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Single Audit Reporting Package

Massachusetts Housing and  
Shelter Alliance, Inc.  
and Subsidiary

June 30, 2023

# Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary

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## Single Audit Reporting Package

June 30, 2023

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424 Adams Street, Milton, MA 02186-4358

T. 617.696.8900 / F. 617.698.1803

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## **Independent Auditors' Report on Consolidated Financial Statements**

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

### ***Opinion***

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, 2023 and 2022, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary as of June 30, 2023 and 2022, and the changes in its net assets and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## ***Auditors' Responsibility for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

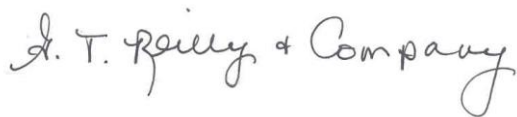
In performing an audit in accordance with generally accepted auditing standards and Government Audit Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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

In accordance with Government Auditing Standards, we have also issued a report dated June 4, 2024 on our consideration of Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 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  
June 4, 2024

# Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary

## Consolidated Statements of Financial Position

June 30

### Assets

	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 10,988,105	\$ 1,713,224
Contract receivables	5,539,058	7,074,235
Investments (Note 4)	912,181	843,339
Prepaid expenses and other assets	29,297	12,977
Security deposits	33,694	31,073
TOTAL CURRENT ASSETS	<u>17,502,335</u>	<u>9,674,848</u>
NONCURRENT ASSETS		
Furniture and equipment, net (Note 5)	6,705	11,808
Operating lease right-of-use asset (Note 9)	379,593	-
TOTAL NONCURRENT ASSETS	<u>386,298</u>	<u>11,808</u>
TOTAL ASSETS	<u>\$ 17,888,633</u>	<u>\$ 9,686,656</u>

### Liabilities and Net Assets

CURRENT LIABILITIES		
Due to subrecipients	\$ 7,466,114	\$ 6,837,663
Accounts payable and accrued expenses	504,870	344,124
Unexpended contract advances (Note 7)	6,356,870	-
Bank line of credit (Note 6)	900,000	600,000
TOTAL CURRENT LIABILITIES	<u>15,227,854</u>	<u>7,781,787</u>
LONG-TERM LIABILITIES		
Operating lease obligation (Note 9)	385,177	-
NET ASSETS		
Without donor restriction	2,158,203	1,823,352
With donor restriction (Note 8)	117,399	81,517
TOTAL NET ASSETS	<u>2,275,602</u>	<u>1,904,869</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 17,888,633</u>	<u>\$ 9,686,656</u>

## Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary

### Consolidated Statements of Activities and Changes in Net Assets

For the Years Ended June 30

	2023			2022		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
<b>OPERATING SUPPORT AND REVENUE</b>						
Government contracts	\$ 26,558,346	\$ -	\$ 26,558,346	\$ 17,408,298	\$ -	\$ 17,408,298
Grants and contributions	827,998	290,000	1,117,998	1,047,769	290,000	1,337,769
Program fees	78,639	-	78,639	44,805	-	44,805
Investment income	25,565	-	25,565	25,377	-	25,377
Net assets released from restrictions (Note 8)	254,118	(254,118)	-	274,958	(274,958)	-
<b>TOTAL OPERATING SUPPORT AND REVENUE</b>	<b>27,744,666</b>	<b>35,882</b>	<b>27,780,548</b>	<b>18,801,207</b>	<b>15,042</b>	<b>18,816,249</b>
<b>OPERATING EXPENSES</b>						
Program Expenses:						
Emergency shelter and transitional	396,700	-	396,700	632,386	-	632,386
Permanent supportive housing	19,079,411	-	19,079,411	15,433,398	-	15,433,398
Construction/development of permanent housing	5,992,978	-	5,992,978	-	-	-
Rapid rehousing	1,139,518	-	1,139,518	1,522,138	-	1,522,138
Advocacy, planning and technical assistance	290,416	-	290,416	316,368	-	316,368
Total Program Expenses	26,899,023	-	26,899,023	17,904,290	-	17,904,290
Supporting Expenses:						
Fundraising and development	299,329	-	299,329	274,488	-	274,488
General and administrative	296,355	-	296,355	307,387	-	307,387
Total Supporting Expenses	595,684	-	595,684	581,875	-	581,875
<b>TOTAL OPERATING EXPENSES</b>	<b>27,494,707</b>	<b>-</b>	<b>27,494,707</b>	<b>18,486,165</b>	<b>-</b>	<b>18,486,165</b>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	<b>249,959</b>	<b>35,882</b>	<b>285,841</b>	<b>315,042</b>	<b>15,042</b>	<b>330,084</b>
<b>NON-OPERATING ACTIVITIES</b>						
Realized and unrealized gains (losses) on investments (Note 4)	84,892	-	84,892	(146,462)	-	(146,462)
<b>TOTAL CHANGE IN NET ASSETS</b>	<b>334,851</b>	<b>35,882</b>	<b>370,733</b>	<b>168,580</b>	<b>15,042</b>	<b>183,622</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>1,823,352</b>	<b>81,517</b>	<b>1,904,869</b>	<b>1,654,772</b>	<b>66,475</b>	<b>1,721,247</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 2,158,203</b>	<b>\$ 117,399</b>	<b>\$ 2,275,602</b>	<b>\$ 1,823,352</b>	<b>\$ 81,517</b>	<b>\$ 1,904,869</b>

## Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary

### Consolidated Statement of Functional Expenses

For the Year Ended June 30, 2023

	Emergency Shelter & Transitional Programs	Permanent Supportive Housing	Construction/ Development for Permanent Housing	Rapid Rehousing	Advocacy, Planning & Technical Assistance	Total Program	Fundraising & Development	General and Admin.	Total
Salaries	\$ 9,045	\$ 1,122,864	\$ 40,807	\$ 39,339	\$ 119,058	\$ 1,331,113	\$ 122,099	\$ 41,162	\$ 1,494,374
Payroll Tax	3,713	84,047	3,095	5,045	9,938	105,838	10,266	3,377	119,481
Employee benefits	2,962	201,996	1,960	35,281	2,901	245,100	15,871	8,786	269,757
Total salaries and related expenses	15,720	1,408,907	45,862	79,665	131,897	1,682,051	148,236	53,325	1,883,612
Advertising	144	3,583	17	218	32	3,994	10	75	4,079
Bank charges	18	867	160	66	6	1,117	1	9,435	10,553
Conferences and materials	-	868	-	-	-	868	30	25	923
Contributions and sponsorships	-	495	-	-	14,025	14,520	-	692	15,212
Depreciation	127	5,422	37	272	57	5,915	3	4,298	10,216
Direct care consultants	-	-	69,000	-	-	69,000	-	-	69,000
Dues and subscriptions	142	6,149	62	570	50	6,973	3	8,550	15,526
Equipment rental/maintenance	54	8,876	22	147	22	9,121	-	52	9,173
Filing fees	491	14,151	86	608	209	15,545	4,503	1,186	21,234
Food/meals	-	231	-	-	159	390	-	2,448	2,838
Grant program management fees	-	-	279,234	-	-	279,234	-	-	279,234
Insurance	3,321	62,951	175	2,538	752	69,737	3	1,757	71,497
Interest expense	643	34,984	296	550	288	36,761	28	1,331	38,120
Network administration	785	35,504	274	2,191	333	39,087	28	920	40,035
Miscellaneous	-	-	-	-	224	224	-	(23,971)	(23,747)
Office supplies	294	14,822	82	870	464	16,532	222	12,121	28,875
Office lease and CAM charges	3,132	125,692	890	4,257	1,321	135,292	78	9,115	144,485
Other consultants	153	30,774	11,448	301	34,034	76,710	7,018	161,139	244,867
Payroll processing	60	2,465	17	148	24	2,714	2	411	3,127
Postage	19	1,545	17	38	15	1,634	20,959	386	22,979
Printing	10	211	1	15	8	245	80,017	237	80,499
Professional fees	647	33,205	290	924	348	35,414	22	47,075	82,511
Program facilities	-	1,055,483	-	-	-	1,055,483	-	-	1,055,483
Program tenant assistance	-	1,533,672	-	49,915	-	1,583,587	-	-	1,583,587
Speaker fees	-	-	-	-	3,255	3,255	300	-	3,555
Special events and fundraising	1,070	36,294	112	639	237	38,352	37,734	4,985	81,071
Staff training	-	357	-	-	882	1,239	-	611	1,850
Staff travel and related expenses	-	927	196	-	1,597	2,720	128	-	2,848
Subrecipients	369,733	14,655,791	5,584,664	995,311	100,000	21,705,499	-	-	21,705,499
Telephone and fax	137	5,185	36	275	177	5,810	4	152	5,966
Total	396,700	19,079,411	5,992,978	1,139,518	290,416	26,899,023	299,329	296,355	27,494,707

## Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary

### Consolidated Statement of Functional Expenses

For the Year Ended June 30, 2022

	Emergency Shelter & Transitional Programs	Permanent Supportive Housing	Rapid Rehousing	Advocacy, Planning & Technical Assistance	Total Program	Fundraising & Development	General and Admin.	Total
Salaries	\$ 14,641	\$ 784,185	\$ 130,448	\$ 152,292	\$ 1,081,566	\$ 106,978	\$ 57,102	\$ 1,245,646
Payroll Tax	1,118	67,960	6,138	12,623	87,839	8,983	2,713	99,535
Employee benefits	4,936	175,415	9,080	4,751	194,182	12,613	7,210	214,005
Total salaries and related expenses	20,695	1,027,560	145,666	169,666	1,363,587	128,574	67,025	1,559,186
Advertising	51	1,654	365	11	2,081	53	33	2,167
Bank charges	28	930	240	6	1,204	-	10,315	11,519
Conferences and materials	-	-	-	-	-	-	25	25
Contributions and sponsorships	-	-	-	-	-	-	30	30
Depreciation	95	3,106	710	21	3,932	-	63	3,995
Dues and subscriptions	210	6,854	1,552	46	8,662	285	6,842	15,789
Equipment rental/maintenance	70	59,399	516	16	60,001	-	46	60,047
Filing fees	302	9,848	2,227	135	12,512	4,514	546	17,572
Food/meals	-	250	-	-	250	148	64	462
Insurance	1,274	41,352	9,561	283	52,470	-	831	53,301
Interest expense	568	18,543	4,167	126	23,404	-	371	23,775
Network administration	314	10,222	2,311	70	12,917	-	4,407	17,324
Miscellaneous	-	-	-	5,726	5,726	600	364	6,690
Office supplies	224	7,358	2,372	1,455	11,409	64	4,855	16,328
Office lease and CAM charges	2,955	96,413	21,675	655	121,698	-	1,928	123,626
Other consultants	136	80,891	1,001	29,530	111,558	4,663	158,061	274,282
Payroll processing	58	1,904	427	13	2,402	-	38	2,440
Postage	21	682	149	5	857	15,714	478	17,049
Printing	2	62	14	-	78	62,661	-	62,739
Professional fees	539	17,533	3,967	119	22,158	-	48,351	70,509
Program facilities	-	705,315	-	-	705,315	-	-	705,315
Program tenant assistance	-	1,083,534	236,104	-	1,319,638	-	613	1,320,251
Speaker fees	-	-	-	4,158	4,158	300	-	4,458
Special events and fundraising	20	15,424	143	4	15,591	55,563	972	72,126
Staff training	-	27	7	3,180	3,214	164	976	4,354
Staff travel and related expenses	-	1,739	-	682	2,421	1,185	65	3,671
Subrecipients	604,690	12,238,421	1,087,980	100,000	14,031,091	-	-	14,031,091
Telephone and fax	134	4,377	984	461	5,956	-	88	6,044
Total	632,386	15,433,398	1,522,138	316,368	17,904,290	274,488	307,387	18,486,165



# Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary

## Consolidated Statements of Cash Flows

For the Years Ended June 30

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 370,733	\$ 183,622
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Amortization of operating lease right-of-use asset	111,800	-
Depreciation expense	10,216	3,996
Realized and unrealized (gains) losses on investments, net	(84,892)	146,462
Donated common stock	(25,753)	(14,925)
Changes in operating assets and liabilities:		
Contract receivables	1,535,177	3,201,806
Prepaid expenses and other assets	(16,320)	(5,003)
Security deposits	(2,621)	-
Operating lease right-of-use asset	(491,393)	-
Due to subrecipients	628,451	(2,543,641)
Accounts payable and accrued expenses	160,746	(89,644)
Unexpended contract advances	6,356,870	-
Operating lease obligation	385,177	-
	<u>8,938,191</u>	<u>882,673</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of furniture and equipment	(5,113)	-
Purchases of investments	(75,000)	(283,004)
Proceeds from maturities and sales of investments	116,803	335,103
	<u>36,690</u>	<u>52,099</u>
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdowns (payments) on line of credit	300,000	(250,000)
Payments on long-term debt	-	(2,495,000)
	<u>300,000</u>	<u>(2,745,000)</u>
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>		
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>9,274,881</b>	<b>(1,810,228)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>1,713,224</b>	<b>3,523,452</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 10,988,105</b>	<b>\$ 1,713,224</b>

### Supplemental Disclosure of Cash Flow Information

Cash paid during the year for interest	<u>\$ 38,120</u>	<u>\$ 107,025</u>
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# Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary

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## Notes to Consolidated Financial Statements

June 30, 2023

### 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, 2023 and 2022 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. Through funding received by MHSA from government contracts and grants, which are typically sub-awarded to other non-profit organizations to provide direct services and various government funded leasing and rental assistance programs, persons receive the benefits of emergency shelter, permanent housing and support 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 2023 the program provided, in partnership with community-based service organizations, 20 shelter and transitional housing beds each night. The programs provide clients with safe living accommodations, meals, case management, and public benefits access. 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 an Emergency Solutions shelter grant and a federal Safe Haven Grant that serves veterans under a two-year transitional housing program.

Permanent Supportive Housing & Diversion – During fiscal year 2023, the program helped fund, in partnership with community-based service organizations and landlords, 1,360 units of permanent supportive housing and leases 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 provides clients with permanent housing, meals, transportation, case management, income-related referrals and public benefits access, housing search and other services focused primarily on helping individuals to access and sustain permanent housing. The program includes substantially all contracts mentioned in any of the other major service categories. MHSA also diverted 44 individuals from emergency shelter through the allocation of funds for a special diversion program.

Rapid Rehousing & Prevention – MHSA assisted 200 households during fiscal year 2023 in gaining permanent housing through rapid rehousing and prevention 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 and prevention initiatives moving forward. The program includes the Emergency Solutions Rapid Rehousing, Rapid Transition for Homeless Individuals, and Rapid Rehousing for Families programs.

## **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 (also known as the Social Impact Bonding Program). The initial support for MASH's operational costs was obtained through a private funding agreement and to the extent that MASH was successful in housing high-use homeless individuals, the Commonwealth of Massachusetts' Department of Administration and Finance ("A&F") provided further funding in the form of success payments. The Pay for Success program was effectively concluded early in fiscal year 2022. (See Note 7)

Construction / Development of Permanent Housing - During fiscal year 2023, MASH entered into a \$15 million contract with the Commonwealth of Massachusetts to award subrecipient grants to expand the development of permanent supportive housing ("PSH") units and address the public health emergency of homelessness, exacerbated by COVID-19, due to densely populated congregate shelters and growing encampments of unsheltered individuals. The majority of subrecipients will receive grants to create 243 new PSH units in the Commonwealth, while others are receiving funds utilized to provide technical assistance and educational opportunities to emerging and existing developers to increase the number and diversity of supportive housing developers in the Commonwealth. (See Note 7)

## **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 – The Organization 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 Organization's support and revenue consists of donations and grants, principally government contracts, which are recorded and reported under the accounting guidance for contributions.

Conditional Grants, Contracts and Contributions – Conditional grants, contracts and contributions, including promises to give and grants awarded, 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. This includes nonreciprocal cost-reimbursable federal and state contracts and other grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses where the benefits are received by the public or segments thereof, rather than by the grantor. Any qualifying expenditures that are incurred before the funds are received are reported as grant or contract amounts receivable or reimbursable, depending on the terms of the grant or contract. If any amounts are billed or received in advance of performance under contracts or grants, they are considered liabilities and reported as refundable advances in the statement of financial position.

A significant amount of MHSA's support and revenues are generated from the federal government, state agencies, and other organizations under unit-rate and cost reimbursable contracts. Payments to the Organization are subject to audit by the appropriate government agency. In the opinion of management, the results of such audits, if any, would not have a material effect on the financial position of the Organization as of June 30, 2023 and 2022, or on the changes in its net assets for the years then ended.

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

Government contract support is disaggregated by source as follows for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Contracts		
Federal agencies	\$ 259,331	\$ 514,560
Commonwealth of MA	25,563,592	16,002,701
City of Boston	735,423	891,037
	<u>\$ 26,558,346</u>	<u>\$ 17,408,298</u>

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.

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 years ended June 30, 2023 or 2022.

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 MHSA' 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, 2023 and 2022, 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.

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

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/or 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.

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 from Contracts with Customers and Other Exchange Transactions – The Organization recognizes revenues in accordance with FASB Accounting Standards Codification (ASC) 606, "*Revenue from Contracts with Customers*", 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. In accordance with ASC 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

The Organization has relatively little activities that would be accounted for under this revenue recognition standard, primarily consisting of rental income received from program participants ("program fees").

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

Adoption of ASC Topic 842 on Leases – Effective July 1, 2022, the Organization adopted the Financial Accounting Standards Board’s Accounting Standards Update (ASU) No. 2016-02, “Leases” and all subsequent amendments to the ASU, collectively, Accounting Standards Codification (ASC) Topic 842. The newly-effective accounting standard introduces a right-of-use accounting model, and it replaces ASC Topic 840. The standard requires that a lessee record a “lease right-of-use asset” and a “lease obligation” for substantially all lease agreements; however, the Organization has made the permitted accounting policy election not to recognize lease assets and liabilities for short-term leases of property or equipment (terms of 12 months or less). Under the new standard, leases are classified as either finance leases or operating leases, with classification affecting the recognition of lease expense. At this time, the Organization does not have any leases that meet the criteria of a finance lease.

The principal difference from the previous accounting standards is that lease liabilities and lease assets arising from operating leases are now required to be recorded in a lessee’s balance sheet. For leases classified as operating leases the Organization now:

- recognizes a “lease right-of-use asset” in its balance sheet representing its right to use the underlying asset, and a “lease obligation” representing the present value of its obligation to make future lease payments
- recognizes lease expense by allocating the total of all required lease payments plus initial direct costs less lease incentives, if any, over the lease term on a straight-line basis, including fixed payments for any executory costs such as real estate taxes and operating expenses of the lessor
- recognizes variable executory and other costs, if any, as lease expense in the period incurred

The Organization has used the permitted modified retrospective method of adoption and has elected to use the beginning of its 2023 financial reporting year as the date of its initial application of ASC 842, whereby financial statements for periods prior to that date are not restated. Instead, the effect of adopting the standard as of the beginning of the year, if any, is recorded as a cumulative effect adjustment to net assets. Upon implementation effective July 1, 2022, the Organization recorded an operating lease liability of approximately \$491,000 relating to its lease commitment for its main office headquarters in Boston, MA. A lease right-of-use asset was recorded for the same amount and there was no cumulative effect adjustment to net assets necessary.

In transition to the new accounting standard, the Organization elected to use the permitted practical expedient package whereby the Organization was not required to reevaluate: 1) whether any existing contract included a lease, 2) the classification of its existing leases as operating versus finance leases, and 3) any capitalized initial direct costs. The discount rate applied to the lease agreement at the transition date was based on the Organization’s incremental borrowing rate at the time. The lease obligation is accreted using amortization schedules which reflect the lease payments applied over time against the obligation, and the amortization of the discount (interest factor) is recorded to lease expense. The right-of-use asset is amortized to lease expense so as to produce an annual total of lease expense on a straight-line basis over the lease term. The adoption of the new lease accounting standard had no significant effect on the amount of lease expense or the Organization’s change in net assets for 2023.

See Note 9 on Lease Obligations and Commitments.

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, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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

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, 2023 up through June 4, 2024, 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 and are summarized by major investment category as follows:

	Cost	Unrealized Gains (Losses)	Fair Value
<b><u>June 30, 2023</u></b>			
<b>Equity Securities:</b>			
<b>Common Stocks</b>	\$ 334,702	\$ 135,901	\$ 470,603
<b>Mutual Funds - Equities</b>	141,745	5,052	146,797
<b>Mutual Funds - Fixed Income</b>	166,428	(15,346)	151,082
	<b>642,875</b>	<b>125,607</b>	<b>768,482</b>
<b>Debt Securities:</b>			
<b>Corporate Bonds</b>	148,418	(4,719)	143,699
	<b>\$ 791,293</b>	<b>\$ 120,888</b>	<b>\$ 912,181</b>
<b><u>June 30, 2022</u></b>			
<b>Equity Securities:</b>			
Common Stocks	\$ 280,042	\$ 102,427	\$ 382,469
Mutual Funds - Equities	155,735	(13,439)	142,296
Mutual Funds - Fixed Income	159,781	(14,322)	145,459
	595,558	74,666	670,224
<b>Debt Securities:</b>			
Corporate Bonds	175,466	(2,351)	173,115
	<b>\$ 771,024</b>	<b>\$ 72,315</b>	<b>\$ 843,339</b>



## Note 4 – Investments (Cont.)

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
<b><u>June 30, 2023</u></b>				
<b>Equity Securities:</b>				
<b>Common Stocks</b>	\$ 470,603	\$ -	\$ -	\$ 470,603
<b>Mutual Funds - Equities</b>	146,797	-	-	146,797
<b>Mutual Funds - Fixed Income</b>	151,082	-	-	151,082
	<b>768,482</b>	<b>-</b>	<b>-</b>	<b>768,482</b>
<b>Debt Securities:</b>				
<b>Corporate Bonds</b>	-	143,699	-	143,699
	<b>\$ 768,482</b>	<b>\$ 143,699</b>	<b>\$ -</b>	<b>\$ 912,181</b>
<b><u>June 30, 2022</u></b>				
<b>Equity Securities:</b>				
Common Stocks	\$ 382,469	\$ -	\$ -	\$ 382,469
Mutual Funds - Equities	142,296	-	-	142,296
Mutual Funds - Fixed Income	145,459	-	-	145,459
	670,224	-	-	670,224
<b>Debt Securities:</b>				
Corporate Bonds	-	173,115	-	173,115
	<b>\$ 670,224</b>	<b>\$ 173,115</b>	<b>\$ -</b>	<b>\$ 843,339</b>

There is no significant concentration of the Organization's investments in any one segment or industry.

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

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$ 23,249	\$ 24,436
Realized gains	36,319	57,906
Unrealized gains (losses)	48,573	(204,368)
Total investment returns	<u>\$ 108,141</u>	<u>\$ (122,026)</u>
Investment fees	<u>\$ 9,393</u>	<u>\$ 10,237</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>2023</u>	<u>2022</u>
Office equipment	\$ 20,641	\$ 20,641
Computer equipment and software	79,727	79,727
Office furniture	<u>27,557</u>	<u>22,444</u>
	127,925	122,812
Less accumulated depreciation	<u>121,220</u>	<u>111,004</u>
	<u>\$ 6,705</u>	<u>\$ 11,808</u>

Depreciation expense was \$10,216 and \$3,996 for the years ended June 30, 2023 and 2022, 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 (8.25% and 4.75% at June 30, 2023 and 2022, respectively). There was \$900,000 of borrowings outstanding on the line at June 30, 2023 (\$600,000 outstanding at June 30, 2022).

## Note 7 – MASH Program Financing and Contracts

Social Impact Bonding Contract - During May of 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 (“UWMB”), and Corporation for Supportive Housing (collectively “the investors”) provided \$1,000,000, \$1,000,000 and \$500,000, respectively. The program was effectively concluded in fiscal year 2022, at which time the debt, along with unpaid interest was paid in full. (See Note 1)

PSH Contract - During fiscal year 2023, MASH entered into a \$15 million contract with the Commonwealth of Massachusetts, of which \$12.5 million was received up front to award subrecipient grants to expand the development of permanent supportive housing (“PSH”) units and address the public health emergency of homelessness, exacerbated by COVID-19, due to densely populated congregate shelters and growing encampments of unsheltered individuals. As of June 30, 2023 MASH had utilized \$6,143,130 of these funds consisting of awards to subrecipients and the retention of a 10% administration fee, with the remaining balance of \$6,356,870 expected to be awarded during the upcoming year. The unexpended amount of the advance has been presented on the consolidated balance sheet as unexpended contract advances at June 30, 2023.

MASH strategically partners on the above program with the United Way of Massachusetts Bay (“UWMB”) and MHSA on the administration and fiscal management of this program, for which each receives a 5% management fee. (MHSA’s fee is eliminated in the financial statement consolidation process). MASH also contracts with the Corporation for Supportive Housing to perform program consulting services. (See Note 1)

## Note 8 – Net Assets with Donor Restrictions

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

	<u>2023</u>	<u>2022</u>
Health Resources in Action	\$ 64,851	\$ 41,517
Transition Aged Youth Housing	<u>52,548</u>	<u>40,000</u>
	<u>\$ 117,399</u>	<u>\$ 81,517</u>

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>2023</u>	<u>2022</u>
Hospital to Housing	\$ -	\$ 17,505
Health Resources in Action	<u>126,666</u>	154,027
Veterans Homeless In-Reach Program	-	3,426
Transition Aged Youth Housing	<u>127,452</u>	<u>100,000</u>
	<u>\$ 254,118</u>	<u>\$ 274,958</u>

## Note 9 – Lease Obligations and Commitments

Office Lease – The Organization leases its principal office at 7 Bulfinch Place in Boston under a five-year lease agreement extension 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 lease payment encompasses the costs of utilities, including heat, air conditioning, and conventional office electricity usage. The Organization is liable for any increases in real estate taxes and operating expenses over base year amounts.

As discussed in Note 2, the Organization adopted ASC 842, “Leases”, during 2023. The following is a summary of the recorded lease right-of-use asset for the above-mentioned lease agreement at June 30, 2023:

Operating lease right-of-use asset	\$ 491,393
Less accumulated amortization	<u>(111,800)</u>
Operating lease right-of-use asset, net	<u>\$ 379,593</u>

## Note 9 – Lease Obligations and Commitments (Cont.)

Future minimum lease payments due under the non-cancellable lease, along with the recorded present value of the lease obligation, is as follows:

Year Ending June 30	
2024	\$ 130,916
2025	134,561
2026	138,201
2027	<u>11,542</u>
	415,220
Less unamortized discount	<u>(30,043)</u>
Recorded present value of lease obligation	<u>\$ 385,177</u>

The Organization has not included in its recorded lease obligation and right-of-use asset the available lease extension option permitted under the agreement as management has not committed beyond the current lease term and it cannot be reasonably certain under lease accounting criteria that the option will be exercised. Common area maintenance charges under the agreement are not considered in the lease payments since they represent a service provided to the Organization and, as such, they are recorded to expense as incurred (approximately \$11,000 in 2023 and none in 2022). The discount rate imputed on the lease obligation is 4.75%, which represented the Organization's incremental borrowing rate for similar length terms as the applicable lease at the adoption of ASC 842.

Lease expense related to this agreement, under the new lease accounting standard, approximated \$133,000 for the year ended June 30, 2023. Lease expense for the year ended June 30, 2022, under the superseded accounting standard, approximated \$124,000.

Program Leases – In conjunction with government funded programs, the Organization makes direct lease and utility payments under short-term leases with private party landlords on behalf of program participants for residential housing. Total lease and related payments, which are included in program tenant assistance in the statements of functional expenses, were approximately \$1,534,000 and \$1,084,000 for the years ended June 30, 2023 and 2022, respectively.

Also, in conjunction with government funded programs, the Organization holds multi-year lease agreements with various parties, such as nonprofit and private landlords providing permanent housing to formerly homeless people, as well as transitional assistance and rooms for homeless people. These expenses are recorded by the Organization as subrecipient and program facility expense as specified by the government reimbursement contract. Since these leases may be cancelled by the Organization if it loses its government funding and are unable to replace it with new funding, lease obligations and right-of-use assets have not been recorded under ASC 842.

## 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, 2023 and 2022 totaled \$44,671 and \$43,276, respectively.

## Note 11 – Related Party Transactions

Two of the eighteen members of the Organization's Board of Directors who served at some point during the year ended June 30, 2023 are Executive Directors of organizations that hold subcontracts with Massachusetts Housing and Shelter Alliance, Inc.

Organization also 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>2023</u>	<u>2022</u>
Expenses:		
Subcontractors/program facilities	<u>\$ 2,067,798</u>	<u>\$ 2,123,266</u>
Revenues and Support:		
Contributions	<u>\$ 19,797</u>	<u>\$ 84,571</u>
Liabilities:		
Due to subrecipients	<u>\$ 807,310</u>	<u>\$ 1,253,546</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, 2023, the Organization’s cash balance in one of these two banks exceeded FDIC coverage by approximately \$10,444,000, based upon the bank’s balances. At June 30, 2023, MHSA has approximately \$26,000, in an 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 in Note 4.

Contract Receivables and Support from Government Contracts – The Organization's contract receivables are amounts predominantly due from federal, state and local governments. The Organization received approximately \$25,564,000 (92%) and \$16,003,000 (85%) of its total consolidated operating support and revenue from the Commonwealth of Massachusetts during 2023 and 2022, respectively.

Grants and Contributions – For the year ended June 30, 2023, approximately \$490,000 (44%) of the Organization’s private grants and contributions came from three grantors. For the year ended June 30, 2022, approximately \$488,000 (36%) came from four grantors/donors. In total, private grants and contributions represent less than 10% of the Organization’s total consolidated operating support and revenue

### 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>2023</u>	<u>2022</u>
Financial assets:		
Cash and cash equivalents	<b>\$ 10,988,105</b>	\$ 1,713,224
Contract receivables	<b>5,539,058</b>	7,074,235
Investments	<b>912,181</b>	843,339
Total financial assets	<b><u>17,439,344</u></b>	<u>9,630,798</u>
Less: amounts payable to subrecipients	<b>(7,466,114)</b>	(6,837,663)
Less: unexpended advances on MASH LLC contract	<b>(6,356,870)</b>	-
Less: donor purpose-restricted net assets	<b><u>(117,399)</u></b>	<u>(81,517)</u>
Net financial assets available	<b>3,498,961</b>	2,711,618
Liquidity resources:		
Availability on bank line of credit	<b><u>100,000</u></b>	<u>400,000</u>
Net financial assets and liquidity resources available within one year for general expenditure	<b><u>\$ 3,598,961</u></b>	<b><u>\$ 3,111,618</u></b>

The Organization's program expenses are predominantly funded by government contracts and grants, without which it would not be able to operate those programs to the extent that it does currently. The Organization's net financial assets and liquidity resources available to it are more than sufficient to cover its general, administrative, fundraising and development expenses for the next twelve months.

CONSOLIDATING FINANCIAL STATEMENTS



**GT REILLY**  
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CPAs and Advisors

424 Adams Street, Milton, MA 02186-4358  
T. 617.696.8900 / F. 617.698.1803  
www.gtreilly.com

## **Independent Auditors' Report On 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, 2023 and 2022, and our report thereon dated June 4, 2024, 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, 2023 and 2022, 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 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 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  
June 4, 2024



## Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary

### Consolidating Statement of Financial Position

June 30, 2023

	Massachusetts Housing and Shelter Alliance, Inc.	Massachusetts Alliance for Supportive Housing, LLC	Inter- Company Eliminations	Total
<b><u>Assets</u></b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 3,591,216	\$ 7,396,889	\$ -	\$ 10,988,105
Contract receivables	5,539,058	-	-	5,539,058
Investments	912,181	-	-	912,181
Prepaid expenses and other assets	99,944	-	(70,647)	29,297
Security deposits	33,694	-	-	33,694
<b>TOTAL CURRENT ASSETS</b>	<b>10,176,093</b>	<b>7,396,889</b>	<b>(70,647)</b>	<b>17,502,335</b>
<b>NONCURRENT ASSETS</b>				
Furniture and equipment, net	6,705	-	-	6,705
Operating lease right-of-use asset	379,593	-	-	379,593
<b>TOTAL NONCURRENT ASSETS</b>	<b>386,298</b>	<b>-</b>	<b>-</b>	<b>386,298</b>
<b>TOTAL ASSETS</b>	<b>\$ 10,562,391</b>	<b>\$ 7,396,889</b>	<b>\$ (70,647)</b>	<b>\$ 17,888,633</b>
<b><u>Liabilities and Net Assets</u></b>				
<b>CURRENT LIABILITIES</b>				
Due to subrecipients	\$ 7,103,164	\$ 362,950	\$ -	\$ 7,466,114
Accounts payable and accrued expenses	434,222	141,295	(70,647)	504,870
Unexpended contract advances	-	6,356,870	-	6,356,870
Bank line of credit	900,000	-	-	900,000
<b>TOTAL CURRENT LIABILITIES</b>	<b>8,437,386</b>	<b>6,861,115</b>	<b>(70,647)</b>	<b>15,227,854</b>
<b>LONG-TERM LIABILITIES</b>				
Operating lease obligation	385,177	-	-	385,177
<b>NET ASSETS</b>				
Without donor restriction	1,622,429	535,774	-	2,158,203
With donor restriction	117,399	-	-	117,399
<b>TOTAL NET ASSETS</b>	<b>1,739,828</b>	<b>535,774</b>	<b>-</b>	<b>2,275,602</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 10,562,391</b>	<b>\$ 7,396,889</b>	<b>\$ (70,647)</b>	<b>\$ 17,888,633</b>

## Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary

### Consolidating Statement of Financial Position

June 30, 2022

	Massachusetts Housing and Shelter Alliance, Inc.	Massachusetts Alliance for Supportive Housing, LLC	Inter- Company Eliminations	Total
<b><u>Assets</u></b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 1,108,296	\$ 604,928	\$ -	\$ 1,713,224
Contract receivables	7,074,235	-	-	7,074,235
Investments	843,339	-	-	843,339
Prepaid expenses and other assets	12,977	-	-	12,977
Security deposits	31,073	-	-	31,073
<b>TOTAL CURRENT ASSETS</b>	<b>9,069,920</b>	<b>604,928</b>	<b>-</b>	<b>9,674,848</b>
<b>NONCURRENT ASSETS</b>				
Furniture and equipment, net	11,808	-	-	11,808
<b>TOTAL ASSETS</b>	<b>\$ 9,081,728</b>	<b>\$ 604,928</b>	<b>\$ -</b>	<b>\$ 9,686,656</b>
<b><u>Liabilities and Net Assets</u></b>				
<b>CURRENT LIABILITIES</b>				
Due to subrecipients	\$ 6,837,663	\$ -	\$ -	\$ 6,837,663
Accounts payable and accrued expenses	344,124	-	-	344,124
Bank line of credit	600,000	-	-	600,000
<b>TOTAL CURRENT LIABILITIES</b>	<b>7,781,787</b>	<b>-</b>	<b>-</b>	<b>7,781,787</b>
<b>NET ASSETS</b>				
Without donor restriction	1,218,424	604,928	-	1,823,352
With donor restriction	81,517	-	-	81,517
<b>TOTAL NET ASSETS</b>	<b>1,299,941</b>	<b>604,928</b>	<b>-</b>	<b>1,904,869</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 9,081,728</b>	<b>\$ 604,928</b>	<b>\$ -</b>	<b>\$ 9,686,656</b>

## Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary

### Consolidating Statements of Activities and Changes in Net Assets

For the Year Ended June 30, 2023

	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
<b>OPERATING SUPPORT AND REVENUE</b>								
Government contracts	\$ 20,415,216	\$ -	\$ 20,415,216	\$ 6,143,130	\$ -	\$ 26,558,346	\$ -	\$ 26,558,346
Grants and contributions	827,998	290,000	1,117,998	-	-	827,998	290,000	1,117,998
Program fees	357,871	-	357,871	-	(279,232)	78,639	-	78,639
Investment income	25,565	-	25,565	-	-	25,565	-	25,565
Net assets released from restrictions	254,118	(254,118)	-	-	-	254,118	(254,118)	-
<b>TOTAL OPERATING SUPPORT AND REVENUE</b>	<b>21,880,768</b>	<b>35,882</b>	<b>21,916,650</b>	<b>6,143,130</b>	<b>(279,232)</b>	<b>27,744,666</b>	<b>35,882</b>	<b>27,780,548</b>
<b>OPERATING EXPENSES</b>								
Program Expenses:								
Emergency shelter and transitional	396,700	-	396,700	-	-	396,700	-	396,700
Permanent supportive housing	19,079,411	-	19,079,411	-	-	19,079,411	-	19,079,411
Construction/development of permanent housing	59,926	-	59,926	6,212,284	(279,232)	5,992,978	-	5,992,978
Rapid rehousing	1,139,518	-	1,139,518	-	-	1,139,518	-	1,139,518
Advocacy, planning and technical assistance	290,416	-	290,416	-	-	290,416	-	290,416
Total Program Expenses	20,965,971	-	20,965,971	6,212,284	(279,232)	26,899,023	-	26,899,023
Supporting Expenses:								
Fundraising and development	299,329	-	299,329	-	-	299,329	-	299,329
General and administrative	296,355	-	296,355	-	-	296,355	-	296,355
Total Supporting Expenses	595,684	-	595,684	-	-	595,684	-	595,684
<b>TOTAL OPERATING EXPENSES</b>	<b>21,561,655</b>	<b>-</b>	<b>21,561,655</b>	<b>6,212,284</b>	<b>(279,232)</b>	<b>27,494,707</b>	<b>-</b>	<b>27,494,707</b>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	<b>319,113</b>	<b>35,882</b>	<b>354,995</b>	<b>(69,154)</b>	<b>-</b>	<b>249,959</b>	<b>35,882</b>	<b>285,841</b>
<b>NON-OPERATING ACTIVITIES</b>								
Realized and unrealized gains on investments	84,892	-	84,892	-	-	84,892	-	84,892
<b>TOTAL CHANGE IN NET ASSETS</b>	<b>404,005</b>	<b>35,882</b>	<b>439,887</b>	<b>(69,154)</b>	<b>-</b>	<b>334,851</b>	<b>35,882</b>	<b>370,733</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>1,218,424</b>	<b>81,517</b>	<b>1,299,941</b>	<b>604,928</b>	<b>-</b>	<b>1,823,352</b>	<b>81,517</b>	<b>1,904,869</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 1,622,429</b>	<b>\$ 117,399</b>	<b>\$ 1,739,828</b>	<b>\$ 535,774</b>	<b>\$ -</b>	<b>\$ 2,158,203</b>	<b>\$ 117,399</b>	<b>\$ 2,275,602</b>

## 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 Eliminations	Consolidated		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction		Without Donor Restriction	With Donor Restriction	Total
<b>For the Year Ended June 30, 2022</b>								
<b>OPERATING REVENUE AND SUPPORT</b>								
Government contracts	\$ 17,408,298	\$ -	\$ 17,408,298	\$ -	\$ -	\$ 17,408,298	\$ -	\$ 17,408,298
Grants and contributions	1,047,769	290,000	1,337,769	-	-	1,047,769	290,000	1,337,769
Program fees	194,805	-	194,805	-	(150,000)	44,805	-	44,805
Investment income	25,377	-	25,377	-	-	25,377	-	25,377
Net assets released from restrictions	274,958	(274,958)	-	-	-	274,958	(274,958)	-
<b>TOTAL OPERATING REVENUE AND SUPPORT</b>	<b>18,951,207</b>	<b>15,042</b>	<b>18,966,249</b>	<b>-</b>	<b>(150,000)</b>	<b>18,801,207</b>	<b>15,042</b>	<b>18,816,249</b>
<b>OPERATING EXPENSES</b>								
Program Expenses:								
Emergency shelter and transitional	632,386	-	632,386	-	-	632,386	-	632,386
Permanent supportive housing	15,433,366	-	15,433,366	150,032	(150,000)	15,433,398	-	15,433,398
Rapid rehousing	1,522,138	-	1,522,138	-	-	1,522,138	-	1,522,138
Advocacy, planning and technical assistance	316,368	-	316,368	-	-	316,368	-	316,368
<b>Total Program Expenses</b>	<b>17,904,258</b>	<b>-</b>	<b>17,904,258</b>	<b>150,032</b>	<b>(150,000)</b>	<b>17,904,290</b>	<b>-</b>	<b>17,904,290</b>
Supporting Expenses:								
Fundraising and development	274,488	-	274,488	-	-	274,488	-	274,488
General and administrative	307,387	-	307,387	-	-	307,387	-	307,387
<b>Total Supporting Expenses</b>	<b>581,875</b>	<b>-</b>	<b>581,875</b>	<b>-</b>	<b>-</b>	<b>581,875</b>	<b>-</b>	<b>581,875</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>18,486,133</b>	<b>-</b>	<b>18,486,133</b>	<b>150,032</b>	<b>(150,000)</b>	<b>18,486,165</b>	<b>-</b>	<b>18,486,165</b>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	<b>465,074</b>	<b>15,042</b>	<b>480,116</b>	<b>(150,032)</b>	<b>-</b>	<b>315,042</b>	<b>15,042</b>	<b>330,084</b>
<b>NON-OPERATING ACTIVITIES</b>								
Realized and unrealized losses on investments	(146,462)	-	(146,462)	-	-	(146,462)	-	(146,462)
<b>TOTAL CHANGE IN NET ASSETS</b>	<b>318,612</b>	<b>15,042</b>	<b>333,654</b>	<b>(150,032)</b>	<b>-</b>	<b>168,580</b>	<b>15,042</b>	<b>183,622</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>899,812</b>	<b>66,475</b>	<b>966,287</b>	<b>754,960</b>	<b>-</b>	<b>1,654,772</b>	<b>66,475</b>	<b>1,721,247</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 1,218,424</b>	<b>\$ 81,517</b>	<b>\$ 1,299,941</b>	<b>\$ 604,928</b>	<b>\$ -</b>	<b>\$ 1,823,352</b>	<b>\$ 81,517</b>	<b>\$ 1,904,869</b>

## Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary

### Consolidating Statements of Cash Flows

For the Year Ended June 30, 2023

	Massachusetts Housing and Shelter Alliance, Inc.	Massachusetts Alliance for Supportive Housing, LLC	Inter- Company Eliminations	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Change in net assets	\$ 439,887	\$ (69,154)	\$ -	\$ 370,733
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Amortization of operating lease right-of-use asset	111,800	-	-	111,800
Depreciation expense	10,216	-	-	10,216
Realized and unrealized gains on investments, net	(84,892)	-	-	(84,892)
Donated common stock	(25,753)	-	-	(25,753)
Changes in operating assets and liabilities:				
Contract receivables	1,535,177	-	-	1,535,177
Prepaid expenses and other assets	(86,967)	-	70,647	(16,320)
Security deposits	(2,621)	-	-	(2,621)
Operating lease right-of-use asset	(491,393)	-	-	(491,393)
Due to subrecipients	265,501	362,950	-	628,451
Accounts payable and accrued expenses	90,098	141,295	(70,647)	160,746
Unexpended contract advances	-	6,356,870	-	6,356,870
Operating lease obligation	385,177	-	-	385,177
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>2,146,230</b>	<b>6,791,961</b>	<b>-</b>	<b>8,938,191</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchases of furniture and equipment	(5,113)	-	-	(5,113)
Purchases of investments	(75,000)	-	-	(75,000)
Proceeds from maturities and sales of investments	116,803	-	-	116,803
<b>NET CASH PROVIDED FROM INVESTING ACTIVITIES</b>	<b>36,690</b>	<b>-</b>	<b>-</b>	<b>36,690</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Drawdowns (payments) on line of credit, net	300,000	-	-	300,000
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>2,482,920</b>	<b>6,791,961</b>	<b>-</b>	<b>9,274,881</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>1,108,296</b>	<b>604,928</b>	<b>-</b>	<b>1,713,224</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 3,591,216</b>	<b>\$ 7,396,889</b>	<b>\$ -</b>	<b>\$ 10,988,105</b>

### Supplemental Disclosure of Cash Flow Information

Cash paid during the year for interest	\$ 38,120	\$ -	\$ -	\$ 38,120
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## Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary

### Consolidating Statements of Cash Flows

For the Year Ended June 30, 2022

	Massachusetts Housing and Shelter Alliance, Inc.	Massachusetts Alliance for Supportive Housing, LLC	Inter- Company Eliminations	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Change in net assets	\$ 333,654	\$ (150,032)	\$ -	\$ 183,622
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation expense	3,996	-	-	3,996
Realized and unrealized losses on investments, net	146,462	-	-	146,462
Donated common stock	(14,925)	-	-	(14,925)
Changes in operating assets and liabilities:				
Contract receivables	3,201,806	-	-	3,201,806
Prepaid expenses and other assets	(5,003)	-	-	(5,003)
Due to subrecipients	(2,543,641)	-	-	(2,543,641)
Accounts payable and accrued expenses	7,046	(96,690)	-	(89,644)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>1,129,395</b>	<b>(246,722)</b>	<b>-</b>	<b>882,673</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchases of investments	(283,004)	-	-	(283,004)
Proceeds from maturities and sales of investments	335,103	-	-	335,103
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>52,099</b>	<b>-</b>	<b>-</b>	<b>52,099</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Drawdowns (payments) on line of credit, net	(250,000)	-	-	(250,000)
Payments on long-term debt	-	(2,495,000)	-	(2,495,000)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(250,000)</b>	<b>(2,495,000)</b>	<b>-</b>	<b>(2,745,000)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>931,494</b>	<b>(2,741,722)</b>	<b>-</b>	<b>(1,810,228)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>176,802</b>	<b>3,346,650</b>	<b>-</b>	<b>3,523,452</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 1,108,296</b>	<b>\$ 604,928</b>	<b>\$ -</b>	<b>\$ 1,713,224</b>
<b>Supplemental Disclosure of Cash Flow Information</b>				
Cash paid during the year for interest	\$ 23,775	\$ 83,250	\$ -	\$ 107,025

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS



**GT REILLY**  
**& COMPANY**  
CPAs and Advisors

424 Adams Street, Milton, MA 02186-4358  
T. 617.696.8900 / F. 617.698.1803  
www.gtreilly.com

## **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, 2023 and 2022, and our report thereon dated June 4, 2024, 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, 2023 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

G.T. Reilly & Company

Milton, Massachusetts  
June 4, 2024



## Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary

### Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	Pass Through Entity Identifying Number	Passed through to Subrecipients	Total Federal Expenditures
<u>U.S. Dept. of Housing &amp; Urban Dev.</u>				
Pass through Commonwealth of Massachusetts, Executive Office of Housing and Livable Communities				
Emergency Solutions Rapid Rehousing and Emergency 07/1/22 - 03/31/23	14.231	OCD8000HFER23ESG021A	\$ 617,897	\$ 639,392
North Star Housing Project Program				
10/01/21-09/30/22	14.267	OCD810020FNORTHSTAR0		
10/01/22-09/30/23	14.267	OCD810021FNORTHSTAR0		
			208,361	716,973
Pass through Commonwealth of Massachusetts, Dept. of Public Health:				
Post-Detox Pre-Recovery Supportive Housing Program 07/01/22- 06/30/23	14.267	INTF2330M04W20212086	352,678	356,415
Journey To Success Supportive Housing Program 04/01/22- 03/31/23	14.267	INTF2330M04W66409085		
04/01/23- 03/31/24	14.267	INTF2330M04W66409085		
			-	434,101
Pass through City of Boston, Mayor's Office of Housing				
Home Front Supportive Housing Program				
12/01/21 - 11/30/22	14.235	51693		
12/01/22 - 11/30/23	14.235	57243		
			117,445	250,789
Home & Healthy for Good Supportive Housing Program				
01/01/21 - 12/31/22	14.235	53597		
01/01/22 - 12/31/23	14.235	57835		
			319,075	447,427
Rapid Rehousing For Families Program				
09/01/21- 08/31/22	14.267	54095	34,801	37,207
<u>U.S. Dept. of Veterans Affairs</u>				
Safe Haven Program				
10/01/21- 09/30/22	64.019	36C24119P0005		
10/01/22- 09/30/23	64.019	36C24119P0005		
			239,700	259,331
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,889,957</u>	<u>\$3,141,635</u>
SUMMARY BY FEDERAL ASSISTANCE LISTING NUMBER:				
	14.231		617,897	\$ 639,392
	14.235		436,520	698,216
	14.267		595,840	1,544,696
	64.019		239,700	259,331
			<u>\$ 1,889,957</u>	<u>\$3,141,635</u>

# Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary

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## Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

### 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, 2023. 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. has federal award expenditures in the form of direct lease payments to various private party landlords on behalf of program participants under the North Star Housing (#14.267), Journey to Success (#14.267), DND HHG Boston (#14.235), and DND Homefront (#14.235) programs. Lease payments under these programs for the year approximated \$470,000, \$432,000, \$100,000 and \$125,000, respectively. These federal expenditures are included in the Schedule of Expenditures of Federal Awards and are not considered payments to subrecipients.



**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, 2023 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 June 4, 2024.

***Report on 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.

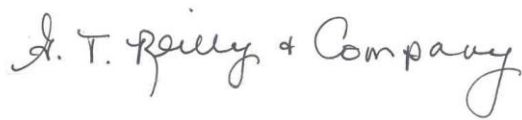
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

**Report on 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 consolidated financial statements. 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.



G.T. Reilly & Company

Milton, Massachusetts  
June 4, 2024



**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 *Opinion on 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, 2023. 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.

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, 2023.

***Basis for Opinion on Each Major Federal Program***

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary's compliance with the compliance requirements referred to above.

## ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary's federal programs.

## ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on of Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about of Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

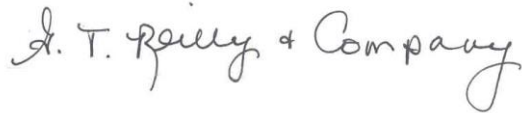
## ***Report on Internal Control over Compliance***

*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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

A handwritten signature in cursive script that reads "G.T. Reilly & Company". The signature is written in dark ink and is positioned above the printed name of the firm.

G.T. Reilly & Company

Milton, Massachusetts  
June 4, 2024

# Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary

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## Schedule of Findings and Questioned Costs

Year Ended June 30, 2023

### 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(s) tested as major programs were the U.S Department of Housing and Urban Development Emergency Solutions Grant Program (Federal Assistance Listing Number #14.231) and Supportive Housing Program (Federal Assistance Listing Number #14.235).
8. The threshold used for distinguishing between Types A and B programs was \$750,000.
9. Massachusetts Housing and Shelter Alliance, Inc. and Subsidiary does not qualify 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

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## Summary Schedule of Prior Audit Findings

Year Ended June 30, 2023

There were no prior audit findings.