

# Assisi Housing Corporation

**Financial Statements**  
**(with Independent Auditors'**  
**Report Thereon)**

**June 30, 2023**



| **Allan Smith & Company, CPAs PC**

# ASSISI HOUSING CORPORATION

## *Financial Statements*

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*Independent Auditors' Report*

To the Board of Directors  
Assisi Housing Corporation  
New Bedford, Massachusetts

**Report on the audit of the financial statements:**

***Opinion:***

We have audited the accompanying financial statements of Assisi Housing Corporation (a Massachusetts not-for-profit organization) (hereinafter "Organization") which comprise the statement of financial position as of June 30, 2023 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2023 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.

***Basis for opinion:***

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the 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 audit opinions.

***Responsibilities of management for the financial statements:***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

***Auditors' responsibilities 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 and *Government 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 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 Auditing 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 the Organization'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 the Organization'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 our report, dated January 5, 2024, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is 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 the Organization'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 the Organization's internal control over financial reporting and compliance.



Allan Smith and Company, CPAs PC  
Stoughton, Massachusetts  
January 5, 2024

# ASSISI HOUSING CORPORATION

## *Statement of Financial Position*

*June 30, 2023*

### **Assets:**

#### **Current assets:**

Cash	\$	66,986
Accounts receivable		4,044
<b>Total current assets</b>		<b>71,030</b>

#### **Deposits held in trust - funded:**

Tenants' security deposits (contra)		1,437
<b>Total deposits held in trust - funded</b>		<b>1,437</b>

#### **Restricted deposits and funded reserves:**

Replacement reserve		236,399
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#### **Rental property, at cost:**

Land, buildings, improvements, and motor vehicle, net		2,247,308
<b>Total long-term assets</b>		<b>2,247,308</b>

<b>Total assets</b>	<b>\$</b>	<b>2,556,174</b>
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### **Liabilities and Net Assets:**

#### **Current liabilities:**

Accounts payable	\$	3,223
Accounts payable, related party		11,711
Accrued expenses		12,000
Current maturities of notes payable		8,898
<b>Total current liabilities</b>		<b>35,832</b>

<b>Deposits held in trust - funded</b>		<b>1,437</b>
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#### **Long-term liabilities:**

Long-term notes payable, net of current maturities		2,934,094
<b>Total long-term liabilities</b>		<b>2,934,094</b>

<b>Total liabilities</b>		<b>2,971,363</b>
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#### **Net assets:**

Without donor restrictions		(415,189)
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<b>Total liabilities and net assets</b>	<b>\$</b>	<b>2,556,174</b>
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# ASSISI HOUSING CORPORATION

## *Statement of Activities*

*Year Ended June 30, 2023*

### **Income and other support without donor restrictions:**

Rents, residential including housing assistance	\$ 243,176
Support services grant revenue	17,916
Laundry income	160
Other income	920

**Total income and other support without donor restrictions** 262,172

### **Expenses:**

Program services	327,490
General and administrative expenses	9,024

**Total expenses** 336,514

**Change in net assets without donor restrictions** (74,342)

Net assets without donor restrictions, beginning of year (340,847)

**Net assets without donor restrictions, end of year** \$ (415,189)

# ASSISI HOUSING CORPORATION

## *Statement of Functional Expenses*

*Year Ended June 30, 2023*

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Total</u>
Depreciation and amortization	\$ 91,543	\$ -	\$ 91,543
Project payroll expense	70,429	-	70,429
Repairs and maintenance	39,073	-	39,073
Utilities	34,745	-	34,745
Professional fees	20,236	2,857	23,093
Property insurance	16,320	-	16,320
Trash	13,960	-	13,960
Interest	12,451	-	12,451
Management fees	9,612	2,403	12,015
Vehicle and travel expense	4,139	2,759	6,898
Telephone and internet	5,353	945	6,298
Payroll taxes and related expenses	6,197	-	6,197
Other operational expenses	3,089	-	3,089
Office supplies and related	343	60	403
<b>Total expenses</b>	<b>\$ 327,490</b>	<b>\$ 9,024</b>	<b>\$ 336,514</b>

See accompanying notes to financial statements.

# ASSISI HOUSING CORPORATION

## *Statement of Cash Flows*

*Year Ended June 30, 2023*

### **Cash flows from operating activities:**

Change in net assets	\$ (74,342)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	91,543
Accrued interest	1,500
Changes in assets and liabilities:	
(Increase) decrease in assets:	
Accounts receivable	(4,044)
Increase (decrease) in liabilities:	
Accounts payable	530
Accounts payable, related party	10,808
Accrued expenses	(721)
Tenants' security deposits (contra)	(71)
Total adjustments	<u>99,545</u>
<b>Net cash provided by operating activities</b>	<b><u>25,203</u></b>

### **Cash flows from investing activities:**

Cash restricted for tenants' security deposits	<u>71</u>
<b>Net cash provided by investing activities</b>	<b><u>71</u></b>

### **Cash flows from financing activities:**

Repayment of long-term notes payable	<u>(8,357)</u>
<b>Net cash used in financing activities</b>	<b><u>(8,357)</u></b>

**Net increase in cash and restricted deposits** **16,917**

Cash and restricted deposits, beginning of year 286,468

**Cash and restricted deposits, end of year** **\$ 303,385**

### **Supplemental disclosure of cash flow information:**

Cash paid for interest \$ 10,951

### **Reconciliation of cash balances:**

Cash \$ 66,986  
Replacement reserves 236,399

**Cash and restricted deposits, end of year** **\$ 303,385**



# ASSISI HOUSING CORPORATION

## *Notes to Financial Statements*

### **1. Organization and summary of significant accounting policies:**

#### ***Organization and nature of operations:***

Assisi Housing Corporation (hereinafter “Organization”) is a Massachusetts not-for-profit organization incorporated in 2010. The purpose of the Organization is to provide housing facilities to income eligible individuals and families intended to meet their physical, social, economic, and psychological needs. The Organization’s mission is to promote individuals’ health, security, and happiness, as well as enhance their longevity through supports.

The Organization owns and operates a seventeen (17) unit residential rental property located at 154-168 Eagle Street in Fall River Massachusetts, (hereinafter “Property”) which it purchased in June 2015. At the date of purchase, the Organization entered into agreements with the U.S. Department of Housing and Urban Development (hereinafter “HUD”); the Mass Housing Finance Agency (“MHFA”); the Massachusetts Department of Housing and Community Development under the Housing Innovations Trust Fund Statute, Massachusetts General Laws (M.G.L.) Section 121E and the Affordable Housing Trust Fund Statute (“AHT”), M.G.L. Section 121D; the Community Economic Development Assistance Corporation (“CEDAC”); as well as the City of Fall River, Massachusetts, which, among other matters, regulate rent charges, operating methods, mortgage prepayment requirements, surplus cash flow limitations, and real estate tax assessments. The Property is partly supported by a HUD Section 8 project-based voucher agreement that provides significant rent subsidies for eight (8) of the units under a fifteen (15) year agreement that began in March 2011 and was assumed by the Organization at the date of purchase.

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

#### ***Basis of financial reporting:***

The Organization prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (hereinafter “U.S. GAAP”).

#### ***Use of estimates and assumptions:***

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions. These affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the date of the financial statements; as well as the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates and assumptions.

#### ***Financial statement presentation:***

The financial statements are presented on the accrual basis and in accordance with the reporting principles of not-for-profit accounting. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

# ASSISI HOUSING CORPORATION

## *Notes to Financial Statements*

### **1. Organization and summary of significant accounting policies - continued:**

#### ***Financial statement presentation - continued:***

*Net assets without donor restrictions* - Net assets that are not subject to donor-imposed (or certain grantor) restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These resources are comprised of rental income and grant revenues which are available and used for operations and programs. The governing Board of the Organization may elect to designate such resources for specific purposes. This designation may be removed at the Board's discretion.

*Net assets with donor restrictions* - Net assets which include resources subject to donor-imposed (or certain grantor) restrictions. Some donor-imposed restrictions either expire with the passage of time and/or can be fulfilled and removed by the actions of the Organization to comply with the donor-imposed restrictions. Other donor-imposed restrictions are permanent in nature, where the donor stipulates that resources be maintained in perpetuity. 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 in the period in which the donor-imposed stipulations are met or the stipulated time restrictions have passed, or both. Resources of this nature originate from contributions, grants, bequests, contracts, and investment income earned on donor restricted funds.

None of the Organization's net assets are subject to donor-imposed restrictions. Accordingly, all net assets are accounted for as net assets without donor restrictions.

Grants, which are limited to the use of various of the Organization's programs, are reflected as a component of net assets without donor restrictions if these funds are received and spent during the same year and if they support the activities of the Organization within the limits of the Organization's articles of organization.

#### ***Cash and cash equivalents:***

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid debt instruments with a maturity of three (3) months or less to be cash equivalents.

#### ***Accounts receivable and uncollectible accounts:***

The Organization carries its accounts receivable less an allowance for doubtful accounts. On a periodic basis, all accounts receivable greater than ninety (90) days old are considered past due, are evaluated for collectability, and are written off after it is evident that the collection effort has little or no chance of near-term success. Based on this review, the Organization evaluates its accounts receivable and adjusts its allowance for doubtful accounts based on its history of past write-offs, collections, and current economic and credit conditions. It is reasonably possible that the Organization's estimate of the allowance for doubtful accounts will change. Accounts receivable is presented net of an allowance for doubtful accounts of \$- at June 30, 2023.

# ASSISI HOUSING CORPORATION

## *Notes to Financial Statements*

### **1. Organization and summary of significant accounting policies - continued:**

#### ***Land, buildings, improvements, and motor vehicle:***

Land, buildings, improvements, and motor vehicle are stated at cost at the date of acquisition or fair value at the date of donation, in the case of gifts.

Expenditures that significantly add to the productivity or extend the useful lives of property and equipment are capitalized. Other expenditures for maintenance and repairs are charged to operations in the year the costs are incurred.

Depreciation is provided for over the estimated service lives of the respective assets on a straight-line basis. A summary of depreciable lives follows:

Buildings	30 years
Building improvements	30 years
Motor vehicle	5 years

The Organization has significant buildings and improvements and those currently held require routine scheduled maintenance. The cost of routine and non-routine repairs and maintenance was funded on a “pay as you go” basis for the year ended June 30, 2023, as well as in prior years.

The Organization evaluates events and changes in circumstances which indicate that long-lived assets may be impaired, which includes measuring the estimated future undiscounted cash flows (without interest charges) associated with the asset to the asset’s carrying amount to determine if a write-down to fair value is required. If an impairment is present, the assets are reported at the lower of carrying value or fair value.

#### ***Income taxes:***

The Organization is generally exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been determined not to be a private Organization. The Organization is also exempt from Massachusetts income tax. Therefore, no provision for income taxes has been made in the accompanying financial statements.

#### ***Revenue and other support recognition:***

Revenues are reported as increases in net assets without donor restrictions, unless the use of the related asset is limited by donor-imposed restrictions.

#### ***Rental revenue:***

Rental revenue is attributable to residential leases and is recorded on an accrual basis. The Organization records rental revenue, principally from short-term leases (one year or less) on residential apartment units, by assessing income-eligible individuals residing in its Property on the first day of each month of occupancy consistent with the lease agreement. Under the Regulatory Agreement, the Organization may not increase rents charged to subsidized rental tenants without the approval of the funding source.

# ASSISI HOUSING CORPORATION

## *Notes to Financial Statements*

### **1. Organization and summary of significant accounting policies - continued:**

#### ***Revenue and other support recognition - continued:***

##### *Conditional contributions:*

The Organization receives government grant revenue for support services provided to tenants of the Property and it is recognized as earned consistent with the period of occupancy of each tenant on a unit rate fee for service basis. The Organization recognizes revenue from this government grant as a conditional contribution. Such revenue is recognized over the period of the performance with the passage of time. Conditional grant awards, having both the existence of a barrier and right of return to the resource provider, are classified as refundable advances when received as a cash advance and are recognized as revenue when the awards are expended for the purpose of the grant or other conditions are satisfied. There were no refundable advances at June 30, 2023. Government grants and contracts are subject to audit by federal and state agencies.

##### *Timing of revenue recognition:*

Rental revenue as well as government contract revenue and grants are recognized when the services are rendered, in that the barrier to entitlement has been met and the Organization has the right to the related resources. Rental payments received in advance are deferred until earned and reported as prepaid revenue in the Statement of Position.

##### ***Functional allocation of expenses:***

Expenditures incurred in connection with Property operations and expenditures made for Organization purposes have been summarized on a functional basis in the Statement of Activities. The costs of providing the rental, tenant support activities, and the administration of the Organization have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the program services and supporting services benefited. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses from operating activities which are allocated include rental property related, tenant supports, and the administration of the Organization.

##### ***Allocation of direct expenses to program services and supporting services:***

Direct expenses are allocated as follows:

*Program/operating expense* - based on specific identification to the program or administrative function or as a percentage of the total expense using an appropriate base for the expense type.

*Depreciation of buildings and equipment* - based on specific identification of an asset for a function or program square footage to total square footage.

##### ***Subsequent events:***

Subsequent events are transactions or events that occur after the Statement of Financial Position date but before the financial statements are issued or available to be issued. The Organization has evaluated subsequent events through January 5, 2024 which is the date the financial statements were available to be issued.

# ASSISI HOUSING CORPORATION

## *Notes to Financial Statements*

### 2. Land, buildings, improvements, and motor vehicle:

Land, buildings, improvements, and motor vehicle consisted of the following at June 30, 2023:

Land	\$ 239,400
Buildings and improvements	2,738,797
Motor vehicle	<u>24,034</u>
	3,002,231
Less: accumulated depreciation	<u>(754,923)</u>
<b>Land, buildings, improvements, and motor vehicle, net</b>	<b><u>\$ 2,247,308</u></b>

Depreciation expense for the year ended June 30, 2023 was \$91,543.

### 3. Replacement reserves:

The Organization, as a provision of its mortgage notes with the Massachusetts Department of Housing and Community Development (hereinafter "DHCD"), is required to set aside funds for the replacement of property and equipment. The use of these funds requires approval from DHCD. At June 30, 2023, the Organization held replacement reserve funds totaling \$236,399.

### 4. Deposits held in trust - funded:

Deposits held in trust consisted of the following as of June 30, 2023:

Security deposits held	\$ <u>1,437</u>
<b>Total deposits held in trust - funded</b>	<b>\$ <u>1,437</u></b>

### 5. Long-term notes payable:

Long-term notes payable consisted of the following at June 30, 2023:

Note payable, bank, first position, original amount of \$360,773, partly amortizing using a 360-month amortization, due in 240 monthly installments, including principal and interest of \$1,734, at a fixed rate of 4.0%, secured by real estate, balloon payment of \$165,860 due June 2035. \$ 302,232

# ASSISI HOUSING CORPORATION

## *Notes to Financial Statements*

### **5. Long-term notes payable - continued:**

Deferred note payable, collective second position, Massachusetts Housing Partnership under the Massachusetts Housing Stabilization and Investment Trust Fund Statute (HSITF), original amount of \$890,760, secured by real estate. The note bears no interest or principal repayment if compliant with certain use restrictions until due in November 2061 or with the sale or change of use of the Property. The Organization may request an extension of the repayment for a period of up to the original term to maintain the income affordability for the residents of the Property.

\$ 890,760

Deferred note payable, collective second position, Massachusetts Housing Finance Agency under the Massachusetts Affordable Housing Trust Fund Statute (AHT), original amount of \$850,000, secured by real estate. The note bears no interest or principal repayment if compliant with certain use restrictions until due in November 2041 or with the sale or change of use of the Property. The Organization may request an extension of the repayment for a period of up to the original term to maintain the income affordability for the residents of the Property.

850,000

Deferred note payable, collective second position, Community and Economic Development Assistance Corporation (CEDAC) under the Massachusetts Housing Innovations Trust Fund Statute (HIF), original amount of \$750,000, secured by real estate. The note bears no interest or principal repayment if compliant with certain use restrictions until due in November 2041 or with the sale or change of use of the Property. The Organization may request an extension of the repayment for a period of up to the original term to maintain the income affordability for the residents of the Property.

750,000

Deferred note payable, collective second position, HOME Investment Partnership Program with the City of Fall River, Massachusetts, original amount of \$150,000, secured by real estate. The note accrues 1.0% fixed rate interest with no repayment if compliant with certain use restrictions until due in November 2041 or with the sale or change of use of the Property. The Organization may request an extension of the repayment for a period of up to the original term to maintain the income affordability for the residents of the Property.

150,000

2,942,992

(8,898)

Less: current portion of long-term notes payable

**Long-term notes payable, net of current maturities**

**\$ 2,934,094**

Interest expense for the year ended June 30, 2023, totaled \$12,451.

# ASSISI HOUSING CORPORATION

## *Notes to Financial Statements*

### 5. Long-term notes payable - continued:

Future maturities of long-term notes payable for the next five (5) years and in the aggregate are as follows:

2024	\$ 8,898
2025	9,260
2026	9,637
2027	10,030
2028	10,439
Thereafter	<u>2,894,728</u>
<b>Total long-term notes payable</b>	<b><u>\$ 2,942,992</u></b>

The Organization is required to comply with certain financial and administrative covenants relating to certain notes payable. The Organization, as of the date of the independent auditors' report, is in compliance with the financial and administrative covenants.

### 6. Liquidity:

The Organization is partly supported by a HUD Section 8 project-based voucher agreement that provides significant rent subsidies for eight (8) of the seventeen (17) residential rental units under a fifteen (15) year agreement that began in March 2011. The Organization works with Housing Solutions for Southeastern Massachusetts (hereinafter "Housing Solutions"), a not-for-profit organization that maintains a continuous list of income-eligible prospective tenants. This tends to limit lost rental revenue from vacancies and provides for relatively consistent cash flows throughout the year. This reasonably aligns with the Organization's expectation that its financial assets, which consist largely of cash and accounts receivable, will be available to meet its general expenditures, liabilities, and mortgage obligations as they come due. As \$2,640,760 of the total mortgage notes payable are deferred if the Organization is compliant with certain use restrictions, current cash flows are not required, or may never be, if forgiven consistent with the note terms. This generally allows for sufficient cash availability throughout the year.

### 7. Availability of financial assets:

The Organization's liquid resources available to meet operational requirements, without restrictions limiting their use, within one year of the Statement of Financial Position as of June 30, 2023, comprised the following:

Cash and cash equivalents	\$ 66,986
Accounts receivable	<u>4,044</u>
<b>Financial assets available to meet cash needs for general expenditure within one year</b>	<b><u>\$ 71,030</u></b>

# ASSISI HOUSING CORPORATION

## *Notes to Financial Statements*

### **7. Availability of financial assets - continued:**

These amounts are reduced by amounts not available for general use because of contractual or regulatory restrictions on its use. The Organization's significant contract relationship is with Housing Solutions, an unrelated not-for-profit organization, and represented seventy-eight percent (78%) of its revenue at June 30, 2023. Historically, the Organization collects the subsidized portion of monthly rents from Housing Solutions and the tenant portion in advance of the month to support its working capital needs.

### **8. Real estate taxes:**

The Organization entered into an agreement with the City of Fall River, Massachusetts and the Commonwealth of Massachusetts under Massachusetts General Laws (M.G.L.) Chapter 121A. This agreement, in addition to other requirements including use restrictions and limitations on excess cash flows, exempts the Organization from local real estate and personal property taxes. This agreement remains in effect throughout the term of the Regulatory Agreement.

### **9. Rental assistance program:**

The U.S. Department of Housing and Urban Development (HUD), acting through the Massachusetts Housing Finance Agency, is providing the Organization with project-based housing assistance payments pursuant to Section 8 of the National Housing Act, as amended. These funds are being paid in accordance with a contract commencing March 2011 which provides significant rent subsidies for eight (8) of the rental units under a fifteen (15) year agreement.

### **10. Related party transactions:**

The Organization has a management contract with Community Action for Better Housing, Inc. (hereinafter "CABH"), a related party through similar board membership, as the property manager for the Property. Amounts paid for property management services for the year ended June 30, 2023, totaled \$12,015. CABH also provides maintenance and social service support personnel for the Property and the costs reimbursed for these services for the year ended June 30, 2023, totaled \$82,444. At June 30, 2023, the Organization owed the related party \$11,711 for these goods and services.

### **11. Contingencies:**

The Organization's operations are concentrated in the multifamily residential real estate market. In addition, the Organization operates in a heavily regulated environment. The operations of the Organization are subject to administrative directives, rules, and regulations of federal, state, and local regulatory agencies including, but not limited to, the following:

U.S. Department of Housing and Urban Development  
Mass Housing Finance Agency  
Massachusetts Department of Housing and Community Development  
Community Economic Development Assistance Corporation  
City of Fall River Community Development Agency



# ASSISI HOUSING CORPORATION

## *Notes to Financial Statements*

### **11. Contingencies - continued:**

These administrative directives, rules, and regulations are subject to change by act of the United States Congress, act of the state and local legislature, or an administrative change mandated by the United States federal agencies or the Commonwealth of Massachusetts departments noted above. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with the change. Additionally, contractual funding may decrease or be withdrawn during contract periods with little notice.

### **12. Concentrations of credit and economic risk:**

The Organization maintains its cash deposits at one (1) financial institution. The Organization has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents which may, at times, exceed federally insured limits. The financial institution is also insured by the Massachusetts Depositors Insurance Fund that insures all deposits above the federally insured limits.

At June 30, 2023, revenues from the Commonwealth of Massachusetts, Department of Housing and Community Development through a pass-through organization, comprised seventy-eight percent (78%) of total Organization revenues.

***INFORMATION REQUIRED BY  
GOVERNMENT AUDITING STANDARDS***



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

To the Board of Directors  
Assisi Housing Corporation  
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 financial statements of the Assisi Housing Corporation (hereinafter "Organization"), which comprise the Statement of Financial Position as of June 30, 2023 and the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 5, 2024.

**Report on internal control over financial reporting:**

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) 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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

To the Board of Directors  
Assisi Housing Corporation  
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**Report on compliance and other matters:**

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of 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 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 Assisi Housing Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Allan Smith and Company, CPAs PC". The signature is written in a cursive, flowing style.

Allan Smith and Company, CPAs PC  
Stoughton, Massachusetts  
January 5, 2024

**ASSISI HOUSING CORPORATION**

*Schedule of Findings and Responses*

**Findings related to financial statements:**

None.

**Status of prior year findings related to financial statements:**

None