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& COMPANY
CPAs and Advisors

Single Audit Reporting Package

Massachusetts Housing and
Shelter Alliance, Inc.
and Subsidiary

June 30, 2021

Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary

Single Audit Reporting Package

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INDEPENDENT AUDITORS' REPORT	1
AUDITED FINANCIAL STATEMENTS	
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	3
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS	4
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES	5
CONSOLIDATED STATEMENTS OF CASH FLOWS	7
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	8
INDEPENDENT AUDITORS' REPORT ON CONSOLIDATING FINANCIAL STATEMENTS	19
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION	20
CONSOLIDATING STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS	22
CONSOLIDATING STATEMENTS OF CASH FLOWS	24
INDEPENDENT AUDITORS' REPORT ON OTHER FINANCIAL INFORMATION	26
CONSOLIDATED SCHEDULES OF UNRESTRICTED OPERATING SUPPORT, REVENUE AND EXPENSES FOR THE SOCIAL IMPACT BONDING PROGRAM	27
INDEPENDENT AUDITORS' REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	28
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	29
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	30
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 <i>GOVERNMENT AUDITING STANDARDS</i>	31
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE	33
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	35
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	36



Independent Auditors' Report on the Financial Statements

To the Board of Directors of
Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary

We have audited the accompanying consolidated financial statements of Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities and changes in net assets, 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 consolidated 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 audit 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 consolidated 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 entity'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 entity'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.

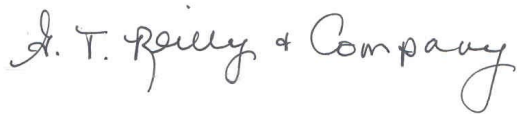
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary as of June 30, 2021 and 2020, and the consolidated changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2021, on our consideration of Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary's internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary's 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 Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary's internal control over financial reporting and compliance.



G.T. Reilly & Company

Milton, Massachusetts
December 9, 2021

Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary

Consolidated Statements of Financial Position

June 30

Assets

	<u>2021</u>	<u>2020</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,523,452	\$ 2,859,937
Contract receivables	10,193,426	4,545,611
Investments (Note 4)	1,026,976	883,156
Prepaid expenses and other assets	7,974	14,179
Security deposits	31,073	31,273
TOTAL CURRENT ASSETS	<u>14,782,901</u>	<u>8,334,156</u>
NONCURRENT ASSETS		
Furniture and equipment, net (Note 5)	<u>15,804</u>	15,620
TOTAL ASSETS	<u>\$ 14,798,705</u>	<u>\$ 8,349,776</u>

Liabilities and Net Assets

CURRENT LIABILITIES		
Due to subrecipients	\$ 9,381,304	\$ 3,291,015
Accounts payable and accrued expenses	433,769	303,646
Notes payable (Note 7)	2,495,000	-
Bank line of credit (Note 6)	850,000	325,000
TOTAL CURRENT LIABILITIES	<u>13,160,073</u>	<u>3,919,661</u>
LONG-TERM NOTES PAYABLE (Note 7)	<u>-</u>	<u>2,500,000</u>
NET ASSETS		
Without donor restriction	1,572,787	1,870,432
With donor restriction (Note 8)	65,845	59,683
TOTAL NET ASSETS	<u>1,638,632</u>	<u>1,930,115</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 14,798,705</u>	<u>\$ 8,349,776</u>

Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary

Consolidated Statements of Activities and Changes in Net Assets

Years Ended June 30

	2021			2020		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
OPERATING REVENUE AND SUPPORT						
Government contracts	\$18,433,054	\$ -	\$ 18,433,054	\$14,713,742	\$ -	\$ 14,713,742
Grants and contributions	610,279	175,000	785,279	641,948	175,000	816,948
Contributed services	-	-	-	-	-	-
Program fees	46,217	-	46,217	54,664	-	54,664
Investment income	23,962	-	23,962	21,154	-	21,154
Net assets released from restrictions (Note 8)	168,838	(168,838)	-	576,494	(576,494)	-
TOTAL OPERATING REVENUE AND SUPPORT	19,282,350	6,162	19,288,512	16,008,002	(401,494)	15,606,508
OPERATING EXPENSES						
Program Expenses:						
Emergency shelter and Permanent housing	17,908,751	-	17,908,751	13,169,584	-	13,169,584
Rapid rehousing	1,219,631	-	1,219,631	1,275,201	-	1,275,201
Advocacy, planning and technical assistance	135,725	-	135,725	164,670	-	164,670
Total Program Expenses	19,264,107	-	19,264,107	14,609,455	-	14,609,455
Supporting Expenses:						
Fundraising and development	211,719	-	211,719	180,992	-	180,992
General and administrative	315,648	-	315,648	252,504	-	252,504
Total Supporting Expenses	527,367	-	527,367	433,496	-	433,496
TOTAL OPERATING EXPENSES	19,791,474	-	19,791,474	15,042,951	-	15,042,951
CHANGE IN NET ASSETS FROM OPERATIONS	(509,124)	6,162	(502,962)	965,051	(401,494)	563,557
NON-OPERATING ACTIVITIES						
Realized and unrealized gains on investments (Note 4)	211,479	-	211,479	57,450	-	57,450
TOTAL CHANGE IN NET ASSETS	(297,645)	6,162	(291,483)	1,022,501	(401,494)	621,007
NET ASSETS AT BEGINNING OF YEAR	1,870,432	59,683	1,930,115	847,931	461,177	1,309,108
NET ASSETS AT END OF YEAR	\$ 1,572,787	\$ 65,845	\$ 1,638,632	\$ 1,870,432	\$ 59,683	\$ 1,930,115

Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary

Consolidated Statement of Functional Expenses

Year Ended June 30, 2021

	Emergency Shelter & Permanent Housing	Rapid Rehousing	Advocacy, Planning & Technical Assistance	Total Program	Fundraising & Development	General and Admin.	Total
Salaries	\$ 854,061	\$ 70,846	\$ 113,142	\$ 1,038,049	\$ 69,086	\$ 55,452	\$ 1,162,587
Payroll Tax	73,336	6,179	9,623	89,138	5,862	4,752	99,752
Employee benefits	179,636	10,060	6,284	195,980	16,586	14,883	227,449
Total salaries and related expenses	1,107,033	87,085	129,049	1,323,167	91,534	75,087	1,489,788
Advertising	258	31	107	396	-	99	495
Bank charges	1,679	202	10	1,891	-	11,563	13,454
Conferences and materials	-	-	-	-	-	358	358
Contributions and sponsorships	25	-	-	25	-	2,750	2,775
Depreciation	11,325	1,063	54	12,442	-	158	12,600
Direct care consultants	25,000	-	-	25,000	9,000	-	34,000
Dues and subscriptions	5,779	695	110	6,584	650	4,996	12,230
Equipment rental/maintenance	6,039	308	16	6,363	-	146	6,509
Filing fees	16,402	1,972	142	18,516	4,068	747	23,331
Food/meals	-	-	-	-	-	76	76
Insurance	50,585	6,083	307	56,975	-	903	57,878
Interest expense	106,215	2,762	139	109,116	-	410	109,526
Network administration	20,253	3,974	200	24,427	-	610	25,037
Miscellaneous	-	-	-	-	-	608	608
Office supplies	2,616	314	2,171	5,101	-	341	5,442
Office rent and CAM charges	104,863	12,610	636	118,109	-	1,872	119,981
Other consultants	162,233	666	110	163,009	-	153,897	316,906
Payroll processing	2,164	260	13	2,437	-	39	2,476
Postage	1,067	128	6	1,201	15,930	620	17,751
Printing	1,562	188	10	1,760	54,492	2,699	58,951
Professional fees	16,696	2,008	101	18,805	-	52,647	71,452
Program facilities	639,450	-	-	639,450	-	-	639,450
Program tenant assistance	1,285,121	878,479	-	2,163,600	-	-	2,163,600
Speaker fees	-	-	1,620	1,620	-	-	1,620
Special events and fundraising	39,937	2,064	104	42,105	35,955	4,363	82,423
Staff training	-	-	779	779	90	573	1,442
Staff travel and related expenses	700	20	13	733	-	3	736
Subrecipients	14,297,104	218,160	-	14,515,264	-	-	14,515,264
Telephone and fax	4,646	559	28	5,233	-	83	5,316
Total	17,908,752	1,219,631	135,725	19,264,108	211,719	315,648	19,791,475

Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary

Consolidated Statement of Functional Expenses

Year Ended June 30, 2020

	Emergency Shelter & Permanent Housing	Rapid Rehousing	Advocacy, Planning & Technical Assistance	Total Program	Fundraising & Development	General and Admin.	Total
Salaries	\$ 865,652	\$ 97,696	\$ 15,647	\$ 978,995	\$ 60,667	\$ 64,359	\$ 1,104,021
Payroll Tax	72,618	4,541	872	78,031	4,938	5,290	88,259
Employee benefits	186,414	9,881	533	196,828	16,356	15,235	228,419
Total salaries and related expenses	1,124,684	112,118	17,052	1,253,854	81,961	84,884	1,420,699
Advertising	-	-	-	-	-	190	190
Bank charges	-	213	-	213	6	12,015	12,234
Conferences and materials	56	-	-	56	199	-	255
Contributions and sponsorships	125	-	-	125	-	350	475
Depreciation	9,046	968	100	10,114	-	-	10,114
Direct care consultants	62,485	-	-	62,485	-	-	62,485
Dues and subscriptions	6,553	699	72	7,324	1,625	5,241	14,190
Equipment rental/maintenance	38,430	285	30	38,745	-	-	38,745
Filing fees	6,763	722	177	7,662	1,807	129	9,598
Food/meals	209	-	138	347	5,816	1,734	7,897
Insurance	20,503	2,189	227	22,919	-	-	22,919
Interest expense	108,865	1,533	159	110,557	-	-	110,557
Network administration	17,713	1,890	196	19,799	-	-	19,799
Miscellaneous	-	-	10	10	-	1,584	1,594
Office supplies	901	56	88	1,045	6	10,184	11,235
Office rent and CAM charges	104,074	11,110	1,152	116,336	-	-	116,336
Other consultants	196,920	566	59	197,545	-	87,331	284,876
Payroll processing	2,126	228	22	2,376	-	-	2,376
Postage	1,190	124	13	1,327	12,476	21	13,824
Printing	1,096	117	12	1,225	49,751	-	50,976
Professional fees	15,731	1,679	174	17,584	-	46,000	63,584
Program facilities	638,716	-	-	638,716	-	-	638,716
Program tenant assistance	1,006,542	619,154	-	1,625,696	-	-	1,625,696
Speaker fees	-	-	1,560	1,560	-	-	1,560
Special events and fundraising	23,063	124	2,385	25,572	26,492	2,154	54,218
Staff training	-	-	-	-	761	295	1,056
Staff travel and related expenses	2,502	-	993	3,495	92	392	3,979
Subrecipients	9,776,720	520,939	140,000	10,437,659	-	-	10,437,659
Telephone and fax	4,572	487	51	5,110	-	-	5,110
Total	\$ 13,169,585	\$ 1,275,201	\$ 164,670	\$ 14,609,456	\$ 180,992	\$ 252,504	\$ 15,042,952

Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary

Consolidated Statements of Cash Flows

Years Ended June 30

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (291,483)	\$ 621,007
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	12,600	10,114
Realized and unrealized gains on investments, net	(211,479)	(57,450)
Donated common stock	(25,368)	(20,174)
Changes in operating assets and liabilities:		
Contract receivables	(5,647,815)	(700,946)
Prepaid expenses and other assets	6,205	61,025
Security deposits	200	-
Due to subrecipients	6,090,289	329,872
Accounts payable and accrued expenses	130,123	47,716
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>63,272</u>	<u>291,164</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of furniture and equipment	(12,784)	-
Purchases of investments	(206,539)	(301,128)
Proceeds from maturities and sales of investments	<u>299,566</u>	<u>297,650</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>80,243</u>	<u>(3,478)</u>
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		
Drawdowns (payments) on line of credit	525,000	(25,000)
Payments on long-term debt	<u>(5,000)</u>	<u>-</u>
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>520,000</u>	<u>(25,000)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	663,515	262,686
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>2,859,937</u>	<u>2,597,251</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 3,523,452</u>	<u>\$ 2,859,937</u>

Supplemental Disclosure of Cash Flow Information

Cash paid during the year for interest	<u>\$ 120,776</u>	<u>\$ 110,557</u>
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Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary

Notes to Consolidated Financial Statements

June 30, 2021

Note 1 – Reporting Entity and Nature of Activities

Reporting Entity and Principles of Consolidation – The accompanying consolidated financial statements as of and for the years ended June 30, 2021 and 2020 include the accounts of Massachusetts Housing and Shelter Alliance, Inc. (“MHSA”) and its wholly-owned subsidiary, Massachusetts Alliance for Supportive Housing, LLC (“MASH”) which, consolidated, are referred to herein as the “Organization”. All transactions and intercompany balances between MHSA and MASH have been eliminated in the consolidation of the financial statements.

Nature of Activities – Massachusetts Housing and Shelter Alliance, Inc. was incorporated in Massachusetts as a non-profit organization on July 17, 1990. The stated purpose of MHSA is to provide social work, social services, education, public policy guidance and public service functions. MHSA provides for a forum in Massachusetts for the planning, coordination, communication, advocacy, development, and implementation of outcome-based programs for unaccompanied homeless adults. Persons receive the benefits of shelter, housing and services state-wide through program management, development, policy making, program administration, technical assistance, resource development, and coordination, planning and monitoring activities.

MHSA currently provides the following services:

Emergency Shelter and Transitional Programs – During fiscal year 2021, the program provided, in partnership with community-based service organizations and landlords, 211 shelter and transitional housing beds each night. The programs provide clients with safe living accommodations, meals, transportation, case management, income-related referrals and public benefits access, referral services, housing search and other services focused primarily on helping individuals to access permanent housing. The program has some components that focus on specific subpopulations of homeless individuals, such as veterans, chronically homeless adults, women and individuals with varying degrees of disabilities. The program includes a State-Historic Shelter Contract, a Safe Haven Grant that serves veterans and a grant from the Attorney General’s Office used for the Social Determinant Health program.

Permanent Housing and Related Services – During fiscal year 2021, the program helped fund, in partnership with community-based service organizations and landlords, 1,621 units of permanent supportive housing for formerly homeless individuals across the state. These services are delivered in every region of the state and are the programmatic basis for the Organization’s cost-benefit analysis and increasingly recognized outcome-focused data studies. The program includes Home & Healthy for Good – State, Home & Healthy for Good – Boston, Journey to Success, Post Detox/Pre-Recovery, Home Front, North Star Housing, Rapid Transition for Homeless Individuals, and Permanent Housing & Stabilization

Rapid Rehousing & Prevention – MHSA assisted 204 households during fiscal year 2021 in gaining permanent housing through rapid rehousing programs, which allows individuals and families to access start up, moving, utilities and short to medium-term shallow rent subsidy funds when entering into housing. The Organization has developed best practices from the implementation of these programs to be used on continued rapid rehousing initiatives moving forward. MHSA also prevented 60 households from becoming homeless through the allocation of prevention funds to them. The program includes the Emergency Solutions Grant, Rapid Transition for Homeless Individuals, and Rapid Rehousing for Families.

Note 1 – Reporting Entity and Nature of Activities (Cont.)

Advocacy, Planning and Technical Assistance – Provides a forum in the Commonwealth of Massachusetts for the planning and coordination of policy, community and stakeholder education and communication of issues, and the piloting and implementation of housing and services for homeless individuals. Programs and advocacy are designed to end the Commonwealth's reliance on emergency services for homeless individuals. The Organization conducts site visits and program reviews to share best practices, provide technical assistance, and strive to create a network of resources and collaborative service providers. The Organization conducts advocacy and planning to ensure that the state reduces its reliance on emergency services and focuses its efforts on permanent housing as a solution to homelessness.

Massachusetts Alliance for Supportive Housing, LLC ("MASH"), a single member LLC, was organized on June 19, 2014 for the purpose of providing charitable and educational activities consisting of coordinating, facilitating, providing and/or promoting social services and housing for high-use homeless individuals through the Pay for Success Homeless Initiative. The initial support for MASH's operational costs was obtained through a private funding agreement (see Note 7) and to the extent that MASH is successful in housing high-use homeless individuals, the Commonwealth of Massachusetts's Department of Administration and Finance ("A&F") will provide further funding in the form of success payments.

MASH strategically partners the Pay for Success Homeless Initiative with the United Way of Massachusetts Bay and Merrimack Valley ("UWMB/MV"). The UWMB/MV assists in the administration and delivery of program services. MASH reimburses the UWMB/MV for performing financial program and grant management services. MASH also engages three other organizations to perform services: (1) the Corporation for Supportive Housing performs technical, and training services, (2) Root Cause serves as the independent evaluator of the program success rate which directly impacts the amount of funding received from A&F, and (3) MHSA performs program administration services including providing a dedicated staff person and other administrative support.

During fiscal 2021, MASH assisted 54 individuals in gaining permanent housing through the Pay for Success program, serving a total of 642 individuals during the fiscal year.

Note 2 – Summary of Significant Accounting Principles

Basis of Accounting and Financial Statement Presentation – The accompanying financial statements of MHSA have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as they apply to not-for-profit organizations. The Organization follows the standards of accounting and financial reporting of the Financial Accounting Standards Board's Topic 958, "*Presentation of Financial Statements of Not-for-Profit Entities*" and the American Institute of Certified Public Accountants' "*Not-for-Profit Entities - Audit & Accounting Guide*". In accordance with these standards, MHSA presents financial information in its statements of financial position and statements of activities and changes in net assets according to two classes of net assets based on the existence or absence of donor-imposed restrictions as discussed below.

Net Assets Without Donor Restrictions – These net assets are available for use in general operations and they are not subject to donor-imposed restrictions. At its discretion, the Board of Directors may designate from net assets without donor restrictions for specific purposes.

Net Assets With Donor Restrictions – These net assets are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met with the passage of time, the occurrence of certain events, or the use of the funds as specified by the donor. Other donor-imposed restrictions may be perpetual in nature where the donor stipulates that the funds be maintained in perpetuity

Note 2 – Summary of Significant Accounting Principles (Cont.)

Donor-restricted support is recorded as "net assets with donor restrictions" when received or pledged. When a temporary donor-imposed restriction expires, either by use of the funds for the specified purpose, or by the expiration of a time restriction, related amounts of "net assets with donor restrictions" are reclassified to "net assets without donor restrictions" and reported in the statement of activities as "net assets released from restrictions". Contributions are recorded as increases in "net assets without donor restrictions" if the restrictions are met in the year that the contribution is made.

Contributions made with donor-imposed restrictions to maintain the principal in perpetuity, while allowing the use of income generated therefrom, are also classified as "net assets with donor restrictions". Income derived from the investment of these perpetual net assets is reported as an increase in "net assets without donor restrictions" or "net assets with donor restrictions" depending on the terms of the donor instrument. Unrealized gains or losses on perpetual net assets are reported as increases or decreases in "net assets with donor restrictions" unless the donor explicitly states otherwise.

See Note 8 regarding restrictions on net assets.

Contributions – MHSA follows guidance under Accounting Standards Update (ASU) 2018-08, "Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made". The ASU is intended to assist entities in evaluating whether transactions should be accounted for and reported as contributions or as exchange transactions, and in determining whether a contribution is conditional or unconditional. The ASU clarifies that a contribution represents a nonreciprocal transaction where the grantor or donor does not receive a benefit of commensurate value in return for the assets or resources provided to the recipient. In an exchange transaction, the resource provider receives some thing or benefit of commensurate value in return for the resources provided. Exchange transactions include instances where a transfer of assets represents a payment from a third-party payer on behalf of an existing exchange transaction between the recipient and an identified customer receiving the benefit. However, where the benefit or potential benefit is received by the public or segments thereof, and the resource provider (such as a foundation, government agency, corporation or other entity) only receives indirect or incidental benefit that is not of commensurate value, the transaction is treated as a contribution for accounting purposes.

Distinguishing between contributions and exchange transactions determines the appropriate accounting and reporting for a transaction. Transactions determined to be contributions are reported as revenue or support with or without donor restrictions as described above. Substantially all of the MHSA's support and revenue consists of donations and grants which are recorded and reported under the accounting guidance for contributions.

Conditional Grants and Contributions – Conditional grants and contributions are not recognized in the statement of activities until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Any such funds that have been received prior to the conditions being met are recorded as liabilities.

Promises To Give – Unconditional promises to give to the Organization are recognized as support in the period in which the pledge is made, at the present value of future cash flows, and recorded as assets, decreases to liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are not recognized until the conditions on which they depend are substantially met.

Note 2 – Summary of Significant Accounting Principles (Cont.)

Contributed Services – Donated services are recognized as contributions in accordance with generally accepted accounting principles if the services (a) create or enhance non-financial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased. When applicable, the value of donated services is included in the accompanying financial statements as support, with corresponding amounts included as expenses, based upon values estimated by management or the donating organization. The Organization did not receive any qualifying contributed services during the year ended June 30, 2021 or 2020.

Accounts Receivable – Accounts receivable under government grants are stated at the contracted amounts. Accounts receivable for fees for services are stated at the amount which management expects to collect from the outstanding balance. Accounts receivable for fee for service billings are stated net of an allowance for doubtful accounts, which is reported on the face of MHSAs' statement of financial position. The allowance is established via a provision for bad debts charged to operations. On a periodic basis, management evaluates its accounts receivable and establishes or adjusts its allowance to an amount that it believes will be adequate to absorb possible losses on accounts that may become uncollectible, based on evaluations of the collectability of individual accounts and on current economic conditions. Accounts are charged against the allowance when management believes that the collectability of the specific account is unlikely.

There is no allowance for doubtful accounts recorded at June 30, 2021 and 2020, as none was considered necessary by management.

Furniture and Equipment – These assets are recorded at cost when purchased or, if donated, at their estimated fair market value at the date of donation. Acquisitions of furniture and equipment and expenditures for repairs and improvements that materially prolong the useful lives of assets are capitalized (see Note 5).

Depreciation – Provisions for depreciation are made in the accounts using the straight-line method over the estimated useful lives of the assets. Furniture and equipment are currently being depreciated over periods of 3 to 7 years.

Functional Allocation of Expenses – The costs and expenses of providing program services and supporting services are summarized by program and on a functional basis in the consolidated statements of activities.

The consolidated statements of functional expenses present the natural classification detail of expenses by function (program, fundraising and development, and general and administrative). Expenses related directly to a program or supporting function are charged to that program or function. General and administrative expenses include those expenses that are not directly identifiable with programs or any other specific function, but provide for the overall support and direction of the Organization. Some expenses, primarily certain salaries and related expenses, are allocated among programs and supporting services on the basis of time records and/or utilization estimates made by the Organization's management.

Cash and Cash Equivalents – The Organization considers all highly-liquid investments with an initial maturity of three months or less to be cash equivalents.

Investments – Investments in marketable equity securities with a readily determinable fair value (including mutual funds) and all debt securities, are reported at fair value, with unrealized gains and losses reflected in the statement of activities (see Note 4).

Fair Value Measurements – The Organization follows the Financial Accounting Standards Board's (FASB) Accounting Standards Codification (ASC) Topic 820, "Fair Value Measurements", for assets and liabilities that are measured and recorded at fair value, and to determine fair value disclosures. This standard applies to certain existing accounting pronouncements that require or permit fair value measurements.

Note 2 – Summary of Significant Accounting Principles (Cont.)

This standard defines fair value as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. It establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers consist of: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs for which little or no market data exists, therefore requiring an entity to develop its own assumptions. The Organization uses the market approach as the valuation technique for all assets and liabilities measured and recorded at fair value, Level 1 within the three-tier fair value hierarchy. The application of this standard is limited to the Organization's investment securities (see Note 4).

Revenue Recognition on Contracts and Other Exchange Transactions –MHSA recognizes revenues in accordance with FASB ASU 2014-09, “*Revenue from Contracts with Customers*”, and all subsequent amendments to the ASU (collectively, Accounting Standards Codification (ASC) 606), with regard to its exchange transactions. The standard is based on the principle that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under the standard, among other things, revenue is recognized at a point in time (when), or over time (as), a performance obligation is satisfied.

Under Topic 606: revenue recognition is determined through the following steps:

1. Identification of the contract
2. Identification of the performance obligations in the contract
3. Determination of the transaction price
4. Allocation of the transaction price to the performance obligations in the contract
5. Recognition of revenue at a point in time (when), or over time (as), a performance obligation is satisfied

Contract accounts receivable represent amounts billed or scheduled to be paid under the terms of contracts. When necessary, the contract assets may be reported representing amounts recorded as revenues under contracts that have not yet been billed or are not yet scheduled to be paid under the contracts. If any amounts are billed or received in advance of performance under contracts they are considered liabilities and reported as deferred revenues.

A significant amount of MHSA’s revenues is generated from the federal government, state agencies, and other organizations under unit-rate and cost reimbursable contracts. Payments to MHSA are subject to audit by the appropriate federal government or state agency. In the opinion of management, the results of such audits, if any, would not have a material effect on the financial position of MHSA as of June 30, 2021 and 2020, or on the changes in its net assets for the years then ended.

Contract revenues are disaggregated by source as follows for the years ended June 30:

	<u>2021</u>	<u>2020</u>
Contracts		
Federal agencies	\$ 450,200	\$ 483,000
Commonwealth of MA	17,083,968	13,409,444
City of Boston	898,886	821,298
	<u>\$ 18,433,054</u>	<u>\$ 14,713,742</u>

Note 2 – Summary of Significant Accounting Principles (Cont.)

Use of Estimates – The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Evaluation of Subsequent Events – In accordance with generally accepted accounting principles, management has evaluated subsequent events involving the Organization for potential recognition or disclosure in the accompanying financial statements. Subsequent events are events or transactions that occurred after June 30, 2021 up through December 9, 2021, the date the accompanying financial statements were available to be issued.

Note 3 – Tax Status

Massachusetts Housing and Shelter Alliance, Inc. and its Subsidiary are exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and, accordingly, no provision for income taxes is included in the accompanying financial statements. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(a) and has been classified as an organization that is not a private foundation under Section 509(a)(1).

The Organization's Forms 990, Return of Organization Exempt from Income Tax, are subject to examination by the IRS, generally for three years after they were filed.

Note 4 – Investments

The Organization maintains its investment accounts with a local financial institution. The investments are reported at their fair values are summarized by major investment category as follows:

	Cost	Unrealized Gains (Losses)	Fair Value
June 30, 2021			
Equity Securities:			
Common Stocks	\$ 279,437	\$ 216,547	\$ 495,984
Mutual Funds - Equities	163,867	42,667	206,534
Mutual Funds - Fixed Income	130,992	5,861	136,853
	574,296	265,075	839,371
Debt Securities:			
Corporate Bonds	175,997	11,608	187,605
	\$ 750,293	\$ 276,683	\$ 1,026,976
June 30, 2020			
Equity Securities:			
Common Stocks	\$ 291,474	\$ 129,510	\$ 420,984
Mutual Funds - Equities	139,258	7,455	146,713
Mutual Funds - Fixed Income	118,892	6,124	125,016
	549,624	143,089	692,713
Debt Securities:			
Corporate Bonds	176,512	13,931	190,443
	\$ 726,136	\$ 157,020	\$ 883,156

Note 4 – Investments

The Organization's investment securities that are reported at fair value on a recurring basis by level within the fair value hierarchy are as follows:

	Level 1	Level 2	Level 3	Total Fair Value
June 30, 2021				
Equity Securities:				
Common Stocks	\$ 495,984	\$ -	\$ -	\$ 495,984
Mutual Funds - Equities	206,534	-	-	206,534
Mutual Funds - Fixed Income	136,853	-	-	136,853
	<u>839,371</u>	-	-	<u>839,371</u>
Debt Securities:				
Corporate Bonds	-	187,605	-	187,605
	<u>\$ 839,371</u>	<u>\$ 187,605</u>	<u>\$ -</u>	<u>\$ 1,026,976</u>
June 30, 2020				
Equity Securities:				
Common Stocks	\$ 420,984	\$ -	\$ -	\$ 420,984
Mutual Funds - Equities	146,713	-	-	146,713
Mutual Funds - Fixed Income	125,016	-	-	125,016
	<u>692,713</u>	-	-	<u>692,713</u>
Debt Securities:				
Corporate Bonds	-	190,443	-	190,443
	<u>\$ 692,713</u>	<u>\$ 190,443</u>	<u>\$ -</u>	<u>\$ 883,156</u>

The Organization's investment income and expenses are as follows for the year ended June 30:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 21,886	\$ 19,559
Realized gains	91,816	29,095
Unrealized gains	<u>119,663</u>	<u>28,355</u>
Total investment returns	<u>\$ 233,365</u>	<u>\$ 77,009</u>

Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term, and such changes could materially affect the amounts reported in the statement of financial position.

Note 5 – Furniture and Equipment

The principal categories of furniture and equipment at June 30 are as follows:

	<u>2021</u>	<u>2020</u>
Office equipment	\$ 20,641	\$ 20,641
Computer equipment and software	79,727	66,944
Office furniture	<u>22,444</u>	<u>22,444</u>
	122,812	110,029
Less accumulated depreciation	<u>107,008</u>	<u>94,409</u>
	<u>\$ 15,804</u>	<u>\$ 15,620</u>

Depreciation expense was \$12,600 and \$10,114 for the years ended June 30, 2021 and 2020, respectively.

Note 6 – Bank Line of Credit

The Organization maintains a \$1,000,000 line of credit with a local bank, collateralized by all of its assets. Borrowings under the agreement are due on demand, and interest is payable monthly at the Wall Street Journal prime rate (3.99% and 3.99% at June 30, 2021 and 2020, respectively). There was \$850,000 of borrowings outstanding on the line at June 30, 2021 (\$325,000 outstanding at June 30, 2020).

Note 7 – MASH Program Financing and Contract Revenues

On May 28, 2015, MASH entered into a private funding agreement with three funding sources to obtain private investment capital in support of the Pay for Success Homeless Initiative (see Note 1). Santander Bank, the United Way of Massachusetts Bay and Merrimack Valley, and Corporation for Supportive Housing (collectively “the investors”) provided \$1,000,000, \$1,000,000 and \$500,000, respectively. During 2021, there was one principal payment of \$5,000 made to one of these investors.

Interest on the principal accrues at an annual rate based on the “success rate” attained by MASH, which is determined by an independent evaluator. The first interest calculation date was June 30, 2017, and the final interest calculation date is June 30, 2021. All interest charges are required to be paid within thirty days after confirmation of the success rate for the applicable interest calculation period as determined by the independent evaluator. The interest rate ranges from 0% to 5.33% depending on the success rate. On the final interest payment date, in addition to the final payment of interest, MASH will also make a principal repayment in accordance with the success rate schedule. The investors stand to lose principal depending on the success rate, and it is possible that they may lose the full \$2,500,000 if the success rate does not meet a minimum threshold. In the event of such an occurrence, MASH will not be required to repay such amount based on the success rate schedule.

Based on MASH’s estimated success rate through June 30, 2021 and 2020, interest expense for both years ended June 30, 2021 and 2020 was \$94,500 and \$94,500. During fiscal 2021, MASH made interest payments of \$94,500 to the investors (\$94,500 in fiscal 2020). Unpaid accrued interest is \$83,250 at June 30, 2021 (\$94,500 in fiscal 2020).

This \$2,495,000 in financing is presented as current debt on the Organization’s consolidated statement of financial position at June 30, 2021, as these loans and the related accrued interest were paid in full subsequent to year end (November of 2021).

Success rate reimbursements from the Commonwealth of Massachusetts will be received for qualified participants that have been housed for at least twelve consecutive months. The Commonwealth’s payments are based on a per diem rate of \$8.22, and in no event will they exceed a cumulative amount of \$6 million. Support received from the Commonwealth approximated \$132,000 and \$1,532,000 for the year ended June 30, 2021 and 2020, respectively. Cumulative payments received through June 30, 2021 approximate \$6 million (\$5.9 million through June 30, 2020).

Note 8 – Net Assets with Donor Restrictions

The following is a summary of net assets at June 30 with donor restrictions:

	<u>2021</u>	<u>2020</u>
Hospital to Housing	\$ 20,301	\$ 59,683
Health Resources in Action	<u>45,544</u>	-
	<u>\$ 65,845</u>	<u>\$ 59,683</u>

Note 8 – Net Assets with Donor Restrictions (Cont.)

During the reporting years ended June 30, net assets were released from donor restrictions by incurring expenses or by the occurrence of other events satisfying the restricted purposes, or by donors removing the restrictions, as follows:

	<u>2021</u>	<u>2020</u>
Hospital to Housing	\$ 39,382	\$ 244,569
Health Resources in Action	104,456	-
Social Determinant Program	-	131,925
Veterans Program	25,000	50,000
Census project	-	150,000
	<u>\$ 168,838</u>	<u>\$ 576,494</u>

Note 9 – Lease Commitments

Office Lease – The Organization rents its principal office at 7 Bulfinch Place in Boston under a five-year lease agreement extended through July of 2026. The agreement contains one option to extend the lease for an additional five-year term at the prevailing market rate. The lease required a security deposit of \$20,655. The base rent encompasses the costs of utilities, including heat, air conditioning, and conventional office electrical use. The Organization is liable for any increases in real estate taxes and operating expenses over base year amounts.

Rent expense approximated \$120,000 for year ended June 30, 2021 (\$116,000 in fiscal 2020).

Future minimum lease payments due under the non-cancellable lease is as follows:

<u>Year Ending June 30</u>	
2022	\$ 123,626
2023	127,271
2024	130,916
2025	134,561
2026	138,206
Thereafter	11,543
Total	<u>\$ 666,123</u>

Program Leases – In conjunction with government funded programs, the Organization makes rent payments on behalf of program participants for residential housing. Total client housing expenditures eligible for reimbursement, which are included in program tenant assistance in the statements of functional expenses, were approximately \$2,164,000 and \$1,626,000 for the years ended June 30, 2021 and 2020, respectively.

Also, in conjunction with government funded programs, the Organization holds lease agreements with various subcontractors, such as YMCAs and YWCAs, as well as post-detox/pre-recovery housing programs providing transitional assistance and rooms for homeless people. These expenses are recorded by the Organization as subcontractor and program facility expense as specified by the government reimbursement contract.

Note 10 – Employee Benefit Plan

The Organization offers a 401(k) retirement savings plan for its employees. For each plan year, the employer may contribute to the plan on behalf of each eligible participant. The Organization determines the amount, if any, of the employer matching contribution. The employer contributions for the years ended June 30, 2021 and 2020 totaled \$40,139 and \$20,032, respectively.

Note 11 – Related Party Transactions

Four of the twenty-five members of the Organization's Board of Directors who served at some point during the year ended June 30, 2021 are Executive Directors of organizations that hold subcontracts with Massachusetts Housing and Shelter Alliance, Inc.

The Organization also does the majority of its banking at a local bank, of which one of the Organization's board members is a vice president. In addition, the Organization receives contributions from various board members or their affiliated organizations.

Below is a summary of related party transactions and account balances as of and for the years ended June 30:

	<u>2021</u>	<u>2020</u>
Expenses:		
Subcontractors/program facilities	<u>\$ 1,784,930</u>	<u>\$ 1,428,470</u>
Program rent and utilities	<u>\$ 20,066</u>	<u>\$ 17,944</u>
Programmatic consulting	<u>\$ -</u>	<u>\$ 4,405</u>
Revenues and Support:		
Contributions	<u>\$ 49,250</u>	<u>\$ 23,710</u>
Liabilities:		
Due to subrecipients	<u>\$ 1,089,890</u>	<u>\$ 378,000</u>

Note 12 – Financial Instruments, Credit Risk and Concentrations

Cash – The Organization maintains a significant portion of its cash balances in two financial institutions. The balances are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000 each. At times during the year, cash balances may exceed the insured amounts. At June 30, 2021, MHSA's cash balance in one of these two banks exceeded FDIC coverage by approximately \$3,097,000, based upon the bank's balances. At June 30, 2021, MHSA has cash equivalents of approximately \$29,000, consisting of one uninsured money market account. The Organization performs periodic evaluations of the relative credit standings of the banks to limit the amount of credit exposure with these financial institutions.

Investments – The Organization has investments in various equity and debt securities which are exposed to various risks, such as interest rate, credit and market risk. These investment securities are disclosed in further detail by investment type and industry/segment in Note 4.

Note 12 – Financial Instruments, Credit Risk and Concentrations (Cont.)

Contract Receivables and Revenues – The Organization's contract receivables are amounts predominantly due from federal, state and local governments. The Organization received approximately \$17,084,000 (89%) and \$13,409,000 (86%) of its total revenues and support from the Commonwealth of Massachusetts during 2021 and 2020, respectively.

Grants and Contributions – For the year ended June 30, 2021, approximately \$150,000 (19%) of the Organization's grants and contributions came from one grantor/donor. For the year ended June 30, 2020, approximately \$350,000 (43%) came from two grantors/donors. In total, grants and contributions represent less than 10% of the Organization's total consolidated revenues and support in fiscal 2021.

Note 13 – Liquidity and Availability of Resources

Financial assets and liquidity resources available for general expenditure, that is, without donor or other restrictions limiting their use within one year of the date of the statement of financial position comprise the following at June 30:

	<u>2021</u>	<u>2020</u>
Financial assets:		
Cash and cash equivalents	\$ 3,523,452	\$ 2,859,937
Contract receivables	10,193,426	4,545,611
Investments	1,026,976	883,156
Total financial assets	<u>14,743,854</u>	<u>8,288,704</u>
Less: amounts payable to subrecipients	(9,381,304)	(3,291,015)
Less: notes payable on MASH LLC	(2,495,000)	(2,500,000)
Less: donor purpose-restricted net assets	(65,845)	(59,683)
Net financial assets available	<u>2,801,705</u>	<u>2,438,006</u>
Liquidity resources:		
Availability on bank line of credit	<u>150,000</u>	<u>675,000</u>
Net financial assets and liquidity resources available within one year	<u>\$ 2,951,705</u>	<u>\$ 3,113,006</u>

Note 14 – Uncertainties Regarding the Pandemic

Beginning in May and June of 2021, Massachusetts implemented a phased-in reopening of business and other organizations. After switching to a work from home policy during the shutdown, MHSA was able to continue its operations and it has not been negatively impacted by Covid-19 for the year ended June 30, 2021.

As of the date of the issuance of these financial statements, Massachusetts and most other states have lifted their significant restrictions and a significant amount of the U.S. population has been vaccinated against the virus. However, there remains uncertainties relative to the pandemic, including the continued progress of vaccinations, the surge of the Delta variant of the virus, the efficacy and longevity of vaccinations, and the potential for future economic disruptions. Therefore, it is uncertain at this time what adverse effects the situation may have, if any, on the MHSA's future revenues and support, and on its operating results and financial position.

CONSOLIDATING FINANCIAL STATEMENTS



**GT REILLY
& COMPANY**
CPAs and Advisors

Consolidating Financial Statements

Board of Directors of
Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary

We have audited the consolidated financial statements of Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary as of and for the years ended June 30, 2021 and 2020, and our report thereon dated December 9, 2021, which expressed an unmodified opinion on those consolidated financial statements, appears on Page 1. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating statements of financial position as of June 30, 2021 and 2020, and the related consolidating statements of activities and changes in net assets, and cash flows for the years then ended, are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating statements are fairly stated in all material respects in relation to the consolidated financial statements as a whole.

G. T. Reilly & Company

G.T. Reilly & Company

Milton, Massachusetts
December 9, 2021

Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary

Consolidating Statement of Financial Position

June 30, 2021

	Massachusetts Housing and Shelter Alliance, Inc.	Massachusetts Alliance for Supportive Housing, LLC	Inter- Company Eliminations	Total
<u>Assets</u>				
CURRENT ASSETS				
Cash and cash equivalents	\$ 176,802	\$ 3,346,650	\$ -	\$ 3,523,452
Contract receivables	10,193,426	-	-	10,193,426
Investments	1,026,976	-	-	1,026,976
Prepaid expenses and other assets	7,974	-	-	7,974
Security deposits	31,073	-	-	31,073
TOTAL CURRENT ASSETS	11,436,251	3,346,650	-	14,782,901
NONCURRENT ASSETS				
Furniture and equipment, net	15,804	-	-	15,804
TOTAL ASSETS	\$11,452,055	\$ 3,346,650	\$ -	\$ 14,798,705
<u>Liabilities and Net Assets</u>				
CURRENT LIABILITIES				
Due to subrecipients	\$ 9,381,304	\$ -	\$ -	\$ 9,381,304
Accounts payable and accrued expenses	337,079	96,690	-	433,769
Notes payable	-	2,495,000	-	2,495,000
Bank line of credit	850,000	-	-	850,000
TOTAL CURRENT LIABILITIES	10,568,383	2,591,690	-	13,160,073
NET ASSETS				
Without donor restriction	817,827	754,960	-	1,572,787
With donor restriction	65,845	-	-	65,845
TOTAL NET ASSETS	883,672	754,960	-	1,638,632
TOTAL LIABILITIES AND NET ASSETS	\$11,452,055	\$ 3,346,650	\$ -	\$ 14,798,705

Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary

Consolidating Statement of Financial Position

June 30, 2020

	Massachusetts Housing and Shelter Alliance, Inc.	Massachusetts Alliance for Supportive Housing, LLC	Inter- Company Eliminations	Total
<u>Assets</u>				
CURRENT ASSETS				
Cash and cash equivalents	\$ 247,357	\$ 2,612,580	\$ -	\$ 2,859,937
Contract receivables	3,400,541	1,145,070	-	4,545,611
Investments	883,156	-	-	883,156
Prepaid expenses and other assets	14,179	-	-	14,179
Security deposits	31,273	-	-	31,273
TOTAL CURRENT ASSETS	<u>4,576,506</u>	<u>3,757,650</u>	<u>-</u>	<u>8,334,156</u>
NONCURRENT ASSETS				
Furniture and equipment, net	15,620	-	-	15,620
TOTAL ASSETS	<u>\$ 4,592,126</u>	<u>\$ 3,757,650</u>	<u>\$ -</u>	<u>\$ 8,349,776</u>
<u>Liabilities and Net Assets</u>				
CURRENT LIABILITIES				
Due to subrecipients	\$ 3,291,015	\$ -	\$ -	\$ 3,291,015
Accounts payable and accrued expenses	209,146	94,500	-	303,646
Bank line of credit	325,000	-	-	325,000
TOTAL CURRENT LIABILITIES	<u>3,825,161</u>	<u>94,500</u>	<u>-</u>	<u>3,919,661</u>
LONG-TERM NOTES PAYABLE	<u>-</u>	<u>2,500,000</u>	<u>-</u>	<u>2,500,000</u>
NET ASSETS				
Without donor restriction	707,282	1,163,150	-	1,870,432
With donor restriction	59,683	-	-	59,683
TOTAL NET ASSETS	<u>766,965</u>	<u>1,163,150</u>	<u>-</u>	<u>1,930,115</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,592,126</u>	<u>\$ 3,757,650</u>	<u>\$ -</u>	<u>\$ 8,349,776</u>

Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary

Consolidating Statements of Activities and Changes in Net Assets

June 30, 2021

	Massachusetts Housing and Shelter Alliance, Inc.			Massachusetts Alliance for Supportive Housing, LLC	Inter- Company Eliminations	Consolidated		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction		Without Donor Restriction	With Donor Restriction	Total
OPERATING REVENUE AND SUPPORT								
Government contracts	\$ 18,301,114	\$ -	\$ 18,301,114	\$ 131,940	\$ -	\$ 18,433,054	\$ -	\$ 18,433,054
Grants and contributions	610,279	175,000	785,279	-	-	610,279	175,000	785,279
Program fees	116,417	-	116,417	-	(70,200)	46,217	-	46,217
Investment income	23,962	-	23,962	-	-	23,962	-	23,962
Net assets released from restrictions	168,838	(168,838)	-	-	-	168,838	(168,838)	-
TOTAL OPERATING REVENUE AND SUPPORT	19,220,610	6,162	19,226,772	131,940	(70,200)	19,282,350	6,162	19,288,512
OPERATING EXPENSES								
Program Expenses:								
Emergency shelter and permanent housing	17,438,821	-	17,438,821	540,130	(70,200)	17,908,751	-	17,908,751
Rapid rehousing	1,219,631	-	1,219,631	-	-	1,219,631	-	1,219,631
Advocacy, planning and technical assistance	135,725	-	135,725	-	-	135,725	-	135,725
Total Program Expenses	18,794,177	-	18,794,177	540,130	(70,200)	19,264,107	-	19,264,107
Supporting Expenses:								
Fundraising and development	211,719	-	211,719	-	-	211,719	-	211,719
General and administrative	315,648	-	315,648	-	-	315,648	-	315,648
Total Supporting Expenses	527,367	-	527,367	-	-	527,367	-	527,367
TOTAL OPERATING EXPENSES	19,321,544	-	19,321,544	540,130	(70,200)	19,791,474	-	19,791,474
CHANGE IN NET ASSETS FROM OPERATIONS	(100,934)	6,162	(94,772)	(408,190)	-	(509,124)	6,162	(502,962)
NON-OPERATING ACTIVITIES								
Realized and unrealized net gains on investments	211,479	-	211,479	-	-	211,479	-	211,479
TOTAL CHANGE IN NET ASSETS	110,545	6,162	116,707	(408,190)	-	(297,645)	6,162	(291,483)
NET ASSETS AT BEGINNING OF YEAR	707,282	59,683	766,965	1,163,150	-	1,870,432	59,683	1,930,115
NET ASSETS AT END OF YEAR	\$ 817,827	\$ 65,845	\$ 883,672	\$ 754,960	\$ -	\$ 1,572,787	\$ 65,845	\$ 1,638,632

Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary

Consolidating Statements of Activities and Changes in Net Assets

	Massachusetts Housing and Shelter Alliance, Inc.			Massachusetts Alliance for Supportive Housing, LLC	Inter- Company	Consolidated		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	Eliminations	Without Donor Restriction	With Donor Restriction	Total
June 30, 2020								
OPERATING REVENUE AND SUPPORT								
Government contracts	\$ 13,182,143	\$ -	\$ 13,182,143	\$ 1,531,599	\$ -	\$ 14,713,742	\$ -	\$ 14,713,742
Grants and contributions	641,948	175,000	816,948	-	-	641,948	175,000	816,948
Program fees	195,064	-	195,064	-	(140,400)	54,664	-	54,664
Investment income	21,154	-	21,154	-	-	21,154	-	21,154
Net assets released from restrictions	576,494	(576,494)	-	-	-	576,494	(576,494)	-
TOTAL OPERATING REVENUE AND SUPPORT	14,616,803	(401,494)	14,215,309	1,531,599	(140,400)	16,008,002	(401,494)	15,606,508
OPERATING EXPENSES								
Program Expenses:								
Emergency shelter and Permanent housing	12,572,974	-	12,572,974	737,010	(140,400)	13,169,584	-	13,169,584
Rapid rehousing	1,275,201	-	1,275,201	-	-	1,275,201	-	1,275,201
Advocacy, planning and technical assistance	164,670	-	164,670	-	-	164,670	-	164,670
Total Program Expenses	14,012,845	-	14,012,845	737,010	(140,400)	14,609,455	-	14,609,455
Supporting Expenses:								
Fundraising and development	180,992	-	180,992	-	-	180,992	-	180,992
General and administrative	252,504	-	252,504	-	-	252,504	-	252,504
Total Supporting Expenses	433,496	-	433,496	-	-	433,496	-	433,496
TOTAL OPERATING EXPENSES	14,446,341	-	14,446,341	737,010	(140,400)	15,042,951	-	15,042,951
CHANGE IN NET ASSETS FROM OPERATIONS	170,462	(401,494)	(231,032)	794,589	-	965,051	(401,494)	563,557
NON-OPERATING ACTIVITIES								
Realized and unrealized net gains on investments	57,450	-	57,450	-	-	57,450	-	57,450
TOTAL CHANGE IN NET ASSETS	227,912	(401,494)	(173,582)	794,589	-	1,022,501	(401,494)	621,007
NET ASSETS AT BEGINNING OF YEAR	479,370	461,177	940,547	368,561	-	847,931	461,177	1,309,108
NET ASSETS AT END OF YEAR	\$ 707,282	\$ 59,683	\$ 766,965	\$ 1,163,150	\$ -	\$ 1,870,432	\$ 59,683	\$ 1,930,115

Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary

Consolidating Statements of Cash Flows

Years Ended June 30, 2021

	Massachusetts Housing and Shelter Alliance, Inc.	Massachusetts Alliance for Supportive Housing, LLC	Inter- Company Eliminations	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Change in net assets	\$ 116,707	\$ (408,190)	\$ -	\$ (291,483)
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation expense	12,600	-	-	12,600
Realized and unrealized gains on investments, net	(211,479)	-	-	(211,479)
Donated common stock	(25,368)	-	-	(25,368)
Changes in operating assets and liabilities:				
Contract receivables	(6,792,885)	1,145,070	-	(5,647,815)
Prepaid expenses and other assets	6,205	-	-	6,205
Security deposits	200	-	-	200
Due to subrecipients	6,090,289	-	-	6,090,289
Accounts payable and accrued expenses	127,933	2,190	-	130,123
NET (USED IN) CASH PROVIDED BY OPERATING ACTIVITIES	(675,798)	739,070	-	63,272
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of furniture and equipment	(12,784)	-	-	(12,784)
Purchases of investments	(206,539)	-	-	(206,539)
Proceeds from maturities and sales of investments	299,566	-	-	299,566
NET CASH USED IN INVESTING ACTIVITIES	80,243	-	-	80,243
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES				
Drawdowns (payments) on line of credit	525,000	-	-	525,000
Payments on long-term debt	-	(5,000)	-	(5,000)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	525,000	(5,000)	-	520,000
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(70,555)	734,070	-	663,515
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	247,357	2,612,580	-	2,859,937
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 176,802	\$ 3,346,650	\$ -	\$ 3,523,452

Supplemental Disclosure of Cash Flow Information

Cash paid during the year for interest	\$ 26,276	\$ 94,500	\$ -	\$ 120,776
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Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary

Consolidating Statements of Cash Flows

Years Ended June 30, 2020

	Massachusetts Housing and Shelter Alliance, Inc.	Massachusetts Alliance for Supportive Housing, LLC	Inter- Company Eliminations	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Change in net assets	\$ (173,582)	\$ 794,589	\$ -	\$ 621,007
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation expense	10,114	-	-	10,114
Realized and unrealized gains on investments, net	(57,450)	-	-	(57,450)
Donated common stock	(20,174)	-	-	(20,174)
Changes in operating assets and liabilities:				
Contract receivables	(365,710)	(335,236)	-	(700,946)
Prepaid expenses and other assets	61,025	-	-	61,025
Due to subrecipients	329,872	-	-	329,872
Accounts payable and accrued expenses	47,716	-	-	47,716
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(168,189)	459,353	-	291,164
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of furniture and equipment	-	-	-	-
Purchases of investments	(301,128)	-	-	(301,128)
Proceeds from maturities and sales of investments	297,650	-	-	297,650
NET CASH PROVIDED BY INVESTING ACTIVITIES	(3,478)	-	-	(3,478)
CASH FLOWS USED IN FINANCING ACTIVITIES				
Drawdowns (payments) on line of credit	(25,000)	-	-	(25,000)
Payments on long-term debt	-	-	-	-
NET CASH USED IN FINANCING ACTIVITIES	(25,000)	-	-	(25,000)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(196,667)	459,353	-	262,686
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	444,024	2,153,227	-	2,597,251
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 247,357	\$ 2,612,580	\$ -	\$ 2,859,937
<u>Supplemental Disclosure of Cash Flow Information</u>				
Cash paid during the year for interest	\$ 16,057	\$ 94,500	\$ -	\$ 110,557

OTHER FINANCIAL INFORMATION



Independent Auditors' Report on Other Financial Information

Board of Directors of
Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary

We have audited the consolidated financial statements of Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary as of and for the years ended June 30, 2021 and 2020, and our report thereon dated December 9, 2021, which expressed an unmodified opinion on those consolidated financial statements, appears on Page 1. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidated schedules of unrestricted operating support, revenue and expenses for the "social impact bonding program" for the years ended June 30, 2021 and 2020 are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

A handwritten signature in cursive script that reads 'J. T. Reilly & Company'.

G.T. Reilly & Company

Milton, Massachusetts
December 9, 2021

Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary

Consolidated Schedules of Unrestricted Operating Support, Revenue and Expenses for the Social Impact Bonding Program (See Note A)

Year Ended June 30

	<u>2021</u>	<u>2020</u>
SUPPORT AND REVENUE		
Government contracts	\$ 131,940	\$ 1,531,599
Grants and contributions	-	-
	<u>131,940</u>	<u>1,531,599</u>
TOTAL SUPPORT AND REVENUE		
	<u>131,940</u>	<u>1,531,599</u>
EXPENSES		
Payroll	-	49,184
Payroll related	-	25,855
Direct care consultants	25,000	60,280
Interest expense	83,250	94,500
Other consultants	85,000	130,000
Subrecipients	276,680	312,110
Software support	22,776	21,900
Occupancy	-	-
Other costs	-	308
TOTAL EXPENSES	<u>492,706</u>	<u>694,137</u>
(DECREASE) INCREASE IN NET ASSETS	<u>\$ (360,766)</u>	<u>\$ 837,462</u>

Note A – Purpose of Presentation

The accompanying consolidated schedules of unrestricted operating support, revenue and expenses for the social impact bonding program are provided to present additional information to the investors that financed the Pay for Success Homeless Initiative (see Note 7). The revenues and expenses reported above include only the specific program activities of MHSA and MASH performed in conjunction with this initiative. All inter-company transactions have been eliminated in the consolidation of these schedules.



Independent Auditors' Report on Schedule of Expenditures of Federal Awards

Board of Directors of
Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary

We have audited the consolidated financial statements of Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary as of and for the years ended June 30, 2021 and 2020, and our report thereon dated December 9, 2021, which expressed an unmodified opinion on those consolidated financial statements, appears on Page 1. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards for the year ended June 30, 2021 as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

J. T. Reilly & Company

Milton, Massachusetts
December 9, 2021

Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass through Number	Passed through to Subrecipients	Federal Expenditures
<u>U.S. Dept. of Housing & Urban Dev.</u>				
Pass through Commonwealth of Massachusetts, Div. of Housing and Community Development:				
Emergency Solutions Rapid Rehousing Program 04/1/20 - 03/31/22	14.231	CTOCD800016FMESG622251	\$ 111,553	\$ 457,540
North Star Housing Project Program 10/01/19-09/30/20	14.267	OCD810017FNORTHSTAR0		365,352
10/01/20-09/30/21	14.267	OCD810018FNORTHSTAR0		165,331
			182,802	530,683
Pass through Commonwealth of Massachusetts, Dept. of Public Health:				
Post-Detox Pre-Recovery Supportive Housing Program 07/01/20- 06/30/21	14.267	INTF2330M04W20212086	277,013	310,305
Journey To Success Supportive Housing Program 07/01/19- 03/31/20	14.267	INTF2330M04W66409085		472,671
04/01/20- 03/31/21	14.267	INTF2330M04W66409085		472,671
			101,743	472,671
Pass through City of Boston, Dept. of Neighborhood Development:				
Home Front Supportive Housing Program 12/01/19 - 11/30/20	14.235	47172		133,527
12/01/20 - 11/30/21	14.235	49507		88,769
			134,719	222,296
Home & Healthy for Good Supportive Housing Program 01/01/20 - 12/31/20	14.235	47385		171,340
01/01/20 - 12/31/21	14.235	49525		222,992
			295,306	394,332
Rapid Rehousing For Families Program 09/01/19 - 08/31/20	14.267	46048		162,067
09/01/20- 08/31/21	14.267	48754		120,191
			107,367	282,258
<u>U.S. Dept. of Veterans Affairs</u>				
Safe Haven Program 10/01/19- 09/30/20	64.019	36C24119P0005		360,300
10/01/20- 09/30/21	64.019	36C24119P0005		89,900
			405,180	450,200
TOTAL FEDERAL AWARDS EXPENDITURES			\$ 1,615,683	\$ 3,120,285
SUMMARY BY CFDA NUMBER:				
	14.231		111,553	\$ 457,540
	14.235		430,025	616,628
	14.267		668,925	1,595,917
	64.019		405,180	450,200
				\$ 3,120,285

Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal award activity of Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S 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 Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary.

Note 2 – 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 and/or OMB Circular A122, Cost Principles for Non-profit Organizations, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 – Indirect Cost Rate

Massachusetts Housing and Shelter Alliance, Inc. and its Subsidiary have elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4 – Assistance to Program Participants

Massachusetts Housing and Shelter Alliance, Inc. provided federal awards in the form of lease payments, under the Journey to Success Program (CFDA #14.267), to various private party landlords on behalf of program participants. Total lease payments under this program for the year approximated \$350,000. The federal expenditures in conjunction with these lease payments have been included in the Schedule of Expenditures of Federal Awards.

Massachusetts Housing and Shelter Alliance, Inc. also provided federal awards in the form of rental and other tenant assistance, under the Emergency Solutions Rapid Rehousing Program (CFDA #14.231), Rapid Rehousing for Families (CFDA #14.267), and North Star Housing (CFDA #14.267) to various private party landlords on behalf of program participants. Rental and other tenant assistance payments for the year approximated \$696,000, \$182,000 and \$435,000 for the respective programs. The federal expenditures in conjunction with these rental and other tenant assistance payments have been included in the Schedule of Expenditures of Federal Awards.



GT REILLY
& COMPANY
CPAs and Advisors

**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***

Board of Directors of
Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary

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 consolidated financial statements of Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2021 and the related consolidated statements of activities and changes in net assets, 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 December 9, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary's internal control over financial reporting (internal control) as a basis for designing 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 Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary's internal control. Accordingly, we do not express an opinion on the effectiveness of Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary'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 entity'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.

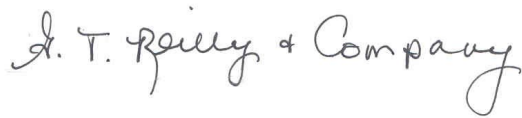
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary's consolidated 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.

A handwritten signature in cursive script that reads "G. T. Reilly & Company".

G.T. Reilly & Company

Milton, Massachusetts
December 9, 2021



GT REILLY
& COMPANY
CPAs and Advisors

**Independent Auditors' Report on Compliance
for Each Major Program and on Internal Control
Over Compliance Required by the Uniform Guidance**

Board of Directors of
Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary

Report on Compliance for Each Major Federal Program

We have audited Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary's major federal programs for the year ended June 30, 2021. Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary'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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary'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 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 Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

Opinion on Each Major Federal Program

In our opinion, Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary 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, 2021.

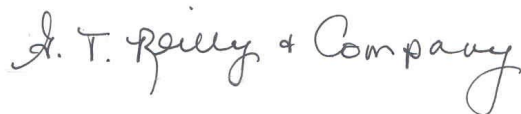
Report on Internal Control Over Compliance

Management of Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary 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 Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary'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 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 Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary'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, 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.



G.T. Reilly & Company

Milton, Massachusetts
December 9, 2021

Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary

Schedule of Findings and Questioned Costs

Year Ended June 30, 2021

Summary of Auditors' Results

1. The independent auditors' report expresses an unmodified opinion on the financial statements of Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditor's 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*.
3. No instances of noncompliance material to the financial statements of Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance for each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The independent auditors' report on compliance for the major federal award programs for Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary expresses an unmodified opinion.
6. The audit did not disclose any audit findings relating to the major federal award programs that are required to be reported in accordance with 2 CFR Section 200.516 (a) in this schedule.
7. The program tested as a major program was the U.S Department of Housing and Urban Development Continuum of Care Program CFDA #14.267.
8. The threshold used for distinguishing between Types A and B programs was \$750,000.
9. Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary qualifies as a low-risk auditee.

Findings – Financial Statements Audit

None

Findings and Questioned Costs – Major Federal Award Programs Audit

None

Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2021

There were no prior audit findings.