

**Metropolitan Boston Housing
Partnership, Inc.**

Financial Statements
and
Independent Auditors' Report
June 30, 2016 and 2015

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) (the Organization), which comprise the statements of financial position as of June 30, 2016 and 2015, 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.

Auditors' 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 auditors' 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, 2016 and 2015, 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 20 through 26 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 28, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 26, 2016, on our consideration of Metropolitan Boston Housing Partnership Inc.'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 26, 2016

Metropolitan Boston Housing Partnership, Inc.
Statements of Financial Position
June 30, 2016 and 2015

	2016	2015
<i>Assets</i>		
<hr/>		
<i>Current Assets</i>		
Cash and cash equivalents	\$ 14,000,587	\$ 11,112,769
Prepaid expenses	262,733	103,591
Accounts receivable	<u>4,409,883</u>	<u>4,378,026</u>
Total current assets	<u>18,673,203</u>	<u>15,594,386</u>
<i>Noncurrent Assets</i>		
Client deposits	966,077	1,083,542
Restricted cash	1,569,165	1,128,336
Investments	4,323,767	4,259,381
Loans receivable	4,971,815	4,916,889
Less: allowance for doubtful accounts	(304,907)	(304,907)
Deferred development costs	1,100,197	386,541
Furniture and equipment less: accumulated depreciation \$217,486 and \$288,488	<u>114,744</u>	<u>182,881</u>
Total assets	<u>\$ 31,414,061</u>	<u>\$ 27,247,049</u>
<i>Liabilities and Net Assets</i>		
<hr/>		
<i>Current Liabilities</i>		
Accounts payable	\$ 2,179,074	\$ 2,493,022
Accrued expenses	818,000	699,121
Deferred revenue	<u>10,010,910</u>	<u>7,427,414</u>
Total current liabilities	<u>13,007,984</u>	<u>10,619,557</u>
<i>Noncurrent liabilities</i>		
Client deposits	881,029	1,047,131
CEDAC home modification loans	<u>6,133,817</u>	<u>5,640,214</u>
Total liabilities	<u>20,022,830</u>	<u>17,306,902</u>
<i>Net Assets</i>		
<i>Unrestricted:</i>		
Board designated	1,875,039	1,875,039
Undesignated	<u>9,516,192</u>	<u>8,065,108</u>
Total net assets	<u>11,391,231</u>	<u>9,940,147</u>
Total liabilities and net assets	<u>\$ 31,414,061</u>	<u>\$ 27,247,049</u>

See accompanying notes to financial statements.

Metropolitan Boston Housing Partnership, Inc.
Statements of Activities
For the Years Ended June 30, 2016 and 2015

<i>Change In Unrestricted Net Assets</i>	<i>2016</i>	<i>2015</i>
Revenue and Support		
Foundation grants	\$ 823,810	\$ 613,785
Corporate grants	254,487	170,005
Individual grants	544,044	89,411
Program service fees and reimbursement	135,207,460	128,848,931
Unrealized (losses)/gains	(10,898)	25,303
Realized gains	1,271	1,303
Interest and dividend income	<u>75,866</u>	<u>52,667</u>
Total revenue and support	<u>136,896,040</u>	<u>129,801,405</u>
Expenses		
Program services	134,210,998	128,418,607
General and administrative	682,748	770,256
Fundraising	<u>551,210</u>	<u>372,369</u>
Total expenses	<u>135,444,956</u>	<u>129,561,232</u>
Change in net assets	<u>\$ 1,451,084</u>	<u>\$ 240,173</u>
Net assets, beginning of year	\$ 9,940,147	\$ 9,699,974
Change in net assets	<u>1,451,084</u>	<u>240,173</u>
Net assets, end of year	<u>\$ 11,391,231</u>	<u>\$ 9,940,147</u>

See accompanying notes to financial statements.

Metropolitan Boston Housing Partnership, Inc.
Statements of Functional Expenses
For the Years Ended June 30, 2016 and 2015

	<i>2016</i>				<i>2015</i>			
	<i>Program Services</i>	<i>General and Administrative</i>	<i>Fundraising</i>	<i>Total</i>	<i>Program Services</i>	<i>General and Administrative</i>	<i>Fundraising</i>	<i>Total</i>
Direct Program Expenses:								
Rental subsidies	\$ 122,962,615	\$ -	\$ -	\$ 122,962,615	\$ 117,662,116	\$ -	\$ -	\$ 117,662,116
Payments to subgrantees	408,593	-	-	408,593	292,149	-	-	292,149
Program supplies	18,819	-	-	18,819	29,389	-	-	29,389
Portability	31,904	-	-	31,904	33,225	-	-	33,225
Travel and training	86,250	-	-	86,250	105,706	-	-	105,706
Total direct program expenses	<u>123,508,181</u>	<u>-</u>	<u>-</u>	<u>123,508,181</u>	<u>118,122,585</u>	<u>-</u>	<u>-</u>	<u>118,122,585</u>
Operating Expenses:								
Salaries	7,014,245	336,058	282,031	7,632,334	6,607,894	351,388	200,994	7,160,276
Employee benefits	1,365,828	70,446	54,878	1,491,152	1,275,283	71,089	38,769	1,385,141
Rent and utilities	896,723	31,248	-	927,971	862,630	32,100	-	894,730
Contracted services	427,622	12,712	6,283	446,617	419,842	15,756	8,177	443,775
Equipment	49,558	1,537	-	51,095	36,915	1,370	-	38,285
Office supplies and services	72,237	4,918	1,923	79,078	68,418	4,366	1,032	73,816
Telephone	44,208	5,815	-	50,023	42,239	4,004	-	46,243
Insurance	106,191	5,410	-	111,601	93,043	15,653	-	108,696
Printing	32,141	18,127	13,110	63,378	19,792	16,791	8,937	45,520
Postage	107,566	5,670	1,528	114,764	118,718	7,070	388	126,176
Temporary help	321,748	-	-	321,748	437,514	40,557	-	478,071
Legal and accounting	72,279	33,252	-	105,531	109,958	6,888	-	116,846
Consulting	20,920	45,457	134,059	200,436	34,348	62,054	67,204	163,606
Promotion and advertising	4,395	1,228	180	5,803	12,202	888	137	13,227
Travel	3,956	4,599	462	9,017	2,224	3,789	441	6,454
Training and conferences	12,231	56,513	51,888	120,632	11,979	45,664	44,491	102,134
Dues and subscriptions	15,683	39,672	2,169	57,524	8,736	41,353	1,025	51,114
Depreciation and amortization	103,946	3,205	-	107,151	104,478	3,503	-	107,981
Bank charges	-	3,685	-	3,685	5,524	3,728	-	9,252
Miscellaneous expense	1,451	3,196	1,162	5,809	4,736	42,245	774	47,755
Bad debt expense	29,889	-	1,537	31,426	19,549	-	-	19,549
Total operating expenses	<u>10,702,817</u>	<u>682,748</u>	<u>551,210</u>	<u>11,936,775</u>	<u>10,296,022</u>	<u>770,256</u>	<u>372,369</u>	<u>11,438,647</u>
Total expenses	<u>\$ 134,210,998</u>	<u>\$ 682,748</u>	<u>\$ 551,210</u>	<u>\$ 135,444,956</u>	<u>\$ 128,418,607</u>	<u>\$ 770,256</u>	<u>\$ 372,369</u>	<u>\$ 129,561,232</u>

See accompanying notes to financial statements.

Metropolitan Boston Housing Partnership, Inc.
Statements of Cash Flows
For the Years Ended June 30, 2016 and 2015

	2016	2015
<i>Cash Flows From Operating Activities:</i>		
Change in net assets	\$ 1,451,084	\$ 240,173
Adjustments to reconcile change in net assets to net cash provided by/(used in) operating activities:		
Depreciation and amortization	107,151	107,981
Bad debt	31,426	19,549
Unrealized losses/(gains)	10,898	(25,303)
Realized gains	(1,271)	(1,303)
(Increase)/decrease in operating assets:		
Restricted cash	(440,829)	(48,307)
Accounts receivable	(102,297)	445,542
Prepaid expenses	(159,142)	(3,232)
Loans receivable CEDAC home mod. program	(54,926)	(432,585)
Client deposits	117,465	29,049
Increase/(decrease) in operating liabilities:		
Accounts payable	(313,948)	(254,989)
Accrued expenses	118,879	74,036
Deferred revenue	2,583,496	(1,874,476)
Loans payable CEDAC home mod. program	493,603	477,515
Client deposits	(166,102)	14,127
Net cash provided by/(used in) operating activities	<u>3,675,487</u>	<u>(1,232,223)</u>
<i>Cash Flows From Investing Activities:</i>		
Purchase of fixed assets	-	(69,963)
Purchase of investments	(74,013)	(1,051,220)
Increase in deferred development costs	(713,656)	(266,972)
Net cash used in investing activities	<u>(787,669)</u>	<u>(1,388,155)</u>
Net increase/(decrease) in cash and cash equivalents	<u>2,887,818</u>	<u>(2,620,378)</u>
Cash and cash equivalents, beginning of year	<u>11,112,769</u>	<u>13,733,147</u>
Cash and cash equivalents, end of year	<u>\$ 14,000,587</u>	<u>\$ 11,112,769</u>

See accompanying notes to financial statements.

Metropolitan Boston Housing Partnership, Inc.

Notes to Financial Statements

June 30, 2016 and 2015

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 9,600 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 support 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 2,394 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, 2016 and 2015

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 92% and 91% of its revenue from the Commonwealth of Massachusetts Department of Housing and Community Development (DHCD) for the years ended June 30, 2016 and 2015, 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, 2016 and 2015, 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.

In connection with its purchase and construction of an office condominium, see Note 15, the Organization capitalizes all development and construction costs as deferred development costs. Interest costs directly related to the development activities are capitalized while constructions is in progress.

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.

Metropolitan Boston Housing Partnership, Inc.

Notes to Financial Statements - *Continued*

June 30, 2016 and 2015

2. *Summary of Significant Account Policies - continued*

Grants and Contributions

Grants and contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Conditional grants and contributions are recognized when the conditions on which they depend are substantially met. Grants and contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the grants and contributions are recognized. All other donor-restricted grants and contributions are reported as increases in temporarily restricted net assets. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

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.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

- 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, 2016 and 2015

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, 2016 and 2015, 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, 2016 the Organization believes that it has no uncertain tax positions within any of its open tax years (2013-2015).

Metropolitan Boston Housing Partnership, Inc.
Notes to Financial Statements - *Continued*
June 30, 2016 and 2015

2. Summary of Significant Account Policies – continued

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.

3. Loans Receivable

Loans receivable consist of the following:

	<i>2016</i>	<i>2015</i>
BHP I loan (1)	\$ 304,907	\$ 304,907
CEDAC home modification loans (2)	<u>4,666,908</u>	<u>4,611,982</u>
Total	<u>\$ 4,971,815</u>	<u>\$ 4,916,889</u>

(1) *BHP I Loan:*

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

	<i>2016</i>	<i>2015</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 this loan.

Metropolitan Boston Housing Partnership, Inc.

Notes to Financial Statements - *Continued*

June 30, 2016 and 2015

3. *Loans Receivable – continued*

(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, 2016 and 2015, 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 its office condominium, see Note 15. At June 30, 2016 and 2015, the board designated net assets were \$1,875,039.

5. *Restricted Cash*

Restricted cash consists of the following:

	<i>2016</i>	<i>2015</i>
Unadvanced CEDAC Home Mod. Loan proceeds	\$ 1,487,840	\$ 1,047,048
Security deposit on office space	<u>81,325</u>	<u>81,288</u>
Total	<u>\$ 1,569,165</u>	<u>\$ 1,128,336</u>

Metropolitan Boston Housing Partnership, Inc.

Notes to Financial Statements - *Continued*

June 30, 2016 and 2015

6. *Investments*

As of June 30, 2016 and 2015, 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, 2016 and 2015, the fair value of the investments is summarized as follows:

<i>Investment</i>	<i>2016</i>	<i>2015</i>
Money market mutual funds	\$ 1,241,059	\$ 1,197,257
Certificates of deposit	294,125	277,275
Equity securities	2,788,583	2,784,849
Total	<u>\$ 4,323,767</u>	<u>\$ 4,259,381</u>

During 2016 and 2015, the Organization recorded unrealized losses on investments of \$10,898 and gains of \$25,303, respectively, and realized gains of \$1,271 and 1,303, 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, 2016 and 2015 was \$859,001 and \$830,282 respectively. The lease was assigned to the Organization effective September 1, 2002 and expires November 30, 2017. Minimum lease payments under this agreement for the next two fiscal years are as follows:

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

8. *DHCD Receivables/Payables*

Amounts included in accounts payable at June 30, 2016 and 2015 that relate to Federal housing assistance programs administered by DHCD are \$205,735 and \$80,945, respectively.

Metropolitan Boston Housing Partnership, Inc.

Notes to Financial Statements - *Continued*

June 30, 2016 and 2015

9. *Deferred Revenue*

The following is a summary of deferred revenue at June 30, 2016 and 2015:

	<i>2016</i>	<i>2015</i>
Housing Assistance Program Rental Subsidies:		
Commonwealth of Massachusetts	\$ 2,421,889	\$ 253,992
U.S. Department of Housing & Urban Development	7,562,047	7,039,629
Other Deferred Income	<u>26,974</u>	<u>133,793</u>
Total	<u>\$ 10,010,910</u>	<u>\$ 7,427,414</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, 2016 and 2015 are as follows:

	<i>2016</i>	<i>2015</i>
Total cash in all Massachusetts banks	\$ 16,840,967	\$ 13,102,993
Portion insured by FDIC	(750,000)	(750,000)
Portion collateralized	<u>(14,128,766)</u>	<u>(11,172,072)</u>
Uninsured cash balances	<u>\$ 1,962,201</u>	<u>\$ 1,180,921</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, \$14,411,341 and \$11,395,513 at June 30, 2016 and 2015, respectively.

11. *Surplus Revenue Retention*

Surplus generated under the Commonwealth of Massachusetts' grants must comply with 808 CMR 1.19(3), Not-for-Profit 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 purchase of service 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 1.05.

Metropolitan Boston Housing Partnership, Inc.

Notes to Financial Statements - *Continued*

June 30, 2016 and 2015

11. *Surplus Revenue Retention - continued*

As of June 30, 2016 and 2015 the current year surplus revenue was less than 5% of the total revenue of all the Commonwealth purchase of service programs. Additionally, the total cumulative surplus revenue retention at June 30, 2016 and 2015 is less than 20% of the total Commonwealth purchase of service revenue from fiscal year 2015 and 2014, 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, 2016 and 2015 amounted to \$84,865 and \$76,013, respectively.

13. *Line of Credit*

The Organization has a \$350,000 revolving line of credit, all of which was unused at June 30, 2016 and 2015. 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, 2017.

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, 2016 and 2015:

Registered Investment Companies

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

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.

Metropolitan Boston Housing Partnership, Inc.

Notes to Financial Statements - *Continued*

June 30, 2016 and 2015

14. Fair Value Measurements – continued

Fair value of the assets is measured on a recurring basis and at June 30, 2016 and 2015 were as follows:

<i>Description</i>	<i>June 30, 2016 Fair Value</i>	<i>Level 1 Inputs</i>	<i>Level 2 Inputs</i>
Money market mutual funds	\$ 1,241,058	\$ -	\$ 1,241,058
Certificates of deposit	294,125	-	294,125
Registered investment companies:			
<i>Index funds</i>	2,007,414	2,007,414	-
<i>Blend funds</i>	510,472	510,472	-
<i>High Income funds</i>	195,234	195,234	-
<i>Return funds</i>	75,464	75,464	-
Total	<u>\$ 4,323,767</u>	<u>\$ 2,788,584</u>	<u>\$ 1,535,183</u>

<i>Description</i>	<i>June 30, 2015 Fair Value</i>	<i>Level 1 Inputs</i>	<i>Level 2 Inputs</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>

15. Commitments

Construction Contract

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).

Metropolitan Boston Housing Partnership, Inc.

Notes to Financial Statements - *Continued*

June 30, 2016 and 2015

15. Commitments - continued

Construction Contract - continued

The construction period is expected to be approximately two years and the Office is expected to cost between \$13 million and \$14 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, 2016, the Organization has made deposit payments of \$817,453, which are included as deferred development costs in the *Statement of Financial Position*.

Financing

As part of constructing the Office, the Organization has obtained financing commitments in the form of the following loans through Boston Private Bank and Trust:

First mortgage financing in the amount of \$8,500,000 which bears interest at a rate of 3.42%. Monthly payments of interest only are required during the construction period based on the outstanding principal balance and once the building is placed in service, monthly payments of principal and interest will commence based on a ten year amortization schedule. All outstanding principal and interest is due and payable on July 18, 2028. At June 30, 2016 there was no outstanding balance.

Secondary financing in the amount of \$1,200,000 which bears interest at an adjustable rate of 65% of the LIBOR rate as adjusted on the first business day of each month plus two hundred and fifteen basis points during the construction period. After the construction period the loan will bear a fixed rate of 6%. Monthly payments of interest only are required during construction period based on the outstanding principal balance and once the building is placed in service, monthly payments of principal and interest will commence based on a ten year amortization schedule. All outstanding principal and interest is due and payable on July 18, 2028. At June 30, 2016 there was no outstanding balance.

Metropolitan Boston Housing Partnership, Inc.

Notes to Financial Statements - *Continued*

June 30, 2016 and 2015

15. Commitments - continued

Financing - continued

Secondary financing in the amount of \$300,000 which bears interest at an adjustable rate of 65% of the LIBOR rate as adjusted on the first business day of each month plus two hundred and fifteen basis points during the construction period. After the construction period the loan will bear a fixed rate of 3.42%. Monthly payments of interest only are required during construction period based on the outstanding principal balance and once the building is placed in service, monthly payments of principal and interest will commence based on a ten year amortization schedule. All outstanding principal and interest is due and payable on July 18, 2028. At June 30, 2016 there was no outstanding balance.

Restricted Reserves

In accordance with the loan agreements, the Organization is required to maintain certain escrows in accounts held by Boston Private Bank and Trust as security for the performance of obligations set forth in the loan agreements. The amount of the escrows are required to be at least equal to or greater than \$3,799,942 plus 20% of the outstanding principal balance of the \$1,200,000 term loan. At June 30, 2016 the Organization transferred \$4,029,641 of its investments into accounts held by Boston Private Bank and Trust to satisfy this requirement.

16. Client Deposits

The Organization receives certain rental subsidies that are to be held in escrow for clients participating in the family self-sufficiency program. When received, the subsidies are required to be deposited in a separate bank account. Funds are released to the clients upon graduation from the program. At June 30, 2016 and 2015 the client deposit account had a balance of \$966,077 and \$1,083,542, respectively, and the liability to the clients was \$881,029 and \$1,047,131, respectively.

17. Subsequent Events

The Organization has performed an evaluation of subsequent events through August 26, 2016, which is the date of the Organization's financial statements were available to be issued. No material subsequent events have occurred since June 30, 2016 that requires recognition or disclosure in these financial statements.

SUPPLEMENTAL INFORMATION

Metropolitan Boston Housing Partnership, Inc.
Supplemental Schedule of Support, Revenue and Expenses
For the Year Ended June 30, 2016

	<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	\$ 469,810	\$ -	\$ -	\$ 354,000	\$ -	\$ -	\$ -	\$ 823,810
Corporate grants	229,487	-	-	25,000	-	-	-	254,487
Individual grants	542,394	-	-	1,650	-	-	-	544,044
Rental subsidies and administrative fees	-	23,902,497	90,155,669	4,928,913	5,104,899	10,781,870	-	134,873,848
Other service fees	39,551	29,889	99,543	-	-	5,339	67,251	241,573
Contract service income	-	-	-	92,039	-	-	-	92,039
	<u>1,281,242</u>	<u>23,932,386</u>	<u>90,255,212</u>	<u>5,401,602</u>	<u>5,104,899</u>	<u>10,787,209</u>	<u>67,251</u>	<u>136,829,801</u>
Total revenue and support								
Other Revenue:								
Unrealized losses	(10,898)	-	-	-	-	-	-	(10,898)
Realized gains	1,271	-	-	-	-	-	-	1,271
Interest and dividend income	75,806	-	60	-	-	-	-	75,866
	<u>1,347,421</u>	<u>23,932,386</u>	<u>90,255,272</u>	<u>5,401,602</u>	<u>5,104,899</u>	<u>10,787,209</u>	<u>67,251</u>	<u>136,896,040</u>
Total revenue								
Expenses	<u>1,233,958</u>	<u>23,817,822</u>	<u>89,204,897</u>	<u>5,356,251</u>	<u>4,974,094</u>	<u>10,773,462</u>	<u>84,472</u>	<u>135,444,956</u>
Excess (deficiency) of revenue over expenses	<u>\$ 113,463</u>	<u>\$ 114,564</u>	<u>\$ 1,050,375</u>	<u>\$ 45,351</u>	<u>\$ 130,805</u>	<u>\$ 13,747</u>	<u>\$ (17,221)</u>	<u>\$ 1,451,084</u>

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 Program Expenses
For the Year Ended June 30, 2016

	<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	\$ 22,765,067	\$ 83,613,565	\$ 3,552,911	\$ 3,001,138	\$ 10,029,934	\$ -	\$ 122,962,615
Payments to subgrantees	229,020	97,897	81,676	-	-	-	408,593
Program supplies	-	150	18,669	-	-	-	18,819
Portability	-	31,904	-	-	-	-	31,904
Travel and training	1,334	45,708	15,493	20,081	3,391	243	86,250
	<u>22,995,421</u>	<u>83,789,224</u>	<u>3,668,749</u>	<u>3,021,219</u>	<u>10,033,325</u>	<u>243</u>	<u>123,508,181</u>
Total direct program expenses							
Operating Expenses:							
Salaries	526,650	3,555,270	1,080,517	1,273,997	516,814	60,997	7,014,245
Employee benefits	102,420	692,440	210,852	247,836	100,406	11,874	1,365,828
Rent and utilities	69,561	425,872	138,583	194,483	61,316	6,908	896,723
Contracted services	19,607	273,570	77,164	40,720	15,452	1,109	427,622
Equipment	3,994	23,600	7,555	10,613	3,503	293	49,558
Office supplies and services	4,454	35,582	12,078	16,741	3,126	256	72,237
Telephone	2,102	23,568	5,442	10,854	2,087	155	44,208
Insurance	8,569	50,598	16,156	22,704	7,534	630	106,191
Printing	292	12,560	17,519	1,327	200	243	32,141
Postage	7,957	55,591	15,166	21,249	7,019	584	107,566
Temporary help	32,177	139,984	68,543	71,682	9,362	-	321,748
Legal and accounting	5,457	35,008	10,415	15,340	5,658	401	72,279
Consulting	553	14,890	5,025	452	-	-	20,920
Promotion and advertising	-	2,755	1,314	260	-	66	4,395
Travel	-	2,165	1,475	316	-	-	3,956
Training and conferences	104	6,454	3,624	1,854	195	-	12,231
Dues and subscriptions	-	15,443	100	40	-	100	15,683
Depreciation and amortization	8,615	49,497	15,699	22,057	7,465	613	103,946
Miscellaneous expense	-	826	275	350	-	-	1,451
Bad debt expense	29,889	-	-	-	-	-	29,889
	<u>23,817,822</u>	<u>89,204,897</u>	<u>5,356,251</u>	<u>4,974,094</u>	<u>10,773,462</u>	<u>84,472</u>	<u>134,210,998</u>
Total expenses before administrative allocation							
Administrative allocation	<u>52,035</u>	<u>308,266</u>	<u>98,473</u>	<u>138,380</u>	<u>46,045</u>	<u>3,830</u>	<u>647,029</u>
Total expenses	<u>\$ 23,869,857</u>	<u>\$ 89,513,163</u>	<u>\$ 5,454,724</u>	<u>\$ 5,112,474</u>	<u>\$ 10,819,507</u>	<u>\$ 88,302</u>	<u>\$ 134,858,027</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
Total direct program expenses	<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>
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
Total expenses before administrative allocation	<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>
Administrative allocation	<u>45,227</u>	<u>353,573</u>	<u>92,546</u>	<u>119,241</u>	<u>53,421</u>	<u>6,623</u>	<u>670,631</u>
Total expenses	<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>

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, 2016 and 2015

	<i>2016</i>	<i>2015</i>
Revenue:		
Rental subsidies and administrative fees	\$ 89,908,450	\$ 87,179,892
Direct Program Expenses:		
Rental subsidies	83,329,291	81,091,625
Other program expenses	45,858	47,781
Payments to subgrantees	97,897	75,000
Portability	31,904	33,225
Total direct program expenses	83,504,950	81,247,631
Operating Expenses:		
Salaries	3,531,747	3,465,378
Employee benefits	687,807	668,650
Rent and utilities	423,681	428,818
Contracted services	273,085	270,184
Equipment	23,472	18,102
Office supplies and services	35,457	33,071
Telephone	23,501	21,694
Insurance	50,330	45,609
Printing	12,554	10,172
Postage	55,335	59,977
Temporary Help	139,984	13,680
Legal fees and accounting	34,935	52,733
Consulting	14,890	14,623
Promotion and advertising	2,755	476
Travel	2,165	1,340
Training and conferences	6,454	8,389
Dues and subscriptions	15,443	8,331
Depreciation and amortization	49,235	54,964
Miscellaneous	826	5,431
Administrative allocation	306,653	351,686
Total expenses	89,195,259	86,780,939
Excess of revenue over expenses	\$ 713,191	\$ 398,953

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, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Cash	\$ 8,196,213	\$ 7,997,654
Accounts receivable tenants	<u>728,104</u>	<u>738,330</u>
Total assets	<u>\$ 8,924,317</u>	<u>\$ 8,735,984</u>
Liabilities		
Accounts payable: tenants	\$ 728,104	\$ 738,330
Accounts payable	678,802	1,004,891
Deferred income	7,515,836	6,992,708
Deferred interest	<u>1,575</u>	<u>55</u>
Total liabilities	<u>\$ 8,924,317</u>	<u>\$ 8,735,984</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Metropolitan Boston Housing Partnership, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

<i>Federal Grantor (Pass-Through Grantor) Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Total Federal Expenditures</i>	<i>Expenditures to Subrecipients</i>
U.S. Department of Housing and Urban Development				
Moving to Work Demonstration Program Passed through Massachusetts Department of Housing and Community Development (DHCD)	14.881	OCD264515469015MTW	\$ 87,617,663	\$ 97,897
Housing Voucher Cluster: Housing Choice Voucher Program Passed through DHCD	14.871	OCD264015469014HCV	1,758,285	-
Supportive Housing for Persons with Disabilities Passed through DHCD	14.181	OCD264215469017MS5	132,094	-
Section 8 Project-Based Cluster: Lower Income Housing Assistance Program-Section 8 Moderate Rehabilitation Passed through DHCD	14.856	OCD264015469019MRB	346,822	-
Continuum of Care Program: Passed through DHCD		See Note 3	1,569,448	-
Passed through City of Boston Department of Neighborhood Development (DND)		See Note 3	7,671,099	-
Passed through Aids Action Committee of Massachusetts		N/A	110,791	-
Passed through Justice Resource Institute, Inc. (JRI)		OCD810014FPOPGRANT10	110,535	-
Total Continuum of Care Program	14.267		9,461,873	-
Housing Opportunities for Persons with AIDS Passed through DND		C-37848-14	817,372	-
Passed through JRI		MA-H11-0007	51,126	-
Total Housing Opportunities for Persons with AIDS	14.241		868,498	-
Total Expenditures of Federal Awards			\$ 100,185,235	\$ 97,897

Metropolitan Boston Housing Partnership, Inc.
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Metropolitan Boston Housing Partnership, Inc. (the Organization) under programs of the Federal government for the year ended June 30, 2016. The information in this schedule is presented in accordance with the requirements of Title 2 *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Organization has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

3. Pass-Through Entity Identifying Numbers

The Massachusetts Department of Housing and Community Development (DHCD) and the City of Boston Department of Neighborhood Development (DND) issued multiple pass through entity numbers for the Continuum of Care program (CFDA #14.267). The pass through entity numbers are as follows:

Passed through DHCD:

OCD810014FGBSGRANT20
OCD2640HFGBTGRANT200
OCD2640144614020000

Passed through DND:

C-39780-15 C-39673-15
C-39668-15 C-39186-15
C-39011-14 C-39009-14
C-38926-14 C-39187-15

**REPORT ON INTERNAL CONTROLS AND
COMPLIANCE IN ACCORDANCE
WITH
*GOVERNMENT AUDITING STANDARDS***



Daniel Dennis & Company LLP

Certified Public Accountants

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

To the Board of Directors

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) (the Organization), which comprise the statement of financial position as of June 30, 2016, 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 August 26, 2016.

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 26, 2016

**REPORT ON COMPLIANCE AND INTERNAL
CONTROL REQUIRED BY
THE UNIFORM GUIDANCE**



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 the Uniform Guidance

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 Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended June 30, 2016. The Organization's major federal program is 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Organization's major federal program 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 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 its major federal program for the year ended June 30, 2016.

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 its 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 program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Daniel Dennis & Company LLP

August 26, 2016

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Metropolitan Boston Housing Partnership, Inc.
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2016

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 516(a) of the Uniform Guidance? _____ 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
Dollar threshold for Type A and Type B programs	\$3,000,000
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, 2016

Section II – Financial Statement Findings

A. Deficiencies in Internal Control over Financial Reporting

None

B. Material Fraud and Noncompliance with Provisions of Laws and Regulations

None

C. Material Noncompliance with Provisions of Contracts and Grant Agreements

None

D. Material Abuse

None

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

Metropolitan Boston Housing Partnership, Inc.
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2016

There were no unresolved audit findings from prior years' audits of Metropolitan Boston Housing Partnership, Inc.