

**Metropolitan Boston Housing
Partnership, Inc.**

Financial Statements
and
Independent Auditors' Report

June 30, 2015 and 2014

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.

Report on the Financial Statements

We have audited the accompanying financial statements of Metropolitan Boston Housing Partnership, Inc., (a nonprofit organization), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

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, 2015 and 2014, 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 19 through 25 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 on page 27, 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 September 2, 2015 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

September 2, 2015

Metropolitan Boston Housing Partnership, Inc.
Statements of Financial Position
June 30, 2015 and 2014

	2015	2014
<i>Assets</i>		
<i>Current Assets</i>		
Cash and cash equivalents	\$ 11,112,769	\$ 13,733,147
Prepaid expenses	103,591	100,359
Accounts receivable	<u>4,378,026</u>	<u>4,843,117</u>
Total current assets	<u>15,594,386</u>	<u>18,676,623</u>
<i>Noncurrent Assets</i>		
Client deposits	1,083,542	1,112,591
Restricted cash	1,128,336	1,080,029
Investments	4,259,381	3,181,555
Loans receivable	4,916,889	4,484,304
Less: allowance for doubtful accounts	(304,907)	(304,907)
Deferred development costs	386,541	119,569
Furniture and equipment less: accumulated depreciation \$288,488 and \$776,706	<u>182,881</u>	<u>220,899</u>
Total assets	<u>\$ 27,247,049</u>	<u>\$ 28,570,663</u>
<i>Liabilities and Net Assets</i>		
<i>Current Liabilities</i>		
Accounts payable	\$ 2,493,022	\$ 2,748,011
Accrued expenses	699,121	625,085
Deferred revenue	<u>7,427,414</u>	<u>9,301,890</u>
Total current liabilities	<u>10,619,557</u>	<u>12,674,986</u>
<i>Noncurrent liabilities</i>		
Client deposits	1,047,131	1,033,004
CEDAC Home Modification Loans	<u>5,640,214</u>	<u>5,162,699</u>
Total liabilities	<u>17,306,902</u>	<u>18,870,689</u>
<i>Net Assets</i>		
<i>Unrestricted:</i>		
Board designated	1,875,039	2,300,000
Undesignated	<u>8,065,108</u>	<u>7,399,974</u>
Total net assets	<u>9,940,147</u>	<u>9,699,974</u>
Total liabilities and net assets	<u>\$ 27,247,049</u>	<u>\$ 28,570,663</u>

See accompanying notes to financial statements.

Metropolitan Boston Housing Partnership, Inc.
Statements of Activities
For the Years Ended June 30, 2015 and 2014

<i>Change In Unrestricted Net Assets</i>	<i>2015</i>	<i>2014</i>
Revenue and Support		
Foundation grants	\$ 613,785	\$ 642,129
Corporate grants	170,005	129,760
Individual grants	89,411	75,913
Program service fees and reimbursement	128,848,931	131,277,357
Unrealized gains	25,303	71,664
Realized gains	1,303	-
Interest and dividend income	<u>52,667</u>	<u>32,067</u>
Total revenue and support	<u>129,801,405</u>	<u>132,228,890</u>
Expenses		
Program services	128,418,607	130,239,551
General administrative	770,256	673,515
Fundraising	<u>372,369</u>	<u>268,404</u>
Total expenses	<u>129,561,232</u>	<u>131,181,470</u>
Excess of revenue over expenses	<u>\$ 240,173</u>	<u>\$ 1,047,420</u>
Net assets, beginning of year	\$ 9,699,974	\$ 8,652,554
Excess of revenue over expenses	<u>240,173</u>	<u>1,047,420</u>
Net assets, end of year	<u><u>\$ 9,940,147</u></u>	<u><u>\$ 9,699,974</u></u>

See accompanying notes to financial statements.

Metropolitan Boston Housing Partnership, Inc.
Statements of Functional Expenses
For the Years Ended June 30, 2015 and 2014

	<i>2015</i>				<i>2014</i>			
	<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	\$ 117,662,116	\$ -	\$ -	\$ 117,662,116	\$ 119,141,526	\$ -	\$ -	\$ 119,141,526
Payments to subgrantees	292,149	-	-	292,149	1,071,172	-	-	1,071,172
Program supplies	29,389	-	-	29,389	23,022	-	-	23,022
Portability	33,225	-	-	33,225	36,547	-	-	36,547
Travel and training	105,706	-	-	105,706	99,071	-	-	99,071
Total program expenses	<u>118,122,585</u>	<u>-</u>	<u>-</u>	<u>118,122,585</u>	<u>120,371,338</u>	<u>-</u>	<u>-</u>	<u>120,371,338</u>
Operating Expenses:								
Salaries	6,607,894	351,388	200,994	7,160,276	6,323,617	357,929	163,319	6,844,865
Employee benefits	1,275,283	71,089	38,769	1,385,141	1,410,293	82,480	36,475	1,529,248
Rent and utilities	862,630	32,100	-	894,730	825,803	34,755	-	860,558
Contracted services	419,842	15,756	8,177	443,775	358,331	12,188	1,076	371,595
Equipment	36,915	1,370	-	38,285	42,074	11,322	546	53,942
Office supplies and services	68,418	4,366	1,032	73,816	67,796	4,344	4,457	76,597
Telephone	42,239	4,004	-	46,243	47,980	9,070	757	57,807
Insurance	93,043	15,653	-	108,696	78,894	3,094	-	81,988
Printing	19,792	16,791	8,937	45,520	29,620	9,873	8,576	48,069
Postage	118,718	7,070	388	126,176	106,268	5,528	214	112,010
Temporary help	437,514	40,557	-	478,071	124,601	852	3,650	129,103
Legal and accounting	109,958	6,888	-	116,846	180,034	11,007	-	191,041
Consulting	34,348	62,054	67,204	163,606	36,135	24,934	7,154	68,223
Promotion and advertising	12,202	888	137	13,227	150	6,500	-	6,650
Travel	2,224	3,789	441	6,454	7,286	4,834	829	12,949
Training and conferences	11,979	45,664	44,491	102,134	16,521	42,562	32,775	91,858
Dues and subscriptions	8,736	41,353	1,025	51,114	17,241	42,513	3,580	63,334
Depreciation and amortization	104,478	3,503	-	107,981	101,201	3,324	-	104,525
Bank charges	5,524	3,728	-	9,252	35,031	2,375	19	37,425
Miscellaneous expense	4,736	42,245	774	47,755	33,632	4,031	4,977	42,640
Bad debt expense	19,549	-	-	19,549	25,705	-	-	25,705
Total operating expenses	<u>10,296,022</u>	<u>770,256</u>	<u>372,369</u>	<u>11,438,647</u>	<u>9,868,213</u>	<u>673,515</u>	<u>268,404</u>	<u>10,810,132</u>
Total expenses	<u>\$ 128,418,607</u>	<u>\$ 770,256</u>	<u>\$ 372,369</u>	<u>\$ 129,561,232</u>	<u>\$ 130,239,551</u>	<u>\$ 673,515</u>	<u>\$ 268,404</u>	<u>\$ 131,181,470</u>

See accompanying notes to financial statements.

Metropolitan Boston Housing Partnership, Inc.
Statements of Cash Flows
For the Years Ended June 30, 2015 and 2014

	2015	2014
<i>Cash Flows From Operating Activities:</i>		
Change in net assets	\$ 240,173	\$ 1,047,420
Adjustments to reconcile change in net assets to net cash (used in)/provided by operating activities:		
Depreciation and amortization	107,981	104,525
Bad debt	19,549	25,705
Unrealized Gains	(25,303)	(71,664)
Realized Gains	(1,303)	-
(Increase)/decrease in operating assets:		
Restricted cash	(48,307)	(205,737)
Accounts receivable	445,542	(1,365,875)
Prepaid expenses	(3,232)	(10,832)
Loans receivable CEDAC Home Mod. Program	(432,585)	(382,470)
Client deposits	29,049	131,113
Increase/(decrease) in operating liabilities:		
Accounts payable	(254,989)	384,857
Accrued expenses	74,036	(153,756)
Deferred revenue	(1,874,476)	1,184,691
Loans payable CEDAC Home Mod. Program	477,515	572,691
Client deposits	14,127	(129,609)
Net cash (used in)/provided by operating activities	<u>(1,232,223)</u>	<u>1,131,059</u>
<i>Cash Flows From Investing Activities:</i>		
Purchase of fixed assets	(69,963)	(90,574)
Purchase of investments	(1,051,220)	(2,509,891)
Increase in deferred development costs	(266,972)	(119,569)
Net cash used in investing activities	<u>(1,388,155)</u>	<u>(2,720,034)</u>
Net decrease in cash and cash equivalents	<u>(2,620,378)</u>	<u>(1,588,975)</u>
Cash and cash equivalents, beginning of year	<u>13,733,147</u>	<u>15,322,122</u>
Cash and cash equivalents, end of year	<u>\$ 11,112,769</u>	<u>\$ 13,733,147</u>

See accompanying notes to financial statements.

Metropolitan Boston Housing Partnership, Inc.

Notes to Financial Statements

June 30, 2015 and 2014

1. *The Organization*

Metropolitan Boston Housing Partnership, Inc. (the Organization) is a Massachusetts not-for-profit corporation. 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 9,300 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.

HomeBASE:

This program offers families housing stabilization funds and services instead of emergency shelter. This innovative strategy has provided critical needs, re-housing, and stabilization services to more than 2,174 families.

Property Owner Services:

Services include workshops, informational newsletters, conflict resolution and mediation services. In addition, the Organization'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.

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).

Metropolitan Boston Housing Partnership, Inc.

Notes to Financial Statements - *Continued*

June 30, 2015 and 2014

2. *Summary of Significant Account Policies - continued*

Revenue Recognition

Cost reimbursement grant and contract income from government agencies 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 from fixed price or unit based contracts is recognized when the service has been performed.

The Organization received 91% and 92% of its revenue from The Commonwealth of Massachusetts Department of Housing and Community Development (DHCD) for the years ended June 30, 2015 and 2014, 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, 2015 and 2014, 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.

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.

Metropolitan Boston Housing Partnership, Inc.

Notes to Financial Statements - *Continued*

June 30, 2015 and 2014

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, 2015 and 2014, 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. The Organization did not have unconditional promises to give at June 30, 2015 and 2014.

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. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Metropolitan Boston Housing Partnership, Inc.

Notes to Financial Statements - *Continued*

June 30, 2015 and 2014

2. *Summary of Significant Account Policies – continued*

Investments and Investment Income

Investments are recorded at fair value with unrealized gains and losses reported in the change in net assets for the year. Investments in registered investment companies with readily determinable fair values and all investments in certificates of deposit are reported at their fair values in the *Statement of Financial Position*. Realized gains and losses are included in the changes in net assets for the year. Realized gains and losses are accounted for on the specific identification method. Purchases and sales are recorded on a trade date basis.

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.

Loans Receivable and Allowance for Possible Loan Losses

Loans are stated at the amount of unpaid principal. Interest on loans is recognized as income by applying the interest rates in effect to the principal amount outstanding. Accrual of interest income on loans receivable is suspended when a loan is contractually delinquent for ninety days. The accrual is resumed when the loan becomes contractually current. An allowance for loan losses is maintained based upon the evaluation of the risks associated with the outstanding loan assets. Any losses or recoveries subsequently realized are charged or credited to the allowance.

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, 2015 and 2014, 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, 2015 the Organization believes that it has no uncertain tax positions within any of its open tax years (2012-2014).

Metropolitan Boston Housing Partnership, Inc.

Notes to Financial Statements - *Continued*

June 30, 2015 and 2014

2. Summary of Significant Account Policies – continued

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.

Major Maintenance Activities

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

Subsequent Events

The Organization has performed an evaluation of subsequent events through September 2, 2015, which is the date of the Organization's financial statements were available to be issued. No material subsequent events have occurred since June 30, 2015 that requires recognition or disclosure in these financial statements.

3. Loans Receivable

Loans receivable consist of the following:

	<i>2015</i>	<i>2014</i>
BHP I loan (1)	\$ 304,907	\$ 304,907
CEDAC home modification loans (2)	<u>4,611,982</u>	<u>4,179,397</u>
Total	<u>\$ 4,916,889</u>	<u>\$ 4,484,304</u>

(1) *BHP I Loan:*

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

	<i>2015</i>	<i>2014</i>
Lena Park Community Limited Partnership	<u>\$ 304,907</u>	<u>\$ 304,907</u>

Metropolitan Boston Housing Partnership, Inc.

Notes to Financial Statements - *Continued*

June 30, 2015 and 2014

3. *Loans Receivable – continued*

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 this loan.

(2) CEDAC Home Modification Loans:

The Organization has agreements with the Community Economic Development Assistance Corporation (CEDAC) 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 net assets are not restricted as to use by donors. Temporarily and permanently restricted net assets are net assets whose use is limited by donor imposed restrictions. At June 30, 2015 and 2014, 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.

During 2014, the Organization's board of directors voted to designate \$2,300,000 of unrestricted net assets as a discretionary fund for a building campaign. During 2015, the Organization's board of directors authorized management to spend \$424,961 on expenses and deferred development costs associated with the building campaign. At June 30, 2015 and 2014, the designated net assets were \$1,875,039 and \$2,300,000, respectively.

Metropolitan Boston Housing Partnership, Inc.

Notes to Financial Statements - *Continued*

June 30, 2015 and 2014

5. *Restricted Cash*

Restricted cash consists of the following:

	<i>2015</i>	<i>2014</i>
Unadvanced CEDAC Home Mod. Loan proceeds	\$ 1,047,048	\$ 998,818
Security deposit on office space	<u>81,288</u>	<u>81,211</u>
Total	<u>\$ 1,128,336</u>	<u>\$ 1,080,029</u>

6. *Investments*

As of June 30, 2015 and 2014, the Organization's investment accounts are maintained at two financial institutions. The investments are subject to market fluctuations and due to the level of risk associated with investments, it is at least reasonably possible that changes in the value of investments will occur in the near term and that such changes could materially affect the financial statements. See Note 14 for more information.

As of June 30, 2015 and 2014, the fair value of the investments is summarized as follows:

<i>Investment</i>	<i>2015</i>	<i>2014</i>
Money market mutual funds	\$ 1,197,257	\$ 679,748
Certificates of deposit	277,275	267,475
Equity securities	<u>2,784,849</u>	<u>2,234,332</u>
Total	<u>\$ 4,259,381</u>	<u>\$ 3,181,555</u>

During 2015 and 2014, the Organization recorded unrealized gains on investments of \$25,303 and \$71,664, respectively, and realized gains of \$1,303 and zero, respectively.

7. *Lease*

The Organization has a lease agreement for office space at its Lincoln Street location. Rent expense for the years ended June 30, 2015 and 2014 was \$830,282 and \$794,051 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 three fiscal years are as follows:

<i>Year</i>	<i>Amount</i>
2016	\$ 768,457
2017	\$ 791,170
2018	\$ 331,230

Metropolitan Boston Housing Partnership, Inc.

Notes to Financial Statements - *Continued*

June 30, 2015 and 2014

8. *DHCD Receivables/Payables*

Amounts included in accounts payable at June 30, 2015 that relate to Federal housing assistance programs administered by DHCD are \$80,945.

Amounts included in accounts receivable at June 30, 2014 that relate to Federal housing assistance programs administered by DHCD are \$65,745.

9. *Deferred Revenue*

The following is a summary of deferred revenue at June 30, 2015 and 2014:

	<i>2015</i>	<i>2014</i>
Housing Assistance Program Rental Subsidies:		
Commonwealth of Massachusetts	\$ 253,992	\$ 1,834,719
U.S. Department of Housing & Urban Development	7,039,629	7,418,169
Other Deferred Income	<u>133,793</u>	<u>49,002</u>
Total	<u>\$ 7,427,414</u>	<u>\$ 9,301,890</u>

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, 2015 and 2014 are as follows:

	<i>2015</i>	<i>2014</i>
Total cash in all Massachusetts banks	\$ 13,102,993	\$ 16,106,956
Portion insured by FDIC	(750,000)	(750,000)
Portion collateralized	<u>(11,172,072)</u>	<u>(14,117,377)</u>
Uninsured cash balances	<u>\$ 1,180,921</u>	<u>\$ 1,239,579</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 the Organization. The amount of the collateral is equal to 102% of uninsured deposits with BofA, \$11,395,513 and \$14,399,725 at June 30, 2015 and 2014, respectively.

Metropolitan Boston Housing Partnership, Inc.

Notes to Financial Statements - *Continued*

June 30, 2015 and 2014

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, the Organization 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 the Organization'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, 2015 and 2014 the current year surplus revenue was less than 5% of the total revenue of all the Commonwealth programs. Additionally, the total cumulative surplus revenue retention at June 30, 2015 and 2014 is less than 20% of the total Commonwealth revenue from fiscal year 2014 and 2013, respectively.

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, 2015 and 2014 amounted to \$76,013 and \$72,558, respectively.

13. *Line of Credit*

The Organization has a \$350,000 revolving line of credit, all of which was unused at June 30, 2015 and 2014. 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, 2016.

14. *Fair Value Measurements*

The following is a description of the valuation methodologies used for assets at fair value. There have been no changes from prior year's valuation techniques and related inputs as of June 30, 2015 and 2014:

Registered Investment Companies

Valued at the closing price reported on the active market on which the individual securities are traded.

Metropolitan Boston Housing Partnership, Inc.

Notes to Financial Statements - *Continued*

June 30, 2015 and 2014

14. Fair Value Measurements – continued

Money Market Mutual Funds / Certificates of Deposit

Carried at fair value based on the valuation of the financial institutions that hold the investments (all Level 2 Inputs).

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Fair value of the assets is measured on a recurring basis and at June 30, 2015 and 2014 were as follows:

<i>Description</i>	<i>June 30, 2015 Fair Value</i>	<i>Inputs Level 1</i>	<i>Inputs Level 2</i>
Money market mutual funds	\$ 1,197,257	\$ -	\$ 1,197,257
Certificates of deposit	277,275	-	277,275
Registered investment companies:			
<i>Index funds</i>	1,967,069	1,967,069	-
<i>Blend funds</i>	536,199	536,199	-
<i>High Income funds</i>	193,897	193,897	-
<i>Return funds</i>	87,684	87,684	-
Total	<u>\$ 4,259,381</u>	<u>\$ 2,784,849</u>	<u>\$ 1,474,532</u>

<i>Description</i>	<i>June 30, 2014 Fair Value</i>	<i>Inputs Level 1</i>	<i>Inputs Level 2</i>
Money market mutual funds	\$ 679,748	\$ -	\$ 679,748
Certificates of deposit	267,475	-	267,475
Registered investment companies:			
<i>Index funds</i>	1,504,313	1,504,313	-
<i>Blend funds</i>	418,537	418,537	-
<i>High Income funds</i>	192,083	192,083	-
<i>Return funds</i>	119,399	119,399	-
Total	<u>\$ 3,181,555</u>	<u>\$ 2,234,332</u>	<u>\$ 947,223</u>

Metropolitan Boston Housing Partnership, Inc.

Notes to Financial Statements - *Continued*

June 30, 2015 and 2014

15. *Commitment*

On May 8, 2015, with the consent of the Board of Directors, management executed a contract for the purchase of an office condominium unit (the Office) in Boston, Massachusetts. The Office is part of a building being constructed by Mission Hill Neighborhood Housing Services (MHNHS).

The construction period is expected to be approximately two years and the Office is expected to cost between \$14 million and \$15 million depending on whether certain design elements are included in the final specifications. MHNHS will be responsible for overseeing the construction of the building and the Organization has agreed to pay deposits on an installment basis of up to 10% of the purchase price of the Office, due and payable, at the completion of construction benchmarks established in the contract. As of June 30, 2015, the Organization has made deposit payments of \$250,000, which are included as deferred development costs in the *Statement of Financial Position*. Management is in the process of seeking commitments from lenders for a permanent mortgage to finance approximately 67% of the expected costs of the Office.

SUPPLEMENTAL INFORMATION

Metropolitan Boston Housing Partnership, Inc.
Supplemental Schedule of Support, Revenue and Expenses
For the Year Ended June 30, 2015

	<i>General Administrative & 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	\$ 145,430	\$ -	\$ -	\$ 468,355	\$ -	\$ -	\$ -	\$ 613,785
Corporate grants	164,396	-	-	5,609	-	-	-	170,005
Individual grants	79,629	-	-	9,782	-	-	-	89,411
Rental subsidies and administrative fees	-	20,880,916	87,433,917	3,806,720	5,511,134	10,878,097	-	128,510,784
Other service fees	-	19,549	98,708	-	-	9,746	-	128,003
Contract service income	-	-	-	97,995	-	9,838	102,311	210,144
	<u>389,455</u>	<u>20,900,465</u>	<u>87,532,625</u>	<u>4,388,461</u>	<u>5,511,134</u>	<u>10,897,681</u>	<u>102,311</u>	<u>129,722,132</u>
Total revenue and support								
Other Revenue:								
Unrealized gains	25,303	-	-	-	-	-	-	25,303
Realized gains	1,303	-	-	-	-	-	-	1,303
Interest and dividend income	52,623	-	44	-	-	-	-	52,667
	<u>468,684</u>	<u>20,900,465</u>	<u>87,532,669</u>	<u>4,388,461</u>	<u>5,511,134</u>	<u>10,897,681</u>	<u>102,311</u>	<u>129,801,405</u>
Total revenue								
Expenses	<u>1,142,625</u>	<u>20,755,747</u>	<u>86,744,713</u>	<u>4,338,698</u>	<u>5,566,186</u>	<u>10,917,008</u>	<u>96,255</u>	<u>129,561,232</u>
Excess (deficiency) of revenue over expenses	<u>\$ (673,941)</u>	<u>\$ 144,718</u>	<u>\$ 787,956</u>	<u>\$ 49,763</u>	<u>\$ (55,052)</u>	<u>\$ (19,327)</u>	<u>\$ 6,056</u>	<u>\$ 240,173</u>

Metropolitan Boston Housing Partnership, Inc.
Supplemental Schedule of Support, Revenue and Expenses
For the Year Ended June 30, 2014

	<i>General Administrative & 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	\$ 50,554	\$ -	\$ -	\$ 591,575	\$ -	\$ -	\$ -	\$ 642,129
Corporate grants	128,760	-	-	1,000	-	-	-	129,760
Individual grants	73,178	-	-	2,735	-	-	-	75,913
Rental subsidies and administrative fees	-	15,821,580	86,589,218	4,080,501	14,835,439	9,586,782	33,474	130,946,994
Other service fees	982	20,582	105,459	-	7,037	5,222	-	139,282
Contract service income	-	-	25	79,965	-	-	111,091	191,081
	<u>253,474</u>	<u>15,842,162</u>	<u>86,694,702</u>	<u>4,755,776</u>	<u>14,842,476</u>	<u>9,592,004</u>	<u>144,565</u>	<u>132,125,159</u>
Total revenue and support								
Other Revenue:								
Unrealized gains	71,664	-	-	-	-	-	-	71,664
Interest and dividend income	31,790	-	277	-	-	-	-	32,067
	<u>356,928</u>	<u>15,842,162</u>	<u>86,694,979</u>	<u>4,755,776</u>	<u>14,842,476</u>	<u>9,592,004</u>	<u>144,565</u>	<u>132,228,890</u>
Total revenue								
Expenses	<u>941,919</u>	<u>15,731,580</u>	<u>85,959,524</u>	<u>4,701,432</u>	<u>14,129,545</u>	<u>9,615,872</u>	<u>101,598</u>	<u>131,181,470</u>
Excess (deficiency) of revenue over expenses	<u>\$ (584,991)</u>	<u>\$ 110,582</u>	<u>\$ 735,455</u>	<u>\$ 54,344</u>	<u>\$ 712,931</u>	<u>\$ (23,868)</u>	<u>\$ 42,967</u>	<u>\$ 1,047,420</u>

Metropolitan Boston Housing Partnership, Inc.
Supplemental Schedule of Program Expenses
For the Year Ended June 30, 2015

	<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>
Direct Program Expenses:							
Rental subsidies	\$ 19,930,887	\$ 81,381,892	\$ 2,773,436	\$ 3,426,331	\$ 10,149,570	\$ -	\$ 117,662,116
Payments to subgrantees	118,242	75,000	38,457	60,450	-	-	292,149
Program supplies	-	88	28,167	1,134	-	-	29,389
Portability	-	33,225	-	-	-	-	33,225
Travel and training	3,155	47,693	31,461	19,354	3,544	499	105,706
	<u>20,052,284</u>	<u>81,537,898</u>	<u>2,871,521</u>	<u>3,507,269</u>	<u>10,153,114</u>	<u>499</u>	<u>118,122,585</u>
Total program expenses							
Operating Expenses:							
Salaries	445,459	3,483,979	911,978	1,174,875	526,313	65,290	6,607,894
Employee benefits	86,174	672,226	175,892	226,785	101,644	12,562	1,275,283
Rent and utilities	59,487	430,449	115,450	182,018	67,625	7,601	862,630
Contracted services	20,565	270,598	64,278	43,849	19,049	1,503	419,842
Equipment	2,658	18,175	5,036	7,759	3,023	264	36,915
Office supplies and services	4,509	33,139	15,108	12,154	3,071	437	68,418
Telephone	1,964	21,747	4,539	11,574	2,224	191	42,239
Insurance	6,722	45,795	12,620	19,678	7,564	664	93,043
Printing	1,344	10,178	4,270	1,696	293	2,011	19,792
Postage	8,323	60,203	15,358	23,887	9,216	1,731	118,718
Temporary help	18,839	13,680	87,095	317,137	419	344	437,514
Legal and accounting	4,811	52,868	22,319	14,275	15,202	483	109,958
Consulting	3,966	14,623	13,805	1,954	-	-	34,348
Promotion and advertising	10,168	478	1,249	227	74	6	12,202
Travel	-	1,340	884	-	-	-	2,224
Training and conferences	484	8,389	2,466	465	175	-	11,979
Dues and subscriptions	-	8,331	225	150	-	30	8,736
Depreciation and amortization	7,320	55,157	13,054	20,289	7,968	690	104,478
Bank charges	1,121	4,375	28	-	-	-	5,524
Miscellaneous expense	-	1,085	1,523	145	34	1,949	4,736
Bad debt expense	19,549	-	-	-	-	-	19,549
	<u>20,755,747</u>	<u>86,744,713</u>	<u>4,338,698</u>	<u>5,566,186</u>	<u>10,917,008</u>	<u>96,255</u>	<u>128,418,607</u>
Total expenses before administrative allocation							
Administrative allocation	45,227	353,573	92,546	119,241	53,421	6,623	670,631
	<u>20,800,974</u>	<u>87,098,286</u>	<u>4,431,244</u>	<u>5,685,427</u>	<u>10,970,429</u>	<u>102,878</u>	<u>129,089,238</u>
Total expenses							

Metropolitan Boston Housing Partnership, Inc.
Supplemental Schedule of Program Expenses
For the Year Ended June 30, 2014

	<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>
Direct Program Expenses:							
Rental subsidies	\$ 15,201,060	\$ 80,985,536	\$ 2,662,004	\$ 11,505,026	\$ 8,787,900	\$ -	\$ 119,141,526
Payments to subgrantees	-	12,500	365,705	627,152	65,815	-	1,071,172
Program supplies	-	23	18,060	4,939	-	-	23,022
Portability	-	36,547	-	-	-	-	36,547
Travel and training	1,150	44,240	24,639	24,593	2,778	1,671	99,071
Total program expenses	15,202,210	81,078,846	3,070,408	12,161,710	8,856,493	1,671	120,371,338
Operating Expenses:							
Salaries	328,641	3,141,970	1,043,816	1,263,207	475,704	70,279	6,323,617
Employee benefits	73,297	700,351	232,664	282,270	105,815	15,896	1,410,293
Rent and utilities	45,003	401,239	131,438	179,517	61,454	7,152	825,803
Contracted services	6,648	238,863	69,723	27,860	14,447	790	358,331
Equipment	2,200	19,585	6,136	10,468	3,377	308	42,074
Office supplies and services	1,606	38,261	11,946	12,504	3,268	211	67,796
Telephone	1,076	22,182	6,207	16,407	1,879	229	47,980
Insurance	4,562	37,705	12,600	17,314	6,091	622	78,894
Printing	103	23,806	2,058	2,248	1,252	153	29,620
Postage	5,748	52,196	16,635	22,648	8,237	804	106,268
Temporary help	20,831	14,392	6,023	73,470	9,885	-	124,601
Legal and accounting	5,315	69,577	23,108	22,941	58,457	636	180,034
Consulting	2,194	8,703	14,466	9,542	1,230	-	36,135
Promotion and advertising	-	75	-	75	-	-	150
Travel	-	5,942	1,287	57	-	-	7,286
Training and conferences	432	12,842	1,224	529	1,494	-	16,521
Dues and subscriptions	-	11,065	6,176	-	-	-	17,241
Depreciation and amortization	5,478	55,131	13,903	19,197	6,789	703	101,201
Bank charges	5,654	26,516	530	2,331	-	-	35,031
Miscellaneous expense	-	277	31,084	127	-	2,144	33,632
Bad debt expense	20,582	-	-	5,123	-	-	25,705
Total expenses before administrative allocation	15,731,580	85,959,524	4,701,432	14,129,545	9,615,872	101,598	130,239,551
Administrative allocation	28,831	275,607	91,561	110,856	41,712	6,181	554,748
Total expenses	\$ 15,760,411	\$ 86,235,131	\$ 4,792,993	\$ 14,240,401	\$ 9,657,584	\$ 107,779	\$ 130,794,299

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, 2015 and 2014

	<i>2015</i>	<i>2014</i>
Revenue:		
Rental subsidies and administrative fees	\$ 87,179,892	\$ 86,310,940
Direct Program Expenses:		
Rental subsidies	81,091,625	80,663,872
Other program expenses	47,781	44,263
Payments to subgrantees	75,000	12,500
Portability	33,225	36,547
Total program expenses	81,247,631	80,757,182
Operating Expenses:		
Salaries	3,465,378	3,126,101
Employee benefits	668,650	696,827
Rent and utilities	428,818	399,724
Contracted services	270,184	238,679
Equipment	18,102	19,508
Office supplies and services	33,071	38,222
Telephone	21,694	22,146
Insurance	45,609	37,551
Printing	10,172	23,806
Postage	59,977	51,998
Temporary Help	13,680	14,392
Legal fees and accounting	52,733	69,427
Consulting	14,623	8,703
Promotion and advertising	476	75
Travel	1,340	5,942
Training and conferences	8,389	12,842
Dues and subscriptions	8,331	11,065
Depreciation and amortization	54,964	54,964
Miscellaneous	5,431	26,597
Administrative allocation	351,686	284,566
Total expenses	86,780,939	85,900,317
Excess of revenue over expenses	\$ 398,953	\$ 410,623

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, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets		
Cash	\$ 7,997,654	\$ 8,579,114
Accounts receivable tenants	<u>738,330</u>	<u>672,637</u>
Total assets	<u>\$ 8,735,984</u>	<u>\$ 9,251,751</u>
Liabilities		
Accounts payable: tenants	\$ 738,330	\$ 672,637
Accounts payable	1,004,891	1,215,026
Deferred income	6,992,708	7,353,515
Deferred interest	<u>55</u>	<u>10,573</u>
Total liabilities	<u>\$ 8,735,984</u>	<u>\$ 9,251,751</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Metropolitan Boston Housing Partnership, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

<i>Federal Grantor (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	\$ 85,177,393
Continuum of Care Program	14.267	N/A	1,557,330
Housing Choice Voucher Program	14.871	N/A	1,268,757
Moderate Rehabilitation Program	14.856	N/A	352,642
Family Unification Program	14.880	N/A	462,541
Supportive Housing for Persons with Disabilities	14.181	N/A	113,408
Passed through the City of Boston Public Facilities Commission:			
Continuum of Care Program	14.267	N/A	8,380,691
Housing Opportunities for Persons with AIDS	14.241	N/A	530,040
Passed through Latino Health Institute Proyecto Opciones:			
Continuum of Care Program	14.267	N/A	<u>222,173</u>
Total Federal Financial Assistance			<u>\$ 98,064,975</u>

Metropolitan Boston Housing Partnership, Inc.
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

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, 2015. The information in this schedule is presented in accordance with the requirements of U.S. Office of Management and Budget OMB 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* and the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Subrecipients

Federal expenditures presented in the Schedule include funds awarded to subrecipients as follows:

<u>Program</u>	<u>CFDA</u>	<u>Amount</u>
Moving to Work Demonstration Program	14.881	\$ 75,000

**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, 2015, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 2, 2015.

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

September 2, 2015

**REPORT ON COMPLIANCE AND INTERNAL
CONTROL REQUIRED BY
OMB CIRCULAR A-133**



Daniel Dennis & Company LLP

Certified Public Accountants

Independent Auditors' Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance 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 each of the Organization's major federal programs for the year ended June 30, 2015. 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 each of 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 each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each 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 each of its major federal programs for the year ended June 30, 2015.

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 each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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

September 2, 2015

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Metropolitan Boston Housing Partnership, Inc.
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2015

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors' report issued: Unmodified

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: Unmodified

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
14.267	Continuum of Care Program

Dollar threshold for Type A and Type B programs \$2,941,949

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, 2015

Section II – Financial Statement Findings

NONE

Section III – Federal Award Findings and Questioned Costs

NONE

Section IV – Status of Prior Year Audit Findings

NONE