625,408	504,523	462,442	58,248	5,030,042
Employee benefits	39,366	692,771	134,730	108,324	99,316	12,763	1,087,270
Printing	127	21,585	2,635	1,799	225	-	26,371
Dues and subscriptions	-	5,691	576	-	-	-	6,267
Office supplies and services	304	33,290	2,358	5,466	1,380	223	43,021
Contracted services	3,115	87,220	10,368	8,450	8,904	759	118,816
Promotion and advertising	-	575	5,863	-	-	-	6,438
Postage	3,497	65,991	11,004	10,894	8,861	836	101,083
Training and conferences	-	7,250	1,838	350	-	-	9,438
Legal and accounting	2,051	39,167	8,959	6,017	6,102	523	62,819
Travel	-	1,116	1,773	232	-	-	3,121
Temporary help	-	-	27,650	7,303	-	-	34,953
Consulting	-	5,206	5,228	8,452	225	8,500	27,611
Insurance	1,710	30,910	5,585	5,039	4,936	421	48,601
Telephone	1,178	36,593	7,802	6,221	3,281	304	55,379
Rent and utilities	24,392	465,930	85,299	80,383	70,605	5,997	732,606
Equipment	1,193	29,445	4,246	3,657	3,476	289	42,306
Depreciation and amortization	1,838	109,079	6,006	5,335	5,285	457	128,000
Miscellaneous expense	-	-	20,402	27	-	2,154	22,583
Bank charges	3,600	24,735	-	-	-	-	28,335
Bad debt expense	-	-	-	8,889	-	-	8,889
Total expenses before administrative allocation	<u>9,272,222</u>	<u>79,409,551</u>	<u>1,775,770</u>	<u>7,049,831</u>	<u>10,490,405</u>	<u>91,695</u>	<u>108,089,474</u>
Administrative allocation	<u>19,863</u>	<u>356,104</u>	<u>63,845</u>	<u>59,544</u>	<u>56,732</u>	<u>4,711</u>	<u>560,799</u>
Total expenses	<u>\$ 9,292,085</u>	<u>\$ 79,765,655</u>	<u>\$ 1,839,615</u>	<u>\$ 7,109,375</u>	<u>\$ 10,547,137</u>	<u>\$ 96,406</u>	<u>\$ 108,650,273</u>

**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, 2012 and 2011

	<i>2012</i>	<i>2011</i>
Revenue:		
Rental subsidies and administrative fees	<u>\$78,883,663</u>	<u>\$79,291,635</u>
Program Expenses:		
Rental subsidies	73,142,012	73,675,800
Other program expenses	35,084	34,056
Portability	<u>42,124</u>	<u>41,870</u>
Total program expenses	<u>73,219,220</u>	<u>73,751,726</u>
Operating Expenses:		
Salaries	3,163,308	3,144,965
Employee benefits	699,944	681,461
Printing	31,239	21,585
Dues and subscriptions	12,341	5,691
Office supplies and services	19,920	33,030
Contracted services	75,777	86,135
Promotion and advertising	-	575
Postage	66,930	64,781
Training and conferences	6,604	7,250
Legal fees and accounting	123,733	38,437
Travel	6,791	1,116
Consulting	5,235	5,206
Rent and utilities	323,558	457,414
Insurance	31,160	30,313
Equipment	21,386	29,028
Telephone	31,560	36,208
Depreciation and amortization	32,390	108,437
Miscellaneous	26,660	26,602
Administrative allocation	<u>288,668</u>	<u>351,893</u>
Total expenses	<u>78,186,424</u>	<u>78,881,853</u>
Excess of revenue over expenses	<u>\$ 697,239</u>	<u>\$ 409,782</u>

Metropolitan Boston Housing Partnership, Inc.
Schedules of Financial Position of Federal Housing Assistance Program
June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Assets		
Cash	\$ 10,290,938	\$ 9,788,370
Accounts receivable tenants	<u>506,921</u>	<u>507,250</u>
Total assets	<u><u>\$ 10,797,859</u></u>	<u><u>\$ 10,295,620</u></u>
Liabilities and Net Assets		
Accounts payable: tenants	\$ 506,921	\$ 456,062
Accounts payable	1,249,589	1,494,594
Deferred income	6,642,709	6,640,350
Deferred interest	<u>14,260</u>	<u>17,473</u>
Total liabilities	<u>8,413,479</u>	<u>8,608,479</u>
Net assets	<u>2,384,380</u>	<u>1,687,141</u>
Total liabilities and net assets	<u><u>\$ 10,797,859</u></u>	<u><u>\$ 10,295,620</u></u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Metropolitan Boston Housing Partnership, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

<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:			
Moving to Work Demonstration Program	14.881	N/A	\$78,254,539
Shelter Plus Care	14.238	N/A	1,346,397
Housing Choice Voucher Program	14.871	N/A	703,077
Moderate Rehabilitation Program	14.856	N/A	409,654
Homelessness Prevention and Rapid Re-Housing Program - ARRA	14.257	N/A	288,115
Family Unification Program	14.880	N/A	104,883
Supportive Housing for Persons with Disabilities	14.181	N/A	87,393
Passed through the City of Boston Public Facilities Commission			
Shelter Plus Care	14.238	N/A	6,792,790
Supportive Housing Program	14.235	N/A	1,368,419
Homelessness Prevention and Rapid Re-Housing Program - ARRA	14.257	N/A	1,080,109
Housing Opportunities for Persons with AIDS	14.241	N/A	375,129
Passed through Latino Health Institute Proyecto Opciones			
Supportive Housing Program	14.235	N/A	287,404
Passed through Mass Housing and Shelter Alliance, Inc.			
Homelessness Prevention and Rapid Re-Housing Program - ARRA	14.257	N/A	69,090
Passed through Housing Partnership Network			
Housing Counseling Assistance Program	14.169	N/A	<u>51,540</u>
Total Federal Financial Assistance			<u><u>\$91,218,539</u></u>

Metropolitan Boston Housing Partnership, Inc.
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Metropolitan Boston Housing Partnership, Inc. (the Organization) under programs of the Federal government for the year ended June 30, 2012. The information in this schedule is presented in accordance with the requirements of U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.

2. 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.

3. Subrecipients

Federal expenditures presented in the schedule of expenditures of federal awards include funds awarded to subrecipients as follows:

Homelessness Prevention and Rapid Re-Housing Program - ARRA	14.257	<u>\$ 48,209</u>
Supportive Housing Program	14.235	<u>\$ 452,235</u>

**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 financial statements of Metropolitan Boston Housing Partnership, Inc.; (a nonprofit organization) as of and for the year ended June 30, 2012, and have issued our report thereon dated August 27, 2012. 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

Management of the Organization is responsible for establishing and maintaining effective 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 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

August 27, 2012

Daniel Dennis & Company LLP

Certified Public Accountants

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

Independent Auditors' 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

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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. 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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

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

August 27, 2012

Metropolitan Boston Housing Partnership, Inc.
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2012

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors' 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 weakness(es)? _____ 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 auditors' 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 Circular A-133? _____ yes X no

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program</i>
14.881	Moving to Work Demonstration Program
14.257	Homelessness Prevention and Rapid Rehousing Program (ARRA)

Dollar threshold for Type A and Type B programs \$2,736,712

Auditee qualifies as low-risk auditee? Yes

Metropolitan Boston Housing Partnership, Inc.
Schedule of Findings and Questioned Costs – *Continued*
For the Year Ended June 30, 2012

Section II – Financial Statement Findings

NONE

Section III – Federal Award Findings and Questioned Costs

NONE

Section IV – Status of Prior Year Audit Findings

NONE