

**SOUTHEASTERN MASS VETERANS
HOUSING PROGRAM, INC. AND SUBSIDIARY**

**CONSOLIDATED UNIFORM FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

**YEAR ENDED SEPTEMBER 30, 2020
(WITH COMPARATIVE TOTALS FOR THE
YEAR ENDED SEPTEMBER 30, 2019)**



CLAconnect.com

WEALTH ADVISORY
OUTSOURCING
AUDIT, TAX, AND
CONSULTING

SOUTHEASTERN MASS VETERANS HOUSING PROGRAM, INC. AND SUBSIDIARY
TABLE OF CONTENTS
YEAR ENDED SEPTEMBER 30, 2020
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2019)

INDEPENDENT AUDITORS' REPORT	1
CONSOLIDATED FINANCIAL STATEMENTS	
UFR COVER PAGE	4
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	5
CONSOLIDATED STATEMENT OF ACTIVITIES	6
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES	7
CONSOLIDATED STATEMENT OF CASH FLOWS	10
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	12
SUPPLEMENTAL INFORMATION	
ORGANIZATION SUPPLEMENTAL INFORMATION — SCHEDULE A	23
PROGRAM SUPPLEMENTAL INFORMATION — SCHEDULE B	25
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	31
SCHEDULE OF FINDINGS AND RESPONSES	33



INDEPENDENT AUDITORS' REPORT

Board of Directors
Southeastern Mass Veterans Housing Program, Inc. and Subsidiary
New Bedford, Massachusetts

Report on the Consolidated financial statements

We have audited the accompanying consolidated financial statements of Southeastern Mass Veterans Housing Program, Inc. and Subsidiary (a Massachusetts nonprofit organization), which comprise the consolidated statement of financial position as of September 30, 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Southeastern Mass Veterans Housing Program, Inc. and Subsidiary as of September 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter Regarding a Change in Accounting Principle

As discussed in Note 1, the Agency has adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* and ASU 2018-08, *Accounting Guidance for Contributions Received and Made*. Our opinion is not modified with respect to these matters.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying UFR Organization Supplemental Information Schedule A and UFR Program Supplemental Information Schedule B, is presented for purposes of additional analysis as required by the Commonwealth of Massachusetts Operational Services Division, 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 not been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we do not express an opinion on it.

Report on Summarized Comparative Information

We have previously audited Southeastern Mass Veterans Housing Program, Inc. and Subsidiary 2019, consolidated financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 14, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2021, on our consideration of Southeastern Mass Veterans Housing Program, Inc. and Subsidiary's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters.

Board of Directors
Southeastern Mass Veterans Housing Program, Inc. and Subsidiary

The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Southeastern Mass Veterans Housing Program, Inc.'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 Southeastern Mass Veterans Housing Program, Inc. and Subsidiary's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

New Bedford, Massachusetts
March 11, 2021

STATEMENT OF FINANCIAL POSITION AS OF
(BALANCE SHEET)

09/30/2020

WITH COMPARATIVE TOTALS AS OF

9/30/2019

	CURRENT OPERATIONS	PLANT	ENDOWMENT	CUSTODIAN	TOTAL THIS YEAR	TOTAL LAST YEAR
ASSETS						
1	Cash and Cash Equivalents	48,721			48,721	862,879
2	Accounts Receivable, Program Services	223,147			223,147	327,555
3	Allowance for Doubtful Accounts					
4	Net Accounts Receivable, Program Services	223,147			223,147	327,555
5	Contributions Receivable	61,283			61,283	100,583
6	Notes Receivable					
7	Prepaid Expenses	15,011			15,011	14,857
8	Other Accounts Receivable	237,708			237,708	237,708
9	Other Current Assets	306			306	306
10	Short-Term Investments					
11	TOTAL CURRENT ASSETS	586,176			586,176	1,543,888
12	Land, Buildings, and Equipment		3,158,686		3,158,686	2,216,058
13	Accumulated Depreciation		(619,030)		(619,030)	(559,015)
14	Net Land, Buildings and Equipment		2,539,656		2,539,656	1,657,043
15	Long-Term Investments					
16	Other Assets	85,750	330,200		415,950	478,659
17	Due From Other Funds					
18	TOTAL ASSETS	671,926	2,869,856		3,541,782	3,679,590
LIABILITIES AND NET ASSETS						
19	Accounts Payable	126,173			126,173	172,632
20	Subcontract Payable					
21	Accrued Expenses	40,480			40,480	39,229
22	Current Notes Payable	175,000			175,000	125,000
23	Current Portion Long-Term Debt		260,307		260,307	228,060
24	Deferred Revenue					
25	Other Current Liabilities					
26	TOTAL CURRENT LIABILITIES	341,653	260,307		601,960	564,921
27	Long-Term Notes & Mortgage Payable		146,050		146,050	206,796
28	Other Liabilities	12,896			12,896	11,804
29	Due to Other Funds					
30	TOTAL LIABILITIES	354,549	406,357		760,906	783,521
NET ASSETS						
31	Without Donor Restrictions	317,377	2,463,499		2,780,876	1,703,003
32	With Donor Restrictions					1,193,066
33						
34	TOTAL NET ASSETS	317,377	2,463,499		2,780,876	2,896,069
35	TOTAL LIABILITIES AND NET ASSETS	671,926	2,869,856		3,541,782	3,679,590

See Accompanying Notes to the Financial Statements

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED

09/30/2020 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED

09/30/2019

	Without Donor Restrictions	With Donor Restrictions		TOTAL THIS YEAR	TOTAL LAST YEAR
REVENUES, GAINS, AND OTHER SUPPORT					
1 Contributions, Gifts, Legacies, Bequests & Special Events	175,849			175,849	856,860
2 In-Kind Contributions	64,629			64,629	117,511
3 Grants					
4 Program Service Fees	1,382,773			1,382,773	1,204,019
5 Federated Fundraising Organization Allocation					
6 Investment Revenue	482			482	868
7 Revenue from Commercial Products & Services					
8 Other	101,307			101,307	1,166,304
9 Net Assets Released From Restrictions:					
10 Satisfaction of Program Restrictions					
11 Satisfaction of Equipment Acquisition Restrictions	1,193,066	(1,193,066)			
12 Expiration of Time Restrictions					
13 TOTAL REVENUE, GAINS, AND OTHER SUPPORT	2,918,106	(1,193,066)		1,725,040	3,345,562
EXPENSES AND LOSSES					
14 Administration (Management & General)	403,940			403,940	319,202
15 Fundraising	49,104			49,104	56,962
16 Total Program Services	1,387,190			1,387,190	1,270,795
17 TOTAL EXPENSES	1,840,233			1,840,233	1,646,959
18 Losses					
19 TOTAL EXPENSES AND LOSSES	1,840,233			1,840,233	1,646,959
CHANGES IN NET ASSETS:					
20 Property & Equipment Acquisitions from Unrestricted Funds					
21 Transfer of Realized Endowment Fund Appreciation					
22 Return to Donor					
23 Other Increases (Decreases)					
24 TOTAL CHANGES IN NET ASSETS	1,077,873	(1,193,066)		(115,193)	1,698,603
25 NET ASSETS AT BEGINNING OF YEAR	1,703,003	1,193,066		2,896,069	1,197,466
26 NET ASSETS AT END OF YEAR	2,780,876			2,780,876	2,896,069

See Accompanying Notes to Financial Statements

ORGANIZATION : Southeastern Massachusetts Veterans Housing Progr. FEIN: 111190035

Statement of Functional Expenses for the Year Ended: 09/30/2020

	TOTALS	SUPPORTING SERVICES		PROGRAM SERVICES
		ADMINISTRATION (MNGT. & GEN.)	FUND RAISING	TOTAL ALL PROGRAMS
1. Employee Compensation & Related Expenses	<u>1,062,349</u>	<u>268,720</u>		<u>793,629</u>
2. Occupancy	<u>220,130</u>	<u>20,665</u>		<u>199,465</u>
3. Other Program / Operating Expense	<u>82,826</u>	<u>202</u>		<u>82,625</u>
4. Subcontract Expense	<u>49,104</u>		<u>49,104</u>	
5. Direct Administrative Expense	<u>321,279</u>	<u>100,409</u>		<u>220,870</u>
6. Other Expenses	<u>44,531</u>	<u>11,542</u>		<u>32,989</u>
7. Depreciation of Buildings and Equipment	<u>60,015</u>	<u>2,402</u>		<u>57,613</u>
8. TOTAL EXPENSES	<u>1,840,233</u>	<u>403,940</u>	<u>49,104</u>	<u>1,387,190</u>

See Accompanying Notes to Financial Statements

ORGANIZATION : Southeastern Massachusetts Veterans Housing Progr: FEIN: 111190035

Statement of Functional Expenses for the Year Ended: 09/30/20

	PROGRAM #	PROGRAM #	PROGRAM #	PROGRAM #	PROGRAM #
	<u>01-R</u>	<u>3</u>	<u>6</u>	<u>01-W</u>	<u>7</u>
1. Employee Compensation & Related Expenses	<u>393,581</u>	<u>126,611</u>	<u>20,467</u>	<u>132,174</u>	<u>120,796</u>
2. Occupancy	<u>73,143</u>	<u>33,063</u>	<u>2,643</u>	<u>32,547</u>	<u>10,364</u>
3. Other Program / Operating Expense	<u>74,052</u>	<u>1,899</u>		<u>2,025</u>	<u>3,252</u>
4. Subcontract Expense					
5. Direct Administrative Expense	<u>97,388</u>	<u>30,410</u>	<u>6,198</u>	<u>40,758</u>	<u>27,575</u>
6. Other Expenses	<u>28,640</u>	<u>1,010</u>	<u>281</u>	<u>1,265</u>	<u>1,618</u>
7. Depreciation of Buildings and Equipment	<u>29,673</u>	<u>8,113</u>	<u>1,836</u>	<u>8,829</u>	<u>7,378</u>
8. TOTAL EXPENSES	<u>696,477</u>	<u>201,106</u>	<u>31,425</u>	<u>217,599</u>	<u>170,984</u>

See Accompanying Notes to Financial Statements

ORGANIZATION : Southeastern Massachusetts Veterans Housing Progr FEIN: 111190035

Statement of Functional Expenses for the Year Ended: 09/30/20

	PROGRAM #				
	<u>8</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
1. Employee Compensation & Related Expenses	<u> </u>				
2. Occupancy	<u>47,705</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
3. Other Program / Operating Expense	<u>1,396</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
4. Subcontract Expense	<u> </u>				
5. Direct Administrative Expense	<u>18,540</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
6. Other Expenses	<u>175</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
7. Depreciation of Buildings and Equipment	<u>1,784</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
8. TOTAL EXPENSES	<u>69,600</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

See Accompanying Notes to Financial Statements

ORGANIZATION : Southeastern Massachusetts Veteran

FEIN: 111190035

STATEMENT OF CASH FLOWS for the YEAR ENDED

09/30/2020

INDIRECT METHOD

	TOTAL
Cash Flows from Operating Activities:	
1 Changes in Net Assets	<u>(115,193)</u>
Adjustments to Reconcile Change In Net Assets to Net	
Cash provided by/(used in) Operating Activities:	
2 Depreciation	<u>60,015</u>
3 Losses	<u> </u>
4 Increase/Decrease in Net Accounts Receivable	<u>91,431</u>
5 Increase/Decrease in Prepaid Expenses	<u>(154)</u>
6 Increase/Decrease in Contributions Receivable	<u>102,009</u>
7 Increase/Decrease in Accounts Payable	<u>(46,459)</u>
8 Increase/Decrease in Accrued Expenses	<u>1,051</u>
9 Increase/Decrease in Deferred Revenue	<u> </u>
10 Increase/Decrease in Subcontract Payable	<u> </u>
11 Contributions Restricted for Long-Term Investment	<u> </u>
12 Net Unrealized and Realized Gains on Long-Term Investments	<u> </u>
13 Other Cash Used in/Provided by Operating Activities	<u>14,069</u>
14 Net Cash Provided by/(used in) Operating Activities	<u>106,769</u>
 Cash Flows from Investing Activities:	
15 Insurance Proceeds	<u> </u>
16 Purchase(s) of Capital Assets (Land, Bldgs. & Equip.)	<u>(942,628)</u>
17 Proceeds from Sale(s) of Investments	<u> </u>
18 Purchase(s) of Investments	<u> </u>
19 Purchase(s) of Assets Restricted To Long-Term Investment	<u> </u>
20 Other Investing Activities	<u> </u>
21 Net Cash Provided by/(used in) Investing Activities	<u>(942,628)</u>
 Cash from Financing Activities:	
Proceeds from Contributions Restricted For:	
22 Investment in Endowment	<u> </u>
23 Investment in Term Endowment	<u> </u>
24 Investment in Plant (Land Bldgs. & Equip.)	<u> </u>
Other Financing Activities:	
25 Contributions Restricted for Long-Term Investment	<u> </u>
26 Interest and Dividends Restricted for Reinvestment	<u> </u>
27 Payments on Notes Payable	<u>50,000</u>
28 Payments on Long-Term Debt	<u>(28,299)</u>
29 Other Finance Payments/Reciepts	<u> </u>
30 Net Cash Provided by/(used in) Financing Activities	<u>21,701</u>

See Accompanying Notes to the Financial Statements

SOUTHEASTERN MASS VETERANS HOUSING PROGRAM, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1 ORGANIZATION AND NATURE OF OPERATIONS

Southeastern Mass Veterans Housing Program, Inc. and Subsidiary (the Agency), is a Massachusetts nonprofit corporation organized and incorporated in 1990. The Agency provides social services primarily to veterans in the Southeastern area of Massachusetts.

The Agency provides the following programs:

Transitional Housing — This program reaches into communities of Southeastern Massachusetts serving homeless veterans in need of support and assistance. The types of services include, but are not limited to, independent living skills, rehabilitation, and re-integration into the community.

Graduate Houses — These programs provide long-term, single bedroom apartments in houses owned by the Agency. Residents of the graduate houses are required to comply with Agency regulations pertaining to an alcohol and drug free environment.

Supportive Services to Veteran Families (SSVF) — The SSVF Program provides supportive services to very low-income Veteran families living in or transitioning to permanent housing. Staff provide eligible Veteran families with outreach, case management, and assistance in obtaining VA and other benefits, which include:

- Health Care Services
- Daily Living Services
- Personal Financial Planning Services
- Transportation Services
- Fiduciary and Payee Services
- Legal Services
- Child Care Services
- Housing Counseling Services

Permanent Supportive Housing — The Agency currently owns and operates 11 permanent, supportive apartments, six at 53 South Sixth Street, New Bedford and five at 7 County Street, New Bedford. The Agency has been providing supportive services to veterans since 1991, including case management, individual/group counseling, transportation, computer training, career counseling, meals, volunteer/community service programs, financial assistance, and recreational activities. These services are available to qualified veteran residents of our permanent, supportive apartments on an as-needed basis. The program will be expanded to serve qualified veteran residents at 30 new units at the Willis Street Apartments, which is under development.

Southeastern Mass Veterans Housing Program, Inc. and Subsidiary also helps participant's access time-limited payments to third parties (e.g., landlords, utility companies, moving companies, and licensed childcare providers) from the primary SSVF grantee, New England Center for Homeless Veterans, in order to help Veteran families stay in or acquire permanent housing on a sustainable basis.

SOUTHEASTERN MASS VETERANS HOUSING PROGRAM, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies consistently applied in the preparation of the consolidated financial statements follows:

Basis of Presentation

The accompanying consolidated financial statements have been prepared on an accrual basis and in accordance with the reporting principles of nonprofit accounting as defined by professional standards.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of VTH Beacon, LLC, which is a 100% owned subsidiary. The entities are related through common governance and control. All inter-entity accounts and transactions have been eliminated.

Donated Goods

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair value at the date of donation.

Donated services are recognized as contributions in accordance with professional standards, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Agency. Volunteers also provided services throughout the year that are not recognized as contributions in the consolidated financial statements since the recognition criteria under Professional Standards was not met.

During the year ended September 30, 2020, the Agency received in-kind donations of food totaling \$6,879 and in-kind donated consulting services of \$57,750.

Display of Net Assets by Class

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when received and released from restrictions when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

SOUTHEASTERN MASS VETERANS HOUSING PROGRAM, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Display of Net Assets by Class (Continued)

Grants, which are limited to the use of various Agency programs, are reflected as unrestricted revenue if these funds are received and spent during the same year and if they support the activities of the Agency within the limits of the Agency's articles of organization.

Summarized Comparative Data

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Agency's financial statements for the year ended September 30, 2019, from which the summarized information was derived.

Cash and Cash Equivalents

The Agency considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides probable uncollectible amounts through a provision of bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts, or upon move-out of the client, are written off through a charge to the valuation allowance and a credit to accounts receivable. As of September 30, 2020, management estimated all receivables were collectible and therefore there was no provision for uncollectible accounts.

The Agency does not have a policy to accrue interest or to require collateral or other security to secure accounts receivable.

Unconditional Promises

The Agency records unconditional promises to give expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the consolidated statement of activities. The Agency determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections.

SOUTHEASTERN MASS VETERANS HOUSING PROGRAM, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

The Agency's policy is to capitalize assets whose cost individually (or if part of a related group of assets, cost in the aggregate) is in excess of \$3,000.

Property and equipment are stated at cost if purchased, or fair estimated market value if donated. In the absence of original cost records, appraisals of historical cost or fair market value at the date of gift have been recorded. Additions, improvements, and expenditures that significantly extend the economic life of the assets are capitalized. Expenditures for repairs and maintenance are charged to operations in the year the costs are incurred.

Depreciation is computed using the straight-line method over the following estimated useful lives:

Buildings	30 to 40 Years
Building Improvements	16.5 to 27.5 Years
Furniture and Fixtures	5 Years
Equipment	3 to 5 Years
Motor Vehicles	5 Years

Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the excess of the assets' carrying amount over the fair value of the asset.

Expense Allocation

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies, licensed capacity, square footage, etc. Management and general include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Agency.

Tax Exempt Status

The Agency qualifies for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no tax provision for income taxes is reflected in the accompanying consolidated financial statements.

SOUTHEASTERN MASS VETERANS HOUSING PROGRAM, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising

The Agency expenses advertising costs when they are incurred. Advertising expense for the year ended September 30, 2020 was \$11,739.

Use of Estimates

The preparation of the consolidated 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 disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates and assumptions.

Deferred Financing Costs

Deferred financing costs totaling \$29,658 incurred for bank financing have been accounted for as a reduction in the related outstanding loans and are being amortized, using the straight-line method, over the life of the loan to interest expense. Amortization expense charged to interest expense for the year ended September 30, 2020 totaled \$1,159.

Revenue Recognition

To determine revenue recognition for the arrangements that the Agency determines are within scope of Topic 606, the Agency performs the following five steps: (1) identify the contract(s) with a customer, (2) identify the performance obligation(s) in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligation(s) in the contract, and (5) recognize revenue when the Agency satisfies a performance obligation. Client rental income of \$79,181 recognized in accordance with Topic 606 is included in Other revenue in the accompanying statement of activities.

The Agency recognizes revenue from conditional cost reimbursement state contracts and grants based on certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Agency has incurred expenditures in compliance with specific contract or grant provisions. The Agency received cost-reimbursement grants of \$498,172 which have not been recognized at September 30, 2020 because qualifying expenditures have not yet been incurred.

Contributions restricted by donors are recorded as increases in net assets without donor restrictions of the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, 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.

SOUTHEASTERN MASS VETERANS HOUSING PROGRAM, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

Subsequent events have been evaluated through March 11, 2021, the date the consolidated financial statements were available to be issued. No such events requiring disclosure subsequent to year-end were noted as of March 11, 2021.

Change in Accounting Principle

The Financial Accounting Standards Board (FASB) issued new guidance that created Topic 606, *Revenue from Contracts with Customers*, in the Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition requirements in FASB ASC 606, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. There was no material impact on the Organizations' financial position and results of operations upon adoption of the new standard.

Additionally, in June 2018, FASB issued Accounting Standards Update (ASU) 2018-08, *Accounting Guidance for Contributions Received and Made*. This ASU was issued to clarify accounting guidance for contributions received and contributions made. The amendments to this ASU assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as an exchange (reciprocal) transaction subject to other guidance and (2) determining whether a contribution is conditional. These financial statements reflect the application of ASU 2018-08 beginning October 1, 2019. There was no material impact on the Agency's financial position and results of operations upon adoption of the new standard.

NOTE 3 CONCENTRATIONS OF CREDIT RISK

The majority of the Agency's activities and revenues are as a result of contracts with the Commonwealth of Massachusetts and the federal government. The Agency's operations are concentrated in the human services provider field. As such, the Agency operates in a heavily regulated environment. The operations of the Agency are subject to administrative directives, rules, and regulations of federal, state, and local regulatory agencies, including, but not limited to the Department of Veterans Services.

Such administrative directives, rules, and regulations are subject to change by an act of Congress, act of the state legislature or an administrative change mandated by the Department of Veterans Services. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change. Additionally, contractual funding may decrease or be withdrawn with little notice.

SOUTHEASTERN MASS VETERANS HOUSING PROGRAM, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 3 CONCENTRATIONS OF CREDIT RISKS (CONTINUED)

The following is a summary of the sources of revenue and monies owed to the Agency as of September 30, 2020:

	Revenue	Accounts Receivable
Commonwealth of Massachusetts	47 %	79 %
Federal - Direct or Passed Through	29	18
Private Fees	9	2
Contributions and Other	15	1
Totals	100 %	100 %

The Agency maintains its cash in deposits at local financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). Deposits at FDIC insured institutions are insured up to \$250,000 per depositor. At September 30, 2020, there were \$195,738 of uninsured balances.

NOTE 4 PROMISES TO GIVE

Unconditional promises to give at September 30, 2020 are from the Agency's capital campaign and are collectible over the next five years. Management believes that's all promises to give are collectible. Accordingly, no allowance has been recorded.

Unconditional promises to give consist of the following:

Receivable in Less than One Year	\$ 61,283
Receivable in One to Three Years	85,750
Total Unconditional Promises to Give	147,033
Less: Unamortized Discount	-
Net Unconditional Promises to Give	\$ 147,033

Management believes the unconditional promises to give due in more than one year, which are included in other assets in the consolidated statement of financial position, are reflected at the present value of estimated future cash flows. No discount rate has been applied due to immateriality.

SOUTHEASTERN MASS VETERANS HOUSING PROGRAM, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 5 PROPERTY AND EQUIPMENT

The following is a summary of land, building, and equipment by major category at September 30, 2020:

Land	\$ 314,140
Building and Improvements	2,604,189
Furniture and Fixtures	100,760
Equipment	7,392
Vehicles	<u>132,205</u>
Total	3,158,686
Less: Accumulated Depreciation	<u>(619,030)</u>
Total Land, Building, and Equipment	<u><u>\$ 2,539,656</u></u>

Depreciation expense for the year ended September 30, 2020 was \$60,015.

NOTE 6 MORTGAGES AND NOTES PAYABLE

The Agency's long-term debt consists of the following at September 30:

<u>Description</u>	<u>Amount</u>
Note payable - bank, payable in monthly installments of interest only at 7.2% until March 2008, a principal reduction of no less than \$184,950 will be required in the initial year of the loan, thereafter, 168 monthly installments of principal and interest of \$1,331, interest at 7.2%, secured by property at 98 Arnold Street, New Bedford, MA, due March 2022.	\$ 27,583
Note payable - bank, payable in monthly installments of principal and interest of \$1,480 including interest at 3.77% for first five years and reviewed / adjusted at each year anniversary of the loan secured by property at 1311 Purchase Street, New Bedford, MA, due May 2035.	197,587
Note payable - bank, payable in 300 monthly installments of principal and interest of \$1,129, interest at 4.25%, secured by properties at 717 Country Street, New Bedford, MA, and 53 South Sixth Street, New Bedford, MA, renewable and interest rate adjusted every five years through July 2039.	173,131
Note payable - HAND Corporation, payable in 360 monthly installments of principal and interest of \$126, interest at 3% secured by a second mortgage at 717 Country Street, New Bedford, MA, due January 2029.	<u>10,927</u>
Total	409,228
Less: Current Maturities of Mortgages and Notes Payable	(32,247)
Less: Unamortized Deferred Financing Costs	<u>(2,871)</u>
Total	<u><u>\$ 374,110</u></u>

SOUTHEASTERN MASS VETERANS HOUSING PROGRAM, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 6 MORTGAGE AND NOTES PAYABLE (CONTINUED)

The future minimum principal payments for mortgages and notes payable are as follows:

<u>Year Ended September 30,</u>	<u>Amount</u>
2021	\$ 32,247
2022	30,837
2023	19,190
2024	19,968
2025	19,270
Thereafter	287,716
Total	<u>\$ 409,228</u>

Interest expense on mortgages and notes payable for the year ended September 30, 2020 totaled \$19,701.

The Agency is required to meet certain ratio covenants as detailed in the loan documents. The Agency was in default of the debt service ratio as of September 30, 2020. A waiver has been issued by the bank.

NOTE 7 LINE OF CREDIT

The Agency has a revolving line of credit for working capital with a limit of \$125,000 that is renewable annually through April 2021. The line of credit is secured by a second position security interest in 98 Arnold St, New Bedford and all tangible and intangible business assets and bears interest at Wall Street Journal Prime rate plus 0.50% (4.00% as of September 30, 2020). The outstanding balance on the line of credit was \$125,000 as of September 30, 2020.

The Agency has a second revolving line of credit for working capital with a limit of \$125,000 that is renewable annually through February 2021. The line of credit is secured by a second position security interest in 1311 Purchase St, New Bedford and all tangible and intangible business assets and bears interest at Wall Street Journal Prime rate plus 0.50% (4.00% as of September 30, 2020). The outstanding balance on the line of credit was \$50,000 as of September 30, 2020.

Interest expense on the line of credit totaled \$3,958 for the year ended September 30, 2020.

NOTE 8 LEASES

During the year ended September 30, 2020, the Agency was leasing space on a month to month basis while construction was being completed. Rent expense totaled \$47,553 for the year ended September 30, 2020.

SOUTHEASTERN MASS VETERANS HOUSING PROGRAM, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 9 COMMITMENTS AND CONTINGENCIES

The Agency entered into an agreement with Community Economic Development Assistance Corporation (CEDAC) in the amount of \$312,533 to provide funding for a building located at 1074 Pleasant Street, New Bedford, Massachusetts prior to fiscal year 2006. The note originally accrued interest at 5% per year simple interest and was to be assessed on a pro rata basis at the end of each month during the first 20 years. On March 16, 2006, the agreement was revised to change the interest rate to 0%.

However, should the lender exercise the right to declare the entire indebtedness due and payable, or if the indebtedness evidenced by the Note which is due on the maturity date is not paid on the maturity date, then in addition to all other rights and remedies of the lender, the Agency agrees that all unpaid amounts shall bear interest until paid at the lesser of the following rates: 1) an annual rate of 10% per annum or 2) the maximum rate of interest which may lawfully be charged or collected on account of such unpaid amounts in accordance with applicable law and the terms and conditions of the general obligation bond(s) by which the loan is funded.

Repayment of the note will only be required in the event that restrictions, as defined in the Note Agreement, are not met. Currently the maturity date of the note is December 2029 which may be extended to 2069 if the property continues to meet the Housing Innovation Fund requirements. The repayment terms can be further extended in additional 10-year increments assuming requirements noted above continue to be met. In addition, to the extent that cash flow generated from the property exceeds 15% of the net operating income from the property in any calendar year, the Agency would be required to pay excess cash flow to CEDAC within 45 days of the end of each calendar year which shall be applied first to interest and thereafter to principal. As of September 30, 2020, no payments were due to CEDAC.

The Agency also holds financing agreements with HAND Corporation in the amounts of \$122,246 and \$56,100, respectively, to provide funding for buildings respectively located at 53 South Sixth Street and 717 County Street, New Bedford, Massachusetts. The notes are noninterest bearing. Repayment of the notes will only be required in the event that restrictions, as defined in the Note Agreement, are not met.

NOTE 10 RELATED PARTY TRANSACTIONS

During the year ended September 30, 2020, the Agency entered into an agreement with Willis St. LLC, to create 30 permanent apartments to house homeless veterans. As a result of the agreement, a new entity was created known as VTH Beacon, LLC. which is a 100% owned subsidiary of Southeastern Mass Veterans Housing Program, Inc.. VTH Beacon, LLC owns 49% of 0.1% of WS Development LLC which is the managing member of Willis St. LLC. During the sale of 20 Willis St, the Agency loaned the Willis St. LLC \$330,200. The amount is included as note receivable within other assets as of September 30, 2020.

In addition, \$235,884 was payable to the Agency as of September 30, 2020 and included as other accounts receivable.

SOUTHEASTERN MASS VETERANS HOUSING PROGRAM, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 11 SURPLUS REVENUE ESTIMATE: COMMONWEALTH PROGRAMS

The Operational Services Division (OSD) of the Commonwealth of Massachusetts regulates nonprofit contractors per regulation 808 CMR 1.00 Compliance, Reporting and Auditing for Human and Social Services. This regulation allows nonprofit contractors to accrue an annual net surplus, not to exceed 20% of said revenues, from the revenues and expenses associated with services provided. Surpluses may be used for any of the contractors established charitable purposes, provided that no portion of the surplus may be used for any nonreimbursable cost set forth in 808 CMR 1.05, the free care prohibition excepted. OSD shall be responsible for determining the amount of surplus that may be retained by each contractor in any given year and may determine whether any excess surplus shall be used to reduce future prices or be recouped. The Agency did not exceed the 20% allowable amount; therefore, no liability has been recorded as of year-end.

NOTE 12 LIQUIDITY AND AVAILABILITY

Finance assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and Cash Equivalents	\$	48,721
Accounts Receivable		223,147
Contributions Receivable		61,283
Other Accounts Receivable		<u>237,708</u>
Total	\$	<u><u>570,859</u></u>

NOTE 13 COVID-19 IMPACT

The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Agency, COVID-19 impacted various parts of the its fiscal 2020 operations and financial results including but not limited to reductions in revenue and increased costs. Management believes that the Agency is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

ORGANIZATION: Southeastern Massachusetts Veterans Housing Program, Inc.

ORGANIZATION SUPPLEMENTAL INFORMATION SCHEDULE A - Unaudited

FY END: 9/30/2020

FEIN: 111190035

REVENUE	Total Organization			Total All Prog	EXPENSE	Total Organization		Admin (M&G)		Fund Raising		Total All Programs	
	FTE	Expense	FTE			Expense	FTE	Expense	FTE	Expense	FTE	Expense	
1R Contributions, Gifts, Legacies, Bequests	175,849		39,416	136,433	1E Total Direct Prog.Staff FTE/Exp 101-138	16.70	697,392	XXXX	XXXXXXXXXX	XXXX	XXXXXXXXXX	16.70	697,392
2R Gov. In-Kind/Capital Budget		XXXXXXXXXX	XXXXXXXXXX		2E Chief Executive Officer - FTE/Exp.	1.00	96,414	1.00	96,414				
3R Private IN-Kind	64,629	57,750		6,879	3E Chief Financial Officer - FTE/Exp.	1.00	89,917	1.00	89,917				
4R Total Contributions and In-Kind	240,478	97,166		143,312	4E Accting/Clerical/Support FTE/Expense	0.80	49,804	0.80	49,804				
5R Mass Gov. Grant		XXXXXXXXXX	XXXXXXXXXX		5E Admin Maint/House-Grndskeeping FTE/Exp								
6R Other Grant (exclud. Fed.Direct)					6E Total Admin Employee FTE/Expense 410	2.80	236,135	2.80	236,135				
7R Total Grants					7E Commercial Products & Svcs/Mktng FTE/Exp					XXXX	XXXXXXXXXX		
8R Dept. of Mental Health (DMH)		XXXXXXXXXX	XXXXXXXXXX		8E Total FTE/Salary/Wages	19.50	933,527	2.80	236,135			16.70	697,392
9R Dept. of Developmental Services(DDS/DMR)		XXXXXXXXXX	XXXXXXXXXX		9E Payroll Taxes 150		94,736		23,963				70,773
10R Dept. of Public Health (DPH)		XXXXXXXXXX	XXXXXXXXXX		10E Fringe Benefits 151		34,086		8,622				25,464
11R Dept. of Children and Families (DCF/DSS)		XXXXXXXXXX	XXXXXXXXXX		11E Accrual Adjustments								
12R Dept. of Transitional Assist (DTA/WEL)		XXXXXXXXXX	XXXXXXXXXX		12E Total Employee Compensation & Rel. Exp.		1,062,349		268,720				793,629
13R Dept. of Youth Services (DYS)		XXXXXXXXXX	XXXXXXXXXX		13E Facility and Prog. Equip.Expenses 301, 390		47,553		2,152				45,401
14R Health Care Fin & Policy (HCF)-Contract		XXXXXXXXXX	XXXXXXXXXX		14E Facility & Prog. Equip. Depreciation 301		53,080		2,402				50,678
15R Health Care Fin & Policy (HCF)-UCP		XXXXXXXXXX	XXXXXXXXXX		15E Facility Operation/Maint./Furn.390		137,657		16,531				121,126
16R MA. Comm. For the Blind (MCB)		XXXXXXXXXX	XXXXXXXXXX		16E Facility General Liability Insurance 390		34,920		1,982				32,938
17R MA. Comm. for Deaf & H H (MCD)		XXXXXXXXXX	XXXXXXXXXX		17E Total Occupancy		273,210		23,067				250,143
18R MA. Rehabilitation Commission (MRC)		XXXXXXXXXX	XXXXXXXXXX		18E Direct Care Consultant 201								
19R MA. Off. for Refugees & Immigr.(ORI)		XXXXXXXXXX	XXXXXXXXXX		19E Temporary Help 202								
20R Dept. of Early Educ. & Care (EEC)-Contract		XXXXXXXXXX	XXXXXXXXXX		20E Clients and Caregivers Reimb./Stipends 203				XXXXXXXXXX		XXXXXXXXXX		
21R Dept. of Early Educ. & Care (EEC)-Voucher		XXXXXXXXXX	XXXXXXXXXX		21E Subcontracted Direct Care 206				XXXXXXXXXX		XXXXXXXXXX		
22R Dept. of Correction (DOC)		XXXXXXXXXX	XXXXXXXXXX		22E Staff Training 204								(95)
23R Dept. of Elementary & Secondary Educ. (DOE)		XXXXXXXXXX	XXXXXXXXXX		23E Staff Mileage / Travel 205		3,796		202				3,596
24R Parole Board (PAR)		XXXXXXXXXX	XXXXXXXXXX		24E Meals 207		53,126						53,126
25R Veteran's Services (VET)	708,944			708,944	25E Client Transportation 208		5,364		XXXXXXXXXX		XXXXXXXXXX		5,364
26R Ex. Off. of Elder Affairs (ELD)		XXXXXXXXXX	XXXXXXXXXX		26E Vehicle Expenses 208		2,237						2,237
27R Div. of Housing & Community Develop(OCD)		XXXXXXXXXX	XXXXXXXXXX		27E Vehicle Depreciation 208		6,935						6,935
28R POS Subcontract		XXXXXXXXXX	XXXXXXXXXX		28E Incidental Medical /Medicine/Pharmacy 209				XXXXXXXXXX		XXXXXXXXXX		
29R Other Mass. State Agency POS		XXXXXXXXXX	XXXXXXXXXX		29E Client Personal Allowances 211				XXXXXXXXXX		XXXXXXXXXX		
30R Mass State Agency Non - POS		XXXXXXXXXX	XXXXXXXXXX		30E Provision Material Goods/Svs./Benefits 212				XXXXXXXXXX		XXXXXXXXXX		
31R Mass. Local Gov./Quasi-Govt. Entities	45,532			45,532	31E Direct Client Wages 214				XXXXXXXXXX		XXXXXXXXXX		
32R Non-Mass. State/Local Government		XXXXXXXXXX	XXXXXXXXXX		32E Other Commercial Prod. & Svs. 214				XXXXXXXXXX		XXXXXXXXXX		
33R Direct Federal Grants/Contracts	569,070			569,070	33E Program Supplies & Materials 215		11,519		XXXXXXXXXX		XXXXXXXXXX		11,519
34R Medicaid - Direct Payments		XXXXXXXXXX	XXXXXXXXXX		34E Non Charitable Expenses								
35R Medicaid - MBHP Subcontract		XXXXXXXXXX	XXXXXXXXXX		35E Other Expense		31,554		11,542				20,012
36R Medicare		XXXXXXXXXX	XXXXXXXXXX		36E Total Other Program Expense		114,436		11,744				102,693
37R Mass. Govt. Client Stipends		XXXXXXXXXX	XXXXXXXXXX		37E Management Fees 410								XXXXXXXXXX
38R Client Resources	59,227			59,227	38E Fundraising Fees 410		49,104		XXXXXXXXXX		49,104		XXXXXXXXXX
39R Mass. Publicly sponsored client offsets		XXXXXXXXXX	XXXXXXXXXX		39E Legal Fees 410		1,500		1,500				XXXXXXXXXX
40R Other Publicly sponsored client offsets		XXXXXXXXXX	XXXXXXXXXX		40E Audit Fees 410		29,525		29,525				XXXXXXXXXX
41R Private Client Fees (excluding 3rd Pty)		XXXXXXXXXX	XXXXXXXXXX		41E Management Consultant 410								XXXXXXXXXX
42R Private Client 3rd Pty/other offsets		XXXXXXXXXX	XXXXXXXXXX		42E Other Professional Fees & Other Admin. Expenses 410		175,350		7,997				167,353
43R Total Assistance and Fees	1,382,773			1,382,773	43E Leased Office/Program Office Equip.410,390								
44R Federated Fundraising					44E Office Equipment Depreciation 410								
45R Commercial Activities					45E Admin. Vehicle Expenses 410		1,159		1,159				XXXXXXXXXX
46R Non-Charitable Revenue					46E Admin. Vehicle Depreciation 410								XXXXXXXXXX
47R Investment Revenue	482	482			47E Directors & Officers Insurance 410		2,300		2,300				XXXXXXXXXX
48R Other Revenue	101,307	270		101,037	48E Program Support 216		30,036		XXXXXXXXXX				30,036
49R Allocated Admin (M&G) Revenue	XXXXXXXXXX				49E Professional Insurance 410								
50R Released Net Assets-Program					50E Working Capital Interest 410		23,659		179				23,480
51R Released Net Assets-Equipment	1,193,066	26,058		1,167,008	51E Total Direct Administrative Expense		312,633		42,659		49,104		220,870
52R Released Net Assets-Time					52E Admin (M&G) Reporting Center Allocation		XXXXXXXXXX		(346,190)		12,001		334,189
53R TOTAL REVENUE	2,918,106	123,976		2,794,130	53E Total Reimbursable & Fundraising Expense		1,762,627				61,105		1,701,522
54R TOTAL EXPENSE = 56E	1,840,233	57,750	61,105	1,721,378	54E Direct State/Federal Non-Reimbursable Expense		77,606		57,750		XXXXXXXXXX		19,856
55R OPERATING RESULTS	1,077,873	66,226	(61,105)	1,072,752	55E Allocation of State/Fed Non-Reimbursable Expense		XXXXXXXXXX						

Note to Readers: Please see Schedule B Note to Readers regarding appropriate Non-Reimbursable Exp.

COMPENSATION DISCLOSURE Enter all compensation (salary, benefit packages, vehicles, consultant payments, loans, etc.) from the entity & its related parties/affiliates to organization principals. Attach schedule of non-salary items.

Name & Title	Reporting Entity Compensation		Compensation from Other Entities	
	Salary	Other	Salary	Other
1C James Reid, CEO	96,414			
2C Jason Stripinis, CFO	89,917	\$ 9,564		
3C				
4C				
5C				

MA. Surplus Revenue Retention	Starting Balance	Expended Amount	Accrual Amount	Liability Amt.
Prior Year Ma. Revenue				

Comm. of MA cost reimbursement overbilling (preliminary calc. subject to adjustment)

NON-REIMBURSABLE EXPENSE DETAIL	Total Organization	Admin (M&G)	Fund Raising	Total All Programs
	FTE	Expense	FTE	Expense
1N Direct Employee Compensation & Related Exp.				XXXXXXXXXX
2N Direct Occupancy				XXXXXXXXXX
3N Direct Other Program/Operating	6,879			XXXXXXXXXX
4N Direct Subcontract Expense				XXXXXXXXXX
5N Direct Administrative Expense	57,750	57,750		XXXXXXXXXX
6N Direct Other Expense	12,977			XXXXXXXXXX
7N Direct Depreciation				XXXXXXXXXX
8N Total Direct Non-Reimbursable (must tie to 54E)	77,606	57,750		XXXXXXXXXX
9N Total Direct and Allocated Non-Reimbursable (54E+55E)	77,606	57,750		XXXXXXXXXX
10N Eligible Non-Reimb./Fundraising Exp. Revenue Offsets	1,535,333	123,976		XXXXXXXXXX
11N Capital Budget Revenue Adjustments				XXXXXXXXXX
12N Excess of Non-Reimb./Fundraising Expense over Offsets	(1,457,727)	(66,226)		XXXXXXXXXX

Southeastern Mass Veterans Housing Program, Inc. and Subsidiary
Federal Employee Identification Number: 11-1190035
September 30, 2020

Schedule A - UFR Line Reconciliations

Line 48R	Other Revenue	
	Fundraising Income	\$ 3,140
	Rental Income	79,181
	Other	<u>18,986</u>
	Total	<u>\$ 101,307</u>
Line 35E	Other Expense	
	Data Processing	\$ 8,115
	Dues and Subscriptions	2,122
	Advertising	11,739
	Filing Fees	1,156
	Bank Service Charge	709
	Real Estate Taxes	5,699
	Miscellaneous	<u>2,014</u>
	Total	<u>\$ 31,554</u>
Line 42E	Other Professional Fees and Other Admin Expense	
	Web Design	\$ 4,631
	IT Services	61,410
	Architect/Project Manager	24,378
	Developer Fee	17,500
	Moving Fees	3,807
	Other Consulting Fees	26,163
	Office Supplies	24,439
	Postage	607
	Telephone	12,350
	Miscellaneous	<u>65</u>
	Total	<u>\$ 175,350</u>

ORGANIZATION: Southeastern Massachusetts Veterans Housing Program, Inc.

PROGRAM SUPPLEMENTAL INFORMATION SCHEDULE B - Unaudited

FY END: 9/30/2020

FEIN: 111190035

UFR Program Number: 01-R Program Name: Veterans Transition House Description: Veterans Homeless Shelter Catalog of Federal Domestic Assistance #: 14.231 B
Program Type: 27 Program Address: 1060 Pleasant Street New Bedford MA 02740 # Weeks operated during audit period (e.g., 52): 52.00 # operating hours/week (e.g., 40): 40.00

Note to Readers: This schedule should be read in context with F.S. Notes and all other UFR information. In many instances the presence of significant planned to actual variances or non-reimbursable expenses (e.g., In-Kind donations) may be appropriate and desirable.

* Program Type codes: 21 = SPED; 22 = HCFP/Medicaid Class Rate; 23 = Negotiated Unit Rate; 24 = Negotiated Accommodations Rate; 25 = Non-negotiated Accommodations Rate; 26 = Other Non-negotiated Unit Rate; 27 = Cost Reimbursement; NA = Not Applicable

Table with columns: REVENUE, FTE, Salary/Wage, EXPENSE - ACTUAL/PLANNED, FTE, Actual, Planned, % Var. Rows include STAFFING # hours/yr = 1.00 FTE: 2080, 1R Contrib., Gifts, Leg., Bequests, Spec. Ev., 2R Gov. In-Kind/Capital Budget, 3R Private IN-Kind, 4R Total Contribution and In-Kind, 5R Mass Gov. Grant, 6R Other Grant (exclud. Fed.Direct), 7R Total Grants, 8R Dept. of Mental Health (DMH), 9R Dept. of Developmental Services(DDS/DMR), 10R Dept. of Public Health (DPH), 11R Dept. of Children and Families (DCF/DSS), 12R Dept. of Transitional Assist (DTA/WEL), 13R Dept. of Youth Services (DYS), 14R Health Care Fin & Policy (HCF)-Contract, 15R Health Care Fin & Policy (HCF)-UCP, 16R MA. Comm. For the Blind (MCB), 17R MA. Comm. for Deaf & H H (MCD), 18R MA. Rehabilitation Commission (MRC), 19R MA. Off. for Refugees & Immigr.(ORI), 20R Dept. of Early Educ. & Care (EEC)-Contract, 21R Dept. of Early Educ. & Care (EEC)-Voucher, 22R Dept of Correction (DOC), 23R Dept. of Elementary & Secondary Educ. (DOE), 24R Parole Board (PAR), 25R Veteran's Services (VET), 26R Ex. Off. of Elder Affairs (ELD), 27R Div. of Housing & Community Develop(OC), 28R POS Subcontract, 29R Other Mass. State Agency POS, 30R Mass State Agency Non - POS, 31R Mass. Local Govt/Quasi-Govt. Entities, 32R Non-Mass. State/Local Government, 33R Direct Federal Grants/Contracts, 34R Medicaid - Direct Payments, 35R Medicaid - MBHP Subcontract, 36R Medicare, 37R Mass. Govt. Client Stipends, 38R Client Resources, 39R Mass. spon.client SF/3rd Pty offsets, 40R Other Publicly sponsored client offsets, 41R Private Client Fees (excluding 3rd Pty), 42R Private Client 3rd Pty/other offsets, 43R Total Assistance and Fees, 44R Federated Fundraising, 45R Commercial Activities, 46R Non-Charitable Revenue, 47R Investment Revenue, 48R Other Revenue, 49R Allocated Admin (M&G) Revenue, 50R Released Net Assets-Program, 51R Released Net Assets-Equipment, 52R Released Net Assets-Time, 53R Total Revenue = 57E

SERVICE STATISTICS table with columns: 1SS Enter defined unit of service, 2SS Enter total unit capacity, 3SS Publicly sponsored clients, 4SS OSD's Program, 5SS Performance Report (D-1), 6SS Internet filing system, 7SS suspended for FY '08 filings. Includes Undup # Clients, # service units delivered, and Total: 53, 5,228.

MASSACHUSETTS CONTRACT INFORMATION table with columns: Dept, Contract ID #1 Characters, MMARS Code, and checkboxes for VET, 3NEWHOM0000, 1133, 1133, 1133, 1133, 1133.

NON-REIMBURSABLE EXPENSE DETAIL table with columns: Description, Amount, and % Var. Rows include 1N Direct Employee Compensation & Related Exp., 2N Direct Occupancy, 3N Direct Other Program/Operating, 4N Direct Subcontract Expense, 5N Direct Administrative Expense, 6N Direct Other Expense, 7N Direct Depreciation, 8N Total Direct Non-Reimbursable (Tie to 54E), 9N Total Direct and Allocated Non-Reimb. (54E+55E), 10N Eligible Non-Reimbursable Exp. Revenue Offsets, 11N Capital Budget Revenue Adjustment, 12N Excess of Non-Reimbursable Expense Over Offsets.

PREPARER COMMENTS:

ORGANIZATION: Southeastern Massachusetts Veterans Housing Program, Inc.

PROGRAM SUPPLEMENTAL INFORMATION SCHEDULE B - Unaudited

FY END: 9/30/2020

FEIN: 111190035

UFR Program Number: 3 Program Name: Veterans Graduate House Description: Veterans Transitional Housing Catalog of Federal Domestic Assistance #: 64.024 B
Program Type: N/A Program Address: 1066 Pleasant Street New Bedford MA 02740 # Weeks operated during audit period (e.g., 52): 52.00 # operating hours/week (e.g., 40): 40.00

Note to Readers: This schedule should be read in context with F.S. Notes and all other UFR information. In many instances the presence of significant planned to actual variances or non-reimbursable expenses (e.g., In-Kind donations) may be appropriate and desirable.

* Program Type codes: 21 = SPED; 22 = HCFFP/Medicaid Class Rate; 23 = Negotiated Unit Rate; 24 = Negotiated Accommodations Rate; 25 = Non-negotiated Accommodations Rate; 26 = Other Non-negotiated Unit Rate; 27 = Cost Reimbursement; NA = Not Applicable

Table with columns: REVENUE, STAFFING # hours/yr = 1.00 FTE: 2080, FTE, Salary/Wage, EXPENSE - ACTUAL/PLANNED, FTE, Actual, Planned, % Var. Rows include 1R Contrib., 2R Gov. In-Kind, 3R Private IN-Kind, 4R Total Contribution and In-Kind, 5R Mass Gov. Grant, 6R Other Grant, 7R Total Grants, 8R Dept. of Mental Health, 9R Dept. of Developmental Services, 10R Dept. of Public Health, 11R Dept. of Children and Families, 12R Dept. of Transitional Assist, 13R Dept. of Youth Services, 14R Health Care Fin & Policy, 15R Health Care Fin & Policy, 16R MA. Comm. For the Blind, 17R MA. Comm. for Deaf & H H, 18R MA. Rehabilitation Commission, 19R MA. Off. for Refugees & Immigr., 20R Dept. of Early Educ. & Care, 21R Dept. of Early Educ. & Care, 22R Dept. of Correction, 23R Dept. of Elementary & Secondary Educ., 24R Parole Board, 25R Veteran's Services, 26R Ex. Off. of Elder Affairs, 27R Div. of Housing & Community Develop, 28R POS Subcontract, 29R Other Mass. State Agency POS, 30R Mass State Agency Non - POS, 31R Mass. Local Govt/Quasi-Govt. Entities, 32R Non-Mass. State/Local Government, 33R Direct Federal Grants/Contracts, 34R Medicaid - Direct Payments, 35R Medicaid - MBHP Subcontract, 36R Medicare, 37R Mass. Govt. Client Stipends, 38R Client Resources, 39R Mass. spon.client SF/3rd Pty offsets, 40R Other Publicly sponsored client offsets, 41R Private Client Fees (excluding 3rd Pty), 42R Private Client 3rd Pty/other offsets, 43R Total Assistance and Fees, 44R Federated Fundraising, 45R Commercial Activities, 46R Non-Charitable Revenue, 47R Investment Revenue, 48R Other Revenue, 49R Allocated Admin (M&G) Revenue, 50R Released Net Assets-Program, 51R Released Net Assets-Equipment, 52R Released Net Assets-Time, 53R Total Revenue = 57E

SERVICE STATISTICS

Table with columns: 1SS Enter defined unit of service:, 2SS Enter total unit capacity:, 3SS Publicly sponsored clients:, 4SS Privately sponsored clients:, 5SS Performance Report (D-1), 6SS Internet filing system, 7SS suspended for FY '08 filings.

Undup # # service units Clients delivered

Table with columns: 51E Total Direct Administrative Expense, 52E Admin (M&G) Reporting Center Allocation, 53E Total Reimbursable Expense, 54E Direct State/Federal Non-Reimbursable Expense, 55E Allocation of State/Fed Non-Reimbursable Expense, 56E TOTAL EXPENSE, 57E TOTAL REVENUE = 53R, 58E OPERATING RESULTS, 59E Preliminary Calculation of Cost Reimb. Excess Rev. *

MASSACHUSETTS CONTRACT INFORMATION

Table with columns: Dept, Contract ID -11 Characters, MMARS Code, 1C, 2C, 3C, 4C, 5C

POS SUBCONTRACTOR INFORMATION

Table with columns: State Dept, Payor Name, Payor's FEIN, 1PS, 2PS, 3PS

NON-REIMBURSABLE EXPENSE DETAIL

Table with columns: Description, 1N Direct Employee Compensation & Related Exp., 2N Direct Occupancy, 3N Direct Other Program/Operating, 4N Direct Subcontract Expense, 5N Direct Administrative Expense, 6N Direct Other Expense, 7N Direct Depreciation, 8N Total Direct Non-Reimbursable (Tie to 54E), 9N Total Direct and Allocated Non-Reimb. (54E+55E), 10N Eligible Non-Reimbursable Exp. Revenue Offsets, 11N Capital Budget Revenue Adjustment, 12N Excess of Non-Reimbursable Expense Over Offsets

SUBCONTRACTED DIRECT CARE EXPENSE DETAIL

Table with columns: Subcontractor Name, FEIN, Expense Amt, 1SDC, 2SDC, 3SDC, 4SDC, 5SDC

Comm. Of MA Surplus Rev. Retention Share

PREPARER COMMENTS:

ORGANIZATION: Southeastern Massachusetts Veterans Housing Program, Inc.

PROGRAM SUPPLEMENTAL INFORMATION SCHEDULE B - Unaudited

FY END: 9/30/2020

FEIN: 111190035

UFR Program Number: 6 Program Name: Veterans Transition Program Description: Homeless Veterans Shelter Catalog of Federal Domestic Assistance #: 14.231 B
http://www.cfda.gov/default.htm
*Program Type: N/A Program Address: 1297 Purchase Street New Bedford MA 02740 # Weeks operated during audit period (e.g., 52): 52.00 # operating hours/week (e.g., 40): 40.00

Note to Readers: This schedule should be read in context with F.S. Notes and all other UFR information. In many instances the presence of significant planned to actual variances or non-reimbursable expenses (e.g., In-Kind donations) may be appropriate and desirable.

* Program Type codes: 21 = SPED; 22 = HCFF/Medicaid Class Rate; 23 = Negotiated Unit Rate; 24 = Negotiated Accommodations Rate; 25= Non-negotiated Accommodations Rate; 26 = Other Non-negotiated Unit Rate; 27 = Cost Reimbursement; NA = Not Applicable

Table with columns: REVENUE, FTE, Salary/Wage, EXPENSE - ACTUAL/PLANNED, FTE, Actual, Planned, % Var. Rows include 1R-53R for revenue and 1E-58E for expenses.

Table with columns: MASSACHUSETTS CONTRACT INFORMATION (Dept, Contract ID, Characters, MMARS Code) and NON-REIMBURSABLE EXPENSE DETAIL (Description, Amount).

PREPARER COMMENTS:

ORGANIZATION: Southeastern Massachusetts Veterans Housing Program, Inc.

PROGRAM SUPPLEMENTAL INFORMATION SCHEDULE B - Unaudited

FY END: 9/30/2020

FEIN: 111190035

UFR Program Number: 01-W

Program Name: Veterans Graduate House

Description: Veterans Transitional Housing

Catalog of Federal Domestic Assistance #: 64.024 B

*Program Type: N/A

Program Address: 98 Arnold Street

New Bedford

MA

02740

Weeks operated during audit period (e.g., 52): 52.00

operating hours/week (e.g., 40): 40.00

Note to Readers: This schedule should be read in context with F.S. Notes and all other UFR information. In many instances the presence of significant planned to actual variances or non-reimbursable expenses (e.g., in-kind donations) may be appropriate and desirable.

* Program Type codes: 21 = SPED; 22 = HCFFP/Medicaid Class Rate; 23 = Negotiated Unit Rate; 24 = Negotiated Accommodations Rate; 25 = Non-negotiated Accommodations Rate; 26 = Other Non-negotiated Unit Rate; 27 = Cost Reimbursement; NA = Not Applicable

Table with columns: REVENUE, STAFFING, FTE, Salary/Wage, EXPENSE - ACTUAL/PLANNED, FTE, Actual, Planned, % Var. Includes rows for 1R-53R and 1N-12N.

Table with columns: SUBCONTRACTED DIRECT CARE EXPENSE DETAIL, POS SUBCONTRACT INFORMATION, MASSACHUSETTS CONTRACT INFORMATION, NON-REIMBURSABLE EXPENSE DETAIL, Description. Includes rows for 1SDC-5SDC and 1N-12N.

Comm. Of MA Surplus Rev. Retention Share

PREPARER COMMENTS:

ORGANIZATION: Southeastern Massachusetts Veterans Housing Program, Inc.

PROGRAM SUPPLEMENTAL INFORMATION SCHEDULE B - Unaudited

FY END: 9/30/2020

FEIN: 111190035

URF Program Number: 7 Program Name: SSVF Description: Supportive Services to Veteran Families Catalog of Federal Domestic Assistance #: 64.033 B
http://www.cfda.gov/default.htm
*Program Type: N/A Program Address: 1297 Purchase Street (Number/Street) (City) MA 02740 # Weeks operated during audit period (e.g., 52): 52.00 # operating hours/week (e.g., 40): 40.00

Note to Readers: This schedule should be read in context with F.S. Notes and all other UFR information. In many instances the presence of significant planned to actual variances or non-reimbursable expenses (e.g., In-Kind donations) may be appropriate and desirable.

*Program Type codes: 21 = SPED; 22 = HCFP/Medicaid Class Rate; 23 = Negotiated Unit Rate; 24 = Negotiated Accommodations Rate; 25 = Non-negotiated Accommodations Rate; 26 = Other Non-negotiated Unit Rate; 27 = Cost Reimbursement; NA = Not Applicable

Table with columns: REVENUE, FTE, Salary/Wage, EXPENSE - ACTUAL/PLANNED, FTE, Actual, Planned, % Var. Rows include 1R-53R (Contributions, Gov. In-Kind, etc.), 1S-39S (Program Director, Staff, etc.), 1SS-2SS (Service Statistics), MASSACHUSETTS CONTRACT INFORMATION, SUBCONTRACTED DIRECT CARE EXPENSE DETAIL, POS SUBCONTRACT INFORMATION, NON-REIMBURSABLE EXPENSE DETAIL, and OPERATING RESULTS.

Table with columns: SUBCONTRACTOR Name, FEIN, Expense Amt., State Dept, Payor Name, Payor's FEIN. Rows include 1SDC-5SDC and Comm. Of MA Surplus Rev. Retention Share.

PREPARER COMMENTS:

ORGANIZATION: Southeastern Massachusetts Veterans Housing Program, Inc.

PROGRAM SUPPLEMENTAL INFORMATION SCHEDULE B - Unaudited

FY END: 9/30/2020

FEIN: 111190035

UFR Program Number: 8 Program Name: Permanent Supportive Housing Description: Permanent Supportive Housing Catalog of Federal Domestic Assistance #: B
*Program Type: N/A Program Address: See Supplemental Schedule (Number/Street) (City) (State) (Zipcode) # Weeks operated during audit period (e.g., 52): 52.00 # operating hours/week (e.g., 40): 40.00

Note to Readers: This schedule should be read in context with F.S. Notes and all other UFR information. In many instances the presence of significant planned to actual variances or non-reimbursable expenses (e.g., In-Kind donations) may be appropriate and desirable.

* Program Type codes: 21 = SPED; 22 = HCFP/Medicaid Class Rate; 23 = Negotiated Unit Rate; 24 = Negotiated Accommodations Rate; 25 = Non-negotiated Accommodations Rate; 26 = Other Non-negotiated Unit Rate; 27 = Cost Reimbursement; NA = Not Applicable

Table with columns: REVENUE, FTE, Salary/Wage, EXPENSE - ACTUAL/PLANNED, FTE, Actual, Planned, % Var. Rows include 1R-53R revenue items and 1S-39S expense items.

Table with columns: MASSACHUSETTS CONTRACT INFORMATION, SUBCONTRACTED DIRECT CARE EXPENSE DETAIL, POS SUBCONTRACT INFORMATION, NON-REIMBURSABLE EXPENSE DETAIL, Description. Rows include contract details and expense breakdowns.

PREPARER COMMENTS:



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF CONSOLIDATED
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS**

Board of Directors of
Southeastern Mass Veterans Housing Program, Inc.
New Bedford, Massachusetts

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 Southeastern Mass Veterans Housing Program, Inc., which comprise the consolidated statement of financial position as of September 30, 2020, and the related consolidated statements of activities, consolidated statements of functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated March 11, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Southeastern Mass Veterans Housing Program, Inc. and Subsidiary's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Southeastern Mass Veterans Housing Program, Inc. and Subsidiary's internal control. Accordingly, we do not express an opinion on the effectiveness of Southeastern Mass Veterans Housing Program, 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying included in the schedule of findings and responses as items 2020-001 that we consider to be a significant deficiency.

Compliance and Other Matters

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

Southeastern Mass Veterans Housing Program, Inc. and Subsidiary's Response to Findings

Southeastern Mass Veterans Housing Program, Inc. and Subsidiary's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Southeastern Mass Veterans Housing Program, Inc. and Subsidiary's response was not subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on it.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

New Bedford, Massachusetts
March 11, 2021

**SOUTHEASTERN MASS VETERANS HOUSING PROGRAM, INC. AND SUBSIDIARY
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED SEPTEMBER 30, 2020**

Section I – Summary of Auditors' Results

Consolidated financial statements

1. Type of auditor's report issued: Unmodified
2. Internal Control Over Financial Reporting:
- Material weakness(es) identified? _____yes X none reported
 - Significant deficiencies identified that are not considered to be material weakness(es)? X yes _____no
3. Noncompliance material to financial consolidated statements noted? _____yes X no

Federal Awards

Uniform Guidance not applicable.

**SOUTHEASTERN MASS VETERANS HOUSING PROGRAM, INC. AND SUBSIDIARY
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2020**

Section II – Consolidated Financial Statement Findings

CURRENT YEAR

2020-001 Segregation of Duties

Condition: Recording of receipts and bank deposit procedures are not segregated in the Business Office.

Criteria: Internal controls should be in place that segregate these duties to provide reasonable assurance that receipts are recorded and deposited appropriately.

Effect: Because of the absence of segregation of duties, misstatements may occur during the recording and deposit process.

Cause of Condition: Procedures for segregation of duties in the Accounting Manual are not consistently being followed by the Business Office.

Recommendation: Procedures should be implemented requiring the segregation of duties in the Business Office.

Management Response: Segregation of duties are followed whenever practical in the Business Office.

Because of the scheduled hours, sometimes only one person is in the office when receipts are received. The procedures in effect are that a signed receipt is always given for all cash or checks paid in person. A cash receipts journal is maintained, plus a client ledger card is maintained, and the bank deposit must agree with the cash receipts journal.

The vast majority of funds received are direct deposited in the corporate bank account. Of the remaining funds, most are checks – city, private, and client – and there are some cash payments.

We believe there are sufficient overlapping procedures in place to prevent misstatements.

PRIOR YEAR

2019-001 Recognition of Revenue on Cost-Reimbursement Contracts

Condition: During the audit, we determined that revenue was recognized in the prior year for cost-reimbursement contracts at the date of the contract award.

Criteria: Cost-reimbursement contracts are conditional in that reimbursement cannot be requested until the costs have been incurred.

Effect: The recording of the revenue resulted in an overstatement of beginning net assets as well as pledges receivables for the current fiscal year.

**SOUTHEASTERN MASS VETERANS HOUSING PROGRAM, INC. AND SUBSIDIARY
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2020**

Section II – Consolidated Financial Statement Findings (Continued)

PRIOR YEAR (Continued)

2019-001 Recognition of Revenue on Cost-Reimbursement Contracts

Cause of Condition: The original agreement regarding the funding was verbal and the grantor signed off on the pledge receivable confirmation. Subsequent to the end of the prior year, the grantor provided written documentation which revealed that the funding was actually a cost reimbursement grant and not an unconditional promise to give.

Recommendation: As contract and grants are received going forward, they should be reviewed to determine if they are exchange or nonexchange transactions and if they are nonexchange, whether there are conditions. To the extent that there are conditions, revenue would not be recognized until the conditions have been met.

Current Year Status There were no unidentified cost-reimbursement contracts in the current year.

2019-002 Segregation of Duties

Condition: Recording of receipts and bank deposit procedures are not segregated in the Business Office.

Criteria: Internal controls should be in place that segregate these duties to provide reasonable assurance that receipts are recorded and deposited appropriately.

Effect: Because of the absence of segregation of duties, misstatements may occur during the recording and deposit process.

Cause of Condition: Procedures for segregation of duties in the Accounting Manual are not consistently being followed by the Business Office.

Recommendation: Procedures should be implemented requiring the segregation of duties in the Business Office.

Current Year Status See 2020-001

2019-003 Record Construction Liabilities

Condition: During the review of subsequent transactions, we noted construction costs as well as related retainage that had been incurred as of year-end that was not recorded.

Criteria: Expenditures should be reviewed at year-end to ensure all fiscal year amounts are properly recorded on an accrual basis.

Effect: As a result, property, plant and equipment and related liabilities were understated.

Cause of Condition: This was a nonroutine transaction for the Organization.

**SOUTHEASTERN MASS VETERANS HOUSING PROGRAM, INC. AND SUBSIDIARY
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2020**

Section II – Consolidated Financial Statement Findings (Continued)

PRIOR YEAR (Continued)

2019-003 Record Construction Liabilities

Recommendation: We recommend that policies and procedures be developed whereby a look to subsequent disbursements is made to ensure there has been a proper cut-off of items related to the fiscal year.

Current Year Status There were no unidentified construction costs requiring accrual in 2020.

**SOUTHEASTERN MASS VETERANS HOUSING PROGRAM, INC. AND SUBSIDIARY
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2020**

Section III – Federal Award Findings and Responses

Not applicable

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC,
an SEC-registered investment advisor. | CliftonLarsonAllen LLP

