

# **Metropolitan Boston Housing Partnership, Inc.**

Financial Statements  
and  
Auditors' Report

June 30, 2013 and 2012



**Daniel Dennis & Company LLP**  
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## Metropolitan Boston Housing Partnership, Inc.

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## **Daniel Dennis & Company LLP**

*Certified Public Accountants*

### *Independent Auditors' Report*

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

We have audited the accompanying financial statements of Metropolitan Boston Housing Partnership, Inc., (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013 and 2012, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Metropolitan Boston Housing Partnership, Inc., as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information presented on pages 17 through 23 is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* is presented for purposes of additional analysis and is also not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 2013 on our consideration of Metropolitan Boston Housing Partnership's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

*Daniel Dennis & Company LLP*

*August 28, 2013*

**Metropolitan Boston Housing Partnership, Inc.**  
**Statements of Financial Position**  
June 30, 2013 and 2012

	<i>2013</i>	<i>2012</i>
<b><i>Assets</i></b>		
<hr/>		
<i>Current Assets</i>		
Cash and cash equivalents	\$ 15,322,122	\$14,746,848
Prepaid expenses	89,527	36,736
Accounts receivable	<u>3,502,947</u>	<u>2,576,501</u>
Total current assets	<u>18,914,596</u>	<u>17,360,085</u>
<i>Noncurrent Assets</i>		
Client deposits	1,243,704	1,898,807
Restricted cash	874,292	853,085
Restricted investments	600,000	600,000
Loans receivable	4,101,834	3,684,717
Less: allowance for doubtful accounts	(304,907)	(304,907)
Furniture and equipment less: accumulated depreciation \$672,293 and \$609,395	<u>234,850</u>	<u>182,089</u>
Total assets	<u>\$ 25,664,369</u>	<u>\$24,273,876</u>
<b><i>Liabilities and Net Assets</i></b>		
<hr/>		
<i>Current Liabilities</i>		
Accounts payable	\$ 2,363,154	\$ 2,758,147
Accrued expenses	778,841	609,089
Deferred revenue	<u>8,117,199</u>	<u>7,669,780</u>
Total current liabilities	<u>11,259,194</u>	<u>11,037,016</u>
<i>Noncurrent liabilities</i>		
Client deposits	1,162,613	1,853,523
CEDAC Home Modification Loans	<u>4,590,008</u>	<u>4,151,730</u>
Total liabilities	<u>17,011,815</u>	<u>17,042,269</u>
<i>Net Assets</i>		
Unrestricted	<u>8,652,554</u>	<u>7,231,607</u>
Total liabilities and net assets	<u>\$ 25,664,369</u>	<u>\$24,273,876</u>

*See accompanying notes to financial statements.*

**Metropolitan Boston Housing Partnership, Inc.**  
 Statements of Activities  
 For the Years Ended June 30, 2013 and 2012

<i><b>Change In Unrestricted Net Assets</b></i>	<i>2013</i>	<i>2012</i>
<b>Revenue and Support</b>		
Foundation grants	\$ 495,456	\$ 600,884
Corporate grants	105,850	145,800
Individual grants	74,320	50,606
Program service fees and reimbursement	130,946,607	122,574,888
Investment income	<u>8,626</u>	<u>1,120</u>
Total revenue and support	<u>131,630,859</u>	<u>123,373,298</u>
<b>Expenses</b>		
Program services	129,294,820	120,924,507
General administrative	634,217	534,103
Fundraising	<u>280,875</u>	<u>248,534</u>
Total expenses	<u>130,209,912</u>	<u>121,707,144</u>
Excess of revenue over expenses	<u>\$ 1,420,947</u>	<u>\$ 1,666,154</u>
Net assets, beginning of year	\$ 7,231,607	\$ 5,565,453
Excess of revenue over expenses	<u>1,420,947</u>	<u>1,666,154</u>
<b>Net assets, end of year</b>	<u><u>\$ 8,652,554</u></u>	<u><u>\$ 7,231,607</u></u>

*See accompanying notes to financial statements.*

**Metropolitan Boston Housing Partnership, Inc.**  
**Statements of Functional Expenses**  
**For the Years Ended June 30, 2013 and 2012**

	<u>2013</u>				<u>2012</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>
<b>Direct Program Expenses:</b>								
Rental subsidies	\$ 118,975,689	\$ -	\$ -	\$ 118,975,689	\$ 109,331,142	\$ -	\$ -	\$ 109,331,142
Payments to subgrantees	1,378,378	-	-	1,378,378	3,307,562	-	-	3,307,562
Program supplies	35,087	-	-	35,087	16,523	-	-	16,523
Portability	39,424	-	-	39,424	42,124	-	-	42,124
Travel and training	82,640	-	-	82,640	68,088	-	-	68,088
Total program expenses	<u>120,511,218</u>	<u>-</u>	<u>-</u>	<u>120,511,218</u>	<u>112,765,439</u>	<u>-</u>	<u>-</u>	<u>112,765,439</u>
<b>Operating Expenses:</b>								
Salaries	5,857,932	358,458	167,579	6,383,969	5,528,393	272,282	139,785	5,940,460
Employee benefits	1,335,161	90,507	38,393	1,464,061	1,224,490	64,221	30,420	1,319,131
Printing	21,303	6,354	12,527	40,184	39,585	8,182	12,980	60,747
Dues and subscriptions	13,737	41,683	8,329	63,749	14,027	35,246	5,181	54,454
Office supplies and services	54,558	183	5,164	59,905	40,912	138	1,741	42,791
Contracted services	143,660	3,350	1,710	148,720	112,177	2,257	3,352	117,786
Promotion and advertising	1,932	325	-	2,257	2,475	1,684	615	4,774
Postage	102,662	225	3,383	106,270	110,566	161	4,723	115,450
Training and conferences	21,190	3,498	30,903	55,591	10,051	9,128	32,182	51,361
Legal fees and accounting	72,717	23,862	592	97,171	154,864	18,057	-	172,921
Travel	15,652	7,727	180	23,559	11,813	6,340	467	18,620
Temporary help	27,227	59	-	27,286	-	26,117	1,607	27,724
Consulting	38,330	49,873	7,601	95,804	8,055	53,860	9,852	71,767
Insurance	62,400	2,459	-	64,859	56,321	1,236	-	57,557
Telephone	56,274	227	1,351	57,852	57,336	572	529	58,437
Rent and utilities	804,278	29,705	-	833,983	609,347	18,529	-	627,876
Equipment	35,239	4,702	1,704	41,645	57,012	11,176	-	68,188
Depreciation and amortization	59,157	3,742	-	62,899	52,360	1,420	-	53,780
Miscellaneous expense	3,473	3,331	1,459	8,263	21,564	77	5,100	26,741
Bank charges	30,494	3,947	-	34,441	30,429	3,420	-	33,849
Bad debt expense	26,226	-	-	26,226	17,291	-	-	17,291
Total operating expenses	<u>8,783,602</u>	<u>634,217</u>	<u>280,875</u>	<u>9,698,694</u>	<u>8,159,068</u>	<u>534,103</u>	<u>248,534</u>	<u>8,941,705</u>
Total expenses	<u>\$ 129,294,820</u>	<u>\$ 634,217</u>	<u>\$ 280,875</u>	<u>\$ 130,209,912</u>	<u>\$ 120,924,507</u>	<u>\$ 534,103</u>	<u>\$ 248,534</u>	<u>\$ 121,707,144</u>

*See accompanying notes to financial statements.*

**Metropolitan Boston Housing Partnership, Inc.**  
**Statements of Cash Flows**  
For the Years Ended June 30, 2013 and 2012

	2013	2012
<i>Cash Flows From Operating Activities:</i>		
Change in net assets	\$ 1,420,947	\$ 1,666,154
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	62,899	53,780
Bad debt	26,226	17,291
(Increase)/decrease in operating assets:		
Restricted cash	(21,207)	(282,942)
Accounts receivable	(952,672)	1,144,489
Prepaid expenses	(52,791)	10,901
Loans receivable CEDAC Home Mod. Program	(417,117)	(510,776)
Client deposits	655,103	(1,012,533)
Increase/(decrease) in operating liabilities:		
Accounts payable	(394,993)	576,926
Accrued expenses	169,752	86,926
Deferred revenue	447,419	(464,483)
Loans payable CEDAC Home Mod. Program	438,278	793,594
Client deposits	(690,910)	990,179
Net cash provided by operating activities	<u>690,934</u>	<u>3,069,506</u>
<i>Cash Flows From Investing Activities:</i>		
Purchase of fixed assets	<u>(115,660)</u>	<u>(41,814)</u>
Net cash used by investing activities	<u>(115,660)</u>	<u>(41,814)</u>
Net increase in cash and cash equivalents	<u>575,274</u>	<u>3,027,692</u>
Cash and cash equivalents, beginning of year	<u>14,746,848</u>	<u>11,719,156</u>
Cash and cash equivalents, at end of year	<u><u>\$ 15,322,122</u></u>	<u><u>\$14,746,848</u></u>

*See accompanying notes to financial statements.*



## **Metropolitan Boston Housing Partnership, Inc.**

Notes to Financial Statements

June 30, 2013 and 2012

### **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 Programs:*

Federal and state housing and other supported housing programs that serve more than 7,600 disabled, elderly, formerly homeless, and other individuals and families throughout Greater Boston

#### *Housing Support Programs:*

##### *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.

##### *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.

##### *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.

**Metropolitan Boston Housing Partnership, Inc.**

Notes to Financial Statements - *Continued*

June 30, 2013 and 2012

**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 2012 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 93% and 88% of its revenue from The Commonwealth of Massachusetts Department of Housing and Community Development (DHCD) for the years ended June 30, 2013 and 2012, 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, 2013 and 2012, 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, 2013 and 2012

**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, 2013 and 2012, 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, 2013 and 2012

**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, 2013 and 2012, 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, 2013 the Organization believes that it has no uncertain tax positions within any of its open tax years (2009-2012).

*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, 2013 and 2012

**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 28, 2013, which is the date of the Organization's financial statements were available to be issued. No material subsequent events have occurred since June 30, 2013 that requires recognition or disclosure in these financial statements.

**3. *Loans Receivable***

Loans receivable consist of the following:

	<i>2013</i>	<i>2012</i>
BHP I loan (1)	\$ 304,907	\$ 304,907
CEDAC home modification loans (2)	<u>3,796,927</u>	<u>3,379,810</u>
Total	<u>\$4,101,834</u>	<u>\$3,684,717</u>

(1) *BHP I Loan:*

The BHP I loan was advanced for capital improvements and operating costs of the following entity:

	<i>2013</i>	<i>2012</i>
Lena Park Community Limited Partnership	<u>\$ 304,907</u>	<u>\$ 304,907</u>

There is substantial doubt regarding the collectability of the BHP I loan. The Organization has recorded an allowance for doubtful accounts representing 100% of the outstanding balance of this loan. 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, 2013 and 2012

**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, 2013 and 2012, 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>2013</i>	<i>2012</i>
Building Success Campaign investment	\$ 600,000	\$ 600,000
Unadvanced CEDAC Home Mod. Loan proceeds	793,081	771,920
Security deposit on office space	<u>81,211</u>	<u>81,165</u>
Total	<u>\$1,474,292</u>	<u>\$1,453,085</u>

**Metropolitan Boston Housing Partnership, Inc.**

Notes to Financial Statements - *Continued*

June 30, 2013 and 2012

**6. *Restricted Investments***

Restricted 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, 2013 and 2012:

	<i>2013</i>	<i>2012</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, 2013 and 2012 was \$748,511 and \$558,291 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:

2014	\$	723,031
2015	\$	745,744
2016	\$	768,457
2017	\$	791,170
2018	\$	331,230

**8. *DHCD Receivables/Payables***

Amounts included in accounts receivable and accounts payable at June 30, 2013 and 2012, that relate to Federal housing assistance programs administered by DHCD are \$8,508 and \$443,024, respectively.

**9. *Deferred Revenue***

The following is a summary of deferred revenue at June 30, 2013 and 2012:

	<i>2013</i>	<i>2012</i>
Housing Assistance Program Rental Subsidies:		
Commonwealth of Massachusetts	\$ 1,197,550	\$ 960,504
U.S. Department of Housing & Urban Development	6,908,547	6,706,474
Other Deferred Income	<u>11,102</u>	<u>2,802</u>
Total	<u>\$ 8,117,199</u>	<u>\$ 7,669,780</u>

**Metropolitan Boston Housing Partnership, Inc.**

Notes to Financial Statements - *Continued*

June 30, 2013 and 2012

**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, 2013 and 2012 are as follows:

	2013	2012
Total cash in all Massachusetts banks	\$ 17,459,404	\$16,460,394
Portion insured by FDIC	(750,000)	(750,000)
Portion collateralized	<u>(15,226,519)</u>	<u>(10,225,552)</u>
Uninsured cash balances	<u>\$ 1,482,885</u>	<u>\$ 5,484,842</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, \$15,531,049 and \$10,430,063 at June 30, 2013 and 2012, 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, 2013 and 2012 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, 2013 and 2012 is less than 20% of the total Commonwealth revenue from fiscal year 2012 and 2011, respectively. The following is the activity for the year ended June 30, 2013:

Beginning Balance	\$ (576,473)
Current activity	<u>636,786</u>
Ending Balance	<u>\$ 60,313</u>



**Metropolitan Boston Housing Partnership, Inc.**

Notes to Financial Statements - *Continued*

June 30, 2013 and 2012

**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, 2013 and 2012 amounted to \$75,745 and \$71,758, respectively.

**13. *Line of Credit***

The Organization has a \$350,000 revolving line of credit, all of which was unused at June 30, 2013 and 2012. 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, 2014.

**SUPPLEMENTAL INFORMATION**

**Metropolitan Boston Housing Partnership, Inc.**  
**Supplemental Schedule of Support, Revenue and Expenses**  
**For the Year Ended June 30, 2013**

	<i>General Administrative &amp; Fundraising</i>	<i>State Housing Assistance Program</i>	<i>Federal Housing Assistance Program</i>	<i>Housing Support</i>	<i>Homebase Program</i>	<i>Supported Housing Program</i>	<i>Loan and Monitoring Programs</i>	<i>Total</i>
Revenue and Support:								
Foundation grants	\$ 27,275	\$ -	\$ -	\$ 468,181	\$ -	\$ -	\$ -	\$ 495,456
Corporate grants	73,503	-	-	32,347	-	-	-	105,850
Individual grants	74,320	-	-	-	-	-	-	74,320
Rental subsidies and administrative fees	-	10,371,785	81,409,698	3,537,722	25,452,100	9,747,196	17,689	130,536,190
Other service fees	-	24,996	124,847	-	1,207	3,651	1,200	155,901
Contract service income	-	-	-	189,875	-	-	64,641	254,516
<b>Total revenue and support</b>	<b>175,098</b>	<b>10,396,781</b>	<b>81,534,545</b>	<b>4,228,125</b>	<b>25,453,307</b>	<b>9,750,847</b>	<b>83,530</b>	<b>131,622,233</b>
Other Revenue:								
Investment income	8,370	-	256	-	-	-	-	8,626
<b>Total revenue</b>	<b>183,468</b>	<b>10,396,781</b>	<b>81,534,801</b>	<b>4,228,125</b>	<b>25,453,307</b>	<b>9,750,847</b>	<b>83,530</b>	<b>131,630,859</b>
Expenses	915,092	10,314,103	80,429,124	3,969,498	24,707,321	9,786,208	88,566	130,209,912
Excess (deficiency) of revenue over expenses	\$ (731,624)	\$ 82,678	\$ 1,105,677	\$ 258,627	\$ 745,986	\$ (35,361)	\$ (5,036)	\$ 1,420,947

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

	<i>General Administrative &amp; Fundraising</i>	<i>State Housing Assistance Program</i>	<i>Federal Housing Assistance Program</i>	<i>Housing Support</i>	<i>HPRP Program</i>	<i>Homebase</i>	<i>Supported Housing Program</i>	<i>Loan 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
<b>Total revenue and support</b>	<b>201,185</b>	<b>10,991,033</b>	<b>79,751,222</b>	<b>1,409,218</b>	<b>1,437,314</b>	<b>19,286,542</b>	<b>10,172,165</b>	<b>123,499</b>	<b>123,372,178</b>
Other Revenue:									
Investment income	-	-	1,120	-	-	-	-	-	1,120
<b>Total revenue</b>	<b>201,185</b>	<b>10,991,033</b>	<b>79,752,342</b>	<b>1,409,218</b>	<b>1,437,314</b>	<b>19,286,542</b>	<b>10,172,165</b>	<b>123,499</b>	<b>123,373,298</b>
Expenses	782,637	10,832,353	78,704,245	1,297,676	1,498,316	18,383,846	10,125,608	82,463	121,707,144
Excess (deficiency) of revenue over expenses	\$ (581,452)	\$ 158,680	\$ 1,048,097	\$ 111,542	\$ (61,002)	\$ 902,696	\$ 46,557	\$ 41,036	\$ 1,666,154

**Metropolitan Boston Housing Partnership, Inc.**  
**Supplemental Schedule of Program Expenses**  
**For the Year Ended June 30, 2013**

	<i>State Housing Assistance Program</i>	<i>Federal Housing Assistance Program</i>	<i>Housing Support</i>	<i>Homebase Program</i>	<i>Supported Housing Program</i>	<i>Loan and Monitoring Programs</i>	<i>Total</i>
<b>Program Expenses:</b>							
Rental subsidies	\$ 9,983,968	\$ 75,675,940	\$ 2,549,794	\$ 22,116,884	\$ 8,649,103	\$ -	\$ 118,975,689
Payments to subgrantees	-	-	94,220	892,577	391,581	-	1,378,378
Program supplies	-	2,612	18,176	14,299	-	-	35,087
Portability	-	39,424	-	-	-	-	39,424
Travel and training	230	40,046	22,074	17,677	1,672	941	82,640
	<u>9,984,198</u>	<u>75,758,022</u>	<u>2,684,264</u>	<u>23,041,437</u>	<u>9,042,356</u>	<u>941</u>	<u>120,511,218</u>
Total program expenses							
<b>Operating Expenses:</b>							
Salaries	209,205	3,153,953	830,882	1,092,871	508,883	62,138	5,857,932
Employee benefits	47,872	720,353	188,284	249,415	115,103	14,134	1,335,161
Printing	135	14,448	2,463	2,737	1,496	24	21,303
Dues and subscriptions	78	12,581	768	310	-	-	13,737
Office supplies and services	914	33,883	8,095	8,368	3,239	59	54,558
Contracted services	2,648	62,906	44,376	21,225	11,946	559	143,660
Promotion and advertising	-	150	1,782	-	-	-	1,932
Postage	3,606	56,118	14,572	19,034	8,622	710	102,662
Training and conferences	-	16,868	2,685	1,393	244	-	21,190
Legal and accounting	4,686	31,930	9,471	20,362	5,799	469	72,717
Travel	-	9,619	6,033	-	-	-	15,652
Temporary help	-	-	-	27,227	-	-	27,227
Consulting	251	6,821	27,196	4,062	-	-	38,330
Insurance	2,273	32,312	9,121	12,600	5,626	468	62,400
Telephone	1,032	29,063	9,019	13,472	3,332	356	56,274
Rent and utilities	27,148	412,971	118,893	167,335	70,830	7,101	804,278
Equipment	336	18,426	2,750	8,968	4,693	66	35,239
Depreciation and amortization	1,645	37,463	6,558	9,116	4,039	336	59,157
Miscellaneous expense	-	374	1,985	-	-	1,114	3,473
Bank charges	3,257	20,663	301	6,182	-	91	30,494
Bad debt expense	24,819	200	-	1,207	-	-	26,226
	<u>10,314,103</u>	<u>80,429,124</u>	<u>3,969,498</u>	<u>24,707,321</u>	<u>9,786,208</u>	<u>88,566</u>	<u>129,294,820</u>
Total expenses before administrative allocation							
Administrative allocation	<u>23,186</u>	<u>330,024</u>	<u>92,052</u>	<u>127,616</u>	<u>56,647</u>	<u>4,692</u>	<u>634,217</u>
Total expenses	<u>\$ 10,337,289</u>	<u>\$ 80,759,148</u>	<u>\$ 4,061,550</u>	<u>\$ 24,834,937</u>	<u>\$ 9,842,855</u>	<u>\$ 93,258</u>	<u>\$ 129,929,037</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>Housing Support</i>	<i>HPRP Program</i>	<i>Homebase Program</i>	<i>Supported Housing Program</i>	<i>Loan and Monitoring Programs</i>	<i>Total</i>
<b>Program Expenses:</b>								
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
<b>Total program expenses</b>	<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>
<b>Operating Expenses:</b>								
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
<b>Total expenses before administrative allocation</b>	<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>
<b>Administrative allocation</b>	<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>
<b>Total expenses</b>	<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>

**SCHEDULES OF FEDERAL HOUSING ASSISTANCE**

**MTW-Housing Choice Voucher,  
VASH, FUP 09 and 5 year Mainstream Programs**

**Metropolitan Boston Housing Partnership, Inc.**  
Schedules of Revenue and Expenses of Federal Housing Assistance  
MTW-Housing Choice Voucher, VASH, FUP 09 and 5 year Mainstream Programs  
For the Years Ended June 30, 2013 and 2012

	<i>2013</i>	<i>2012</i>
<b>Revenue:</b>		
Rental subsidies and administrative fees	<u>\$ 80,721,573</u>	<u>\$78,883,663</u>
<b>Program Expenses:</b>		
Rental subsidies	74,992,415	73,142,012
Other program expenses	42,549	35,084
Portability	<u>39,424</u>	<u>42,124</u>
Total program expenses	<u>75,074,388</u>	<u>73,219,220</u>
<b>Operating Expenses:</b>		
Salaries	3,110,337	3,163,308
Employee benefits	710,233	699,944
Printing	14,400	31,239
Dues and subscriptions	12,581	12,341
Office supplies and services	33,750	19,920
Contracted services	62,213	75,777
Promotion and advertising	150	-
Postage	55,103	66,930
Training and conferences	16,260	6,604
Legal fees and accounting	31,396	123,733
Travel	9,619	6,791
Consulting	6,821	5,235
Rent and utilities	406,005	323,558
Insurance	31,739	31,160
Equipment	18,346	21,386
Telephone	28,590	31,560
Depreciation and amortization	37,051	32,390
Miscellaneous	20,877	26,660
Administrative allocation	<u>322,396</u>	<u>288,668</u>
Total expenses	<u>80,002,255</u>	<u>78,186,424</u>
Excess of revenue over expenses	<u><u>\$ 719,318</u></u>	<u><u>\$ 697,239</u></u>



**Metropolitan Boston Housing Partnership, Inc.**  
Schedules of Financial Position of Federal Housing Assistance  
MTW-Housing Choice Voucher, VASH, FUP 09 and 5 year Mainstream Programs  
June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<b>Assets</b>		
Cash	\$ 8,243,761	\$ 10,290,938
Accounts receivable tenants	<u>601,137</u>	<u>506,921</u>
Total assets	<u>\$ 8,844,898</u>	<u>\$ 10,797,859</u>
<b>Liabilities and Net Assets</b>		
Accounts payable: tenants	\$ 601,137	\$ 506,921
Accounts payable	1,283,125	1,249,589
Deferred income	3,848,004	6,642,709
Deferred interest	<u>8,934</u>	<u>14,260</u>
Total liabilities	<u>5,741,200</u>	<u>8,413,479</u>
Net assets	<u>3,103,698</u>	<u>2,384,380</u>
Total liabilities and net assets	<u>\$ 8,844,898</u>	<u>\$ 10,797,859</u>

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Metropolitan Boston Housing Partnership, Inc.**  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2013

<i>Federal (Pass-Through Grantor) Program Title</i>	<i>Federal CFDA Number</i>	<i>Pass-through Grantor Number</i>	<i>Expenditures</i>
<b>U.S. Department of Housing and Urban Development</b>			
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	\$79,552,568
Shelter Plus Care	14.238	N/A	1,408,045
Housing Choice Voucher Program	14.871	N/A	975,051
Moderate Rehabilitation Program	14.856	N/A	408,601
Family Unification Program	14.880	N/A	338,623
Supportive Housing for Persons with Disabilities	14.181	N/A	134,855
Passed through the City of Boston Public Facilities Commission			
Shelter Plus Care	14.238	N/A	6,069,134
Supportive Housing Program	14.235	N/A	1,444,961
Homelessness Prevention and Rapid Re-Housing Program - ARRA	14.257	N/A	191,510
Housing Opportunities for Persons with AIDS	14.241	N/A	395,338
Passed through Latino Health Institute Proyecto Opciones			
Supportive Housing Program	14.235	N/A	266,789
Passed through Housing Partnership Network			
Housing Counseling Assistance Program	14.169	N/A	<u>57,295</u>
Total Federal Financial Assistance			<u><u>\$91,242,770</u></u>

**Metropolitan Boston Housing Partnership, Inc.**  
Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2013

**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, 2013. 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**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**3. Subrecipients**

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

Supportive Housing Program	14.235	\$ 391,581
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**REPORT ON COMPLIANCE AND  
INTERNAL CONTROLS IN ACCORDANCE  
WITH  
GOVERNMENT AUDITING STANDARDS**



## **Daniel Dennis & Company LLP**

*Certified Public Accountants*

*Independent Auditors' Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance With Government Auditing Standards*

To the Board of Directors

**Metropolitan Boston Housing Partnership, Inc.**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Metropolitan Boston Housing Partnership, Inc. (a nonprofit Organization), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 28, 2013.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Daniel Dennis & Company LLP*

*August 28, 2013*

**REPORT ON COMPLIANCE AND INTERNAL  
CONTROL IN ACCORDANCE WITH  
OMB CIRCULAR A-133**





## **Daniel Dennis & Company LLP**

*Certified Public Accountants*

*Independent Auditors' Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133*

To the Board of Directors  
**Metropolitan Boston Housing Partnership, Inc.**

### **Report on Compliance for Each Major Federal Program**

We have audited Metropolitan Boston Housing Partnership, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Organization's major federal programs for the year ended June 30, 2013. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal programs. However, our audit does not provide a legal determination of the Organization's compliance.

## Opinion on the Major Federal Program

In our opinion, Metropolitan Boston Housing Partnership, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2013.

## Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal programs and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Daniel Dennis & Company LLP*

August 28, 2013

**SCHEDULE OF FINDINGS AND QUESTIONED COST**

**Metropolitan Boston Housing Partnership, Inc.**  
 Schedule of Findings and Questioned Costs  
 For the Year Ended June 30, 2013

**Section I – Summary of Auditors’ Results**

*Financial Statements*

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	_____ yes <u>X</u> no
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	_____ yes <u>X</u> none reported
Noncompliance material to financial statements noted?	_____ yes <u>X</u> no

*Federal Awards*

Internal control over major programs:	
Material weakness(es) identified?	_____ yes <u>X</u> no
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	_____ yes <u>X</u> 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 <u>X</u> no

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program</i>
14.881	Moving to Work Demonstration Program
14.238	Shelter Plus Care
Dollar threshold for Type A and Type B programs	\$2,737,283
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, 2013

**Section II – Financial Statement Findings**

NONE

**Section III – Federal Award Findings and Questioned Costs**

NONE

**Section IV – Status of Prior Year Audit Findings**

NONE