

COMMUNITY ACTION FOR BETTER HOUSING, INC.

FINANCIAL STATEMENTS and
SINGLE AUDIT REPORT

For the Year Ended June 30, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Community Action for Better Housing, Inc.
Fall River, Massachusetts

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Community Action for Better Housing, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, 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 Community Action for Better Housing, Inc. as of June 30, 2024, 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 Community Action for Better Housing, Inc. 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 Community Action for Better Housing, Inc. ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 Community Action for Better Housing, Inc.'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 Community Action for Better Housing, Inc.'s ability to continue as a going concern for a reasonable period of time.

Other Matters:

Other information

The accompanying schedule of expenditures of federal awards shown on page 24, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2025, on our consideration of Community Action for Better Housing, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Community Action for Better Housing, 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 Community Action for Better Housing, Inc.'s internal control over financial reporting and compliance.

Hague, Sahady & Co., CPA's P.C.

Hague, Sahady & Co., CPA's PC
Fall River, Massachusetts
February 24, 2025

COMMUNITY ACTION FOR BETTER HOUSING, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2024

ASSETS

Current Assets

Cash	\$	180,121
Rent receivable, net of allowance for doubtful accounts of \$0		45,391
Other receivable - related parties		134,843
Prepaid expenses		1,000
<i>Total Current Assets</i>		<u>361,355</u>

Noncurrent Assets

Property and equipment, net of accumulated depreciation of \$3,091,046		8,470,752
Due from related parties		68,088
Escrow deposits		38,194
Replacement reserves		59,034
Tenant security deposits		24,302
<i>Total Noncurrent Assets</i>		<u>8,660,370</u>

Total Assets \$ 9,021,725

LIABILITIES AND NET ASSETS (DEFICIT)

Liabilities

Current Liabilities

Accounts payable	\$	38,209
Accrued expenses		59,680
Note payable - line of credit		-
Notes payable - current maturities		63,112
<i>Total Current Liabilities</i>		<u>161,001</u>

Noncurrent Liabilities

Tenant security deposits liability		24,002
Due to related party		67,517
Deferred revenue		239,621
Notes payable, net of current maturities		8,657,758
<i>Total Noncurrent Liabilities</i>		<u>8,988,898</u>

Total Liabilities 9,149,899

Net Assets (Deficit)

Without Donor Restrictions

Undesignated (128,174)

Total Net Assets (Deficit) (128,174)

Total Liabilities and Net Assets (Deficit) \$ 9,021,725

The accompanying notes are an integral part of these financial statements

COMMUNITY ACTION FOR BETTER HOUSING, INC.

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

	<u>Without Donor Restrictions</u>
REVENUE, SUPPORT AND GAINS	
Rental income	\$ 959,560
Grant Income	50,000
Property management and administrative fees	168,021
Miscellaneous income	47,271
Interest income	17,422
Insurance proceeds	<u>1,287,483</u>
<i>Total revenues, support and gains</i>	<u>2,522,457</u>
EXPENSES	
Program services	1,257,158
Support services	<u>343,862</u>
<i>Total expenses</i>	<u>1,601,020</u>
Change in net assets	921,437
Unrestricted net assets (deficit), beginning of year	<u>(1,049,611)</u>
Unrestricted net assets (deficit), end of year	<u><u>\$ (128,174)</u></u>

The accompanying notes are an integral part of these financial statements

COMMUNITY ACTION FOR BETTER HOUSING, INC.

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2024

	Program Services	Support Services	Total Expenses
Payroll	\$ 266,116	\$ 54,214	\$ 320,330
Payroll taxes	58,119	5,385	63,504
Payroll service	-	1,083	1,083
Accounting and auditing	-	25,061	25,061
Conferences and trainings	-	149	149
Depreciation	256,913	-	256,913
Household furnishings	12,324	-	12,324
Insurance	104,329	-	104,329
Interest	69,746	739	70,485
Legal	36,034	-	36,034
Mileage	-	9,902	9,902
Miscellaneous	26,419	133,589	160,008
Office expense	3,764	99,467	103,231
Program supplies	2,318	-	2,318
Repairs and maintenance	278,444	4,731	283,175
Security	684	-	684
Service contracts	684	-	684
Telephone and internet	1,489	9,060	10,549
Utilities	139,775	-	139,775
<i>Total expenses</i>	<u>\$ 1,257,158</u>	<u>\$ 343,862</u>	<u>\$ 1,601,020</u>

The accompanying notes are an integral part of these financial statements

COMMUNITY ACTION FOR BETTER HOUSING, INC.

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2024

Cash Flows from Operating Activities	
Change in net assets	\$ (355,737)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	256,913
Change in:	
Rent receivable	(27,448)
Other receivables	(102,052)
Replacement reserves	65,163
Escrow deposits	(7,125)
Tenant security deposits	(10,007)
Accounts payable	7,120
Accrued expenses	59,607
Tenant security deposits liability	10,006
Due to related party	(10,309)
<i>Net cash provided by operating activities</i>	<u>(113,869)</u>
 Cash Flows from Investing Activities	
Purchases of property and equipment	(1,915,085)
Insurance proceeds	1,287,483
<i>Net cash used in investing activities</i>	<u>(627,602)</u>
 Cash Flows from Financing Activities	
Proceeds from notes payable	691,717
Payments to line of credit	(175,000)
<i>Net cash provided by financing activities</i>	<u>506,408</u>
 Cash Flows from Noncash Financing Activities	
Proceeds from debt forgiveness	
<i>Net cash provided by noncash financing activities</i>	<u>-</u>
 Net increase in cash	(235,063)
Cash, Beginning of Year	415,182
Cash, End of Year	<u>\$ 180,119</u>
 Supplemental Disclosure of Cash Flow Information:	
Interest paid	<u>\$ 70,485</u>

The accompanying notes are an integral part of these financial statements

COMMUNITY ACTION FOR BETTER HOUSING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE A - NATURE OF ORGANIZATION AND OPERATIONS

Community Action for Better Housing, Inc. (CABH) is a not-for-profit corporation organized on October 30, 1995 under the laws of Massachusetts. CABH provides decent housing that is affordable to low and moderate-income persons in Fall River, MA and New Bedford, MA. CABH is supported primarily through grants and rental income.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis and in accordance with the reporting principles of not-for-profit accounting as defined by the Financial Accounting Standards Board's Accounting Standards Codification (FASB ASC).

Basis of Presentation

In May of 2014 the Financial Accounting Standard Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606). This ASU, as amended, provides comprehensive guidance on the recognition of revenue from customers arising from the transfer of goods and services, guidance on accounting for certain contract costs and new disclosures. The new standard supersedes current revenue recognition requirements in FASB Accounting Standards Codification (ASC) Topic 606, Revenue Recognition and most industry-specific guidance. When adopted, the amendments in the ASU must be applied using one of two methods. ASU No. 2014 -09 is effective for annual reporting periods beginning after December 15, 2019 and interim reporting period with annual fiscal years beginning after December 15, 2019.

CABH's primary revenue stream is rent charges for residential units under leases with duration of less than a year. CABH records revenue for such leases at gross potential rent. The rental value of vacancies and other concessions are stated separately to present net rental income on the accrual basis. Subsidy revenue for low-income eligible tenants is provided under a Section 8 housing assistance payment contract. This contract requires tenants to contribute a portion of the contract rent based on formulas prescribed by the Department of Housing and Urban Development. The difference from the calculated subsidy and the contract rent is paid by Neighborworks, City of New Bedford and City of Fall River.

Subsidy income is considered part of the lease and is not considered a contribution under ASC 958. This standard indicated that government payment to specially identified participants are to be considered exchanges transactions and potentially subject to ACS 606. CABH believes that such both rental and subsidy income streams are exempt from compliance with ASC 606 due to their inclusion under current and future lease standards. Revenue streams subject to ACS 606 include: Tenant reimbursement of consumption- based costs paid by CABH on behalf of the tenant, such as utilities and other monthly fees which does not apply to CABH. Additional revenue includes laundry, vending, pet and parking fees as well as damages. Such fees are ancillary to the lease process and are recognized as revenue at the point in time such fees are incurred.

COMMUNITY ACTION FOR BETTER HOUSING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE B - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, CABH considers all highly liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2024, CABH did not have any highly liquid investments. Cash is classified as unrestricted unless it is restricted by laws, regulations, regulatory or other agreements.

Rent Receivables

Rent receivables represent rents that are due from tenants living in various properties owned by CABH and rental subsidies from local housing authorities. A tenant receivable is considered past due if payments have not been received by CABH within 14-days. At that time, CABH issues a letter to the tenant concerning past due rents. If collection does not occur after a 14-day notice is issued, eviction proceedings begin. Accounts are written off as uncollectible if no payments are received at the conclusion of those proceedings. A subsidy receivable is considered past due if payments have not been received by CABH within 30 days. At that time, CABH contacts the local housing authorities and attempts to collect the subsidy payments. Accounts are written off as uncollectible if no payments are received at the conclusion of these procedures.

An allowance for doubtful accounts is provided based on management's valuation of outstanding receivables at the end of the year. For the year ending June 30, 2024, an allowance of \$0 was deemed necessary by management. CABH does not have a policy to accrue interest or to require collateral or other security to secure receivables.

Other Receivables

Other receivables represent an overpayment due from related parties.

Property and Equipment

Property and equipment are recorded at cost at the date of acquisition, or if donated, at fair market value at the date of donation. Capitalization is generally applied to depreciable assets whose cost is \$2,000 or more and has a useful life of greater than one year. Expenditures for normal maintenance and repairs and add to the value or extend the useful life of the related asset are capitalized. Depreciation is provided using the straight-line depreciation method over the following estimated useful lives of the below asset categories:

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

	<u>Years</u>
Building	40
Improvements	5 - 40
Furniture and equipment	5 - 10

Management evaluates the recoverability of the investment in long-lived assets on a on-going basis and recognizes any impairments in the year of determination. Long-lived assets were tested for impairment as of June 30, 2024 and in the opinion of management, there were no impairments.

COMMUNITY ACTION FOR BETTER HOUSING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE B - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organizations. These net assets may be used at the discretion of CABH management and Board of Directors.

Compensated Absences

Compensated absences which are immaterial are accounted for as expenses of the period the liability is incurred.

Rental Income

Rental income is recognized on the accrual basis as the rents become due. The units are rented principally on short-term leases.

Revenue Recognition

Due to COVID-19 the FASB issued a statement that would delay the implementation of ASU 2014-09 (Topic 606). The organization implemented ASC 2014-09 (Topic 606) in the current fiscal year.

CABH's primary revenue stream is rent charges for residential units under leases with duration of less than a year. CABH records revenue for such leases at gross potential rent. The rental value of vacancies and other concessions are stated separately to present net rental income on the accrual basis. Subsidy revenue for low-income eligible tenants is provided under a section 8 housing assistance payment contract. This contract requires tenants to contribute a portion of the contract rent based on formulas prescribed by the Department of Housing and Urban Development. The difference from the calculated subsidy and the contract rent is paid by Neighborworks, City of New Bedford and City of Fall River.

Subsidy income is considered part of the lease and is not considered a contribution under ASC 958. This standard indicated that government payment to specially identified participants are to be considered exchanges transactions and potentially subject to ACS 606. CABH believes that such both rental and subsidy income streams are exempt from compliance with ASC 606 due to their inclusion under current and future lease standards. Revenue streams subject to ACS 606 include: Tenant reimbursement of consumption-based costs paid by CABH on behalf of the tenant, such as utilities and other monthly fees which does not apply to CABH. Additional revenue includes laundry, vending, pet and parking fees as well as damages. Such fees are ancillary to the lease process and are recognized as revenue at the point in time such fees are incurred.

Contract, Grant and Contribution Revenue Recognition

Contract, grant and contribution revenue is recognized when earned as CABH fulfills the terms accompanying award of such funds. Revenue received but not earned is classified as either a liability or restricted net assets on the statement of financial position if they are subject to donor restrictions.

Donated Goods, Services and Facilities Received

CABH records donated goods, services and facilities received, at fair market value at the date of donation in accordance with the recommendations of the Financial Accounting Standards Board. Donated services are recognized as contributions if the services received (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donations. CABH did not receive any donated goods, services or facilities for the year ended June 30, 2024.

COMMUNITY ACTION FOR BETTER HOUSING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE B - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tax-Exempt Status

CABH is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is not considered a private foundation. CABH is also exempt from state income taxes under Chapter 180 of the Commonwealth of Massachusetts. Accordingly, no provision for income taxes is reflected in the accompanying financial statements.

CABH is subject to the provisions of the Financial Accounting Standards Board's Accounting Standards Codification (ASC) Topic 740, *Income Taxes*, as it relates to accounting and reporting for uncertainty in income taxes. Because of CABH's general tax-exempt status, management believes ASC Topic 740 has not had, and is not anticipated to have, a material impact on CABH's financial statements. CABH's income tax returns are subject to examination by taxing authorities generally for the years ended June 30, 2020, 2021 and 2023.

Functional Allocation of Expenses

Expenditures incurred in connection with project operations and expenses for entity and mortgagor expenses have been summarized on a functional basis in the statement of activities and functional expenses. The majority of expenses are directly identified with a program or supporting service.

The financial statement reports certain categories of expenses that are attributable to one or more program or supporting service of the Organization. Therefore, these expenses require allocation on a reasonable basis and include expenses for employee payroll and related costs and are allocated based on time and effort for the specific function.

Use of Estimates

The preparation of financial statements in accordance 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Leases

In February 2016, the FASB established Topic 842, *Leases*, which requires lessors to classify leases as a sales-type, direct financing or operating lease. ASC is effective for nonprofit organizations' annual reporting periods beginning after December 15, 2021. No impact on the current year financial statements.

COMMUNITY ACTION FOR BETTER HOUSING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE C - LIQUIDITY

The following reflects the financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or other donor-imposed restrictions within one year of the balance sheet date:

Liquidity of Financial Assets:

Cash	\$ 180,121
Rent receivable	45,391
Other receivable - related parties	134,843
Escrow deposits	38,194
Replacement reserves	59,034
Tenant security deposits	24,302
Less: Deposits not available for general expenditures	(62,496)
Less: Replacement reserves not expected to cover general expenditures	<u>(59,034)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 360,355</u></u>

The Organization's funds for replacement reserve for withdrawals are subject to approvals in accordance with regulatory agreements, and as a result are not available for current expenditures due to contractual obligations in accordance with rental agreements. Additionally, funds deposited for tenant security and escrow deposits are not available for current expenditures due to contractual obligations in accordance with the rental agreements.

The Organization structures its financial assets to be available as its general expenditures, liabilities and other obligations come due.

NOTE D - ESCROW DEPOSITS

Escrow deposits at June 30, 2024 consisted of the following:

Replacement reserve	\$ 59,035
Insurance escrow	38,194
Total	<u><u>\$ 97,229</u></u>

These amounts are on deposit with Massachusetts Housing Partnership (MHP) in accordance with the terms of mortgage agreements CABH has with MHP.

COMMUNITY ACTION FOR BETTER HOUSING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE E - PROPERTY AND EQUIPMENT

Property and equipment was comprised of the following at June 30, 2024:

Land	\$ 1,032,223
Construction in Progress	1,808,886
Building	3,403,361
Improvements	5,639,517
Furniture and equipment	180,806
	<u>12,064,793</u>
Less accumulated depreciation	(3,594,041)
	<u><u>\$ 8,470,752</u></u>

Depreciation expense for the year ended June 30, 2024 was \$256,913.

NOTE F - REPLACEMENT RESERVES

In accordance with lender recommendations, CABH sets aside cash for the replacement of property and equipment for its buildings. At June 30, 2024, CABH has reserved \$59,034 for such purposes.

NOTE G – TENANT SECURITY DEPOSITS

The tenant security deposits are maintained in an interest-bearing account separate from the operating account. Withdrawals are restricted to reimbursements of tenants' security deposits.

NOTE H - LINE OF CREDIT

CABH has a line of credit with a bank with a limit of \$325,000. The line is secured by property located at 1162 - 1168 Acushnet Avenue in New Bedford, MA, and bears interest at the bank's base rate plus 0%, floating, with a floor of 4.50%, adjusted as the base rate changes. Interest was 4.50% at June 30, 2024. The balance due on the line of credit at June 30, 2024 was \$0. The line is subject to renewal each year and was renewed in May 2024.

COMMUNITY ACTION FOR BETTER HOUSING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE I - LONG-TERM DEBT

At June 30, 2024, long-term debt consisted of the following:

Deferred note payable with the City of New Bedford, MA under the HOME Investments Partnership Program secured by property located at 1162 – 1168 Acushnet Avenue, New Bedford, MA. Loan bears no interest and requires certain use restrictions. It is due and payable in September 2029, or upon sale, lease, transfer or change in use of the property, whichever occurs first. \$ 46,150

Deferred note payable with the City of New Bedford, MA under the HOME Investments Partnership Program secured by property located at 59 Rockland Street, New Bedford, MA. Loan bears no interest and requires certain use restrictions. It is due and payable in February 2030 or upon sale, lease, transfer or change in use of the property, whichever occurs first. 303,759

Deferred note payable with the City of New Bedford, MA under the HOME Investments Partnership Program secured by property located at 63 and 67 Ruth Street, New Bedford, MA. Loan bears no interest and requires certain use restrictions. It is due and payable in January 2033 or upon sale, lease, transfer or change in use of the property, whichever occurs first. 361,925

Deferred note payable with the City of New Bedford, MA under the HOME Investments Partnership Program secured by property located at 116 Ruth Street, New Bedford, MA. Loan bears no interest and requires certain use restrictions. It is due and payable in February 2037, or upon sale, lease, transfer or change in use of the property, whichever occurs first. 374,700

Deferred note payable with the City of New Bedford, MA, under the HOME Investments Partnership Program, secured by property located at 617 Summer Street, New Bedford, MA. Loan bears no interest and requires certain use restrictions. It is due and payable October 2040, or upon sale, lease, transfer or change in use of the property, whichever occurs first. 299,879

Deferred note payable with the City of New Bedford, MA, under the HOME Investments Partnership Program, secured by property located at 1465 Pleasant Street, New Bedford, MA. Loan requires certain use restrictions for 30 years commencing July 2011. The principal and accrued interest on this deferred note payable will not be payable until the property is sold,

COMMUNITY ACTION FOR BETTER HOUSING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE I - LONG-TERM DEBT (Continued)

leased, transferred or there occurs a failure to perform under conditions contained in the note. Interest at 8% per annum. 281,242

Deferred note payable with the City of New Bedford, MA, under the HOME Investments Partnership Program, secured by property located at 65 Reynolds Street, New Bedford, MA. Loan bears no interest and requires certain use restrictions. It is due and payable August 2043 or upon sale or transfer of the property. 351,267

Deferred note payable with the City of New Bedford, MA, under the HOME Investments Partnership Program, secured by property located at 43 Roosevelt Street, New Bedford, MA. Loan bears no interest and requires certain use restrictions. It is due and payable November 2048 or upon sale or transfer of the property. 324,073

Deferred note payable with the City of New Bedford, MA, under the Neighborhood Stabilization Program, secured by property located at 65 Reynolds Street, New Bedford, MA. Loan bears no interest and requires certain use restrictions. It is due and payable August 2043 or upon sale or transfer of the property. 84,055

Deferred note payable with the City of New Bedford, MA, secured by property located at 2 Acushnet Avenue, New Bedford, MA. Such loan requires certain use restrictions. The principal and accrued interest on this deferred note payable will not be payable until the property is sold, leased, transferred, or there occurs a failure to perform under conditions contained in the note. Interest at 8% per annum. 278,504

Note payable with Massachusetts Housing Partnership secured by property located at 116 Ruth Street, New Bedford, MA. Loan requires monthly principal and interest payments of \$1,529 through December 2027. Interest at 6.33% per annum. 131,548

Deferred note payable with Massachusetts Housing Partnership secured by property located at 116 Ruth Street, New Bedford, MA. Loan bears no interest and requires certain use restrictions. It is due and payable in October 2027 or upon sale, lease, transfer or change in use of the property, whichever occurs first. 750,000

COMMUNITY ACTION FOR BETTER HOUSING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE I - LONG-TERM DEBT (Continued)

Note payable with a bank, secured by property located at 302 Wade Street, Fall River, MA. Loan requires monthly principal and interest payments of \$486. It is due and payable in October 2029. Interest at 4.125% per annum.	68,801
Note payable with a bank, secured by property located at 1465 Pleasant Street, New Bedford, MA. Loan requires monthly principal and interest payments of \$375. It is due and payable in April 2036. Interest at 4.00% per annum.	66,913
Note payable with a bank, secured by property located at 106 Quequechan Street, Fall River, MA. Loan requires monthly principal and interest payments of \$376 through November 2031. Interest at 4.00% per annum.	31,253
Note payable with a bank secured by property located at 21 Tower Street, Fall River, MA. Loan requires monthly principal and interest payments of \$277 through February 2031. Interest at 3.97% per annum.	21,866
Note payable with a bank secured by property located at 617 Summer Street, New Bedford, MA. Loan requires monthly principal and interest payments of \$318 through December 2029. Interest at 4.125% per annum.	24,463
Note payable with a bank secured by property located at 1465 Pleasant Street, New Bedford, MA. Loan requires monthly principal and interest payments of \$313 through March 2029. Interest at 4.125% per annum.	43,496
Note payable with a bank, secured by property located at 63 Ruth Street, New Bedford, MA. Loan requires monthly principal and interest payments of \$759 through October 2036. Interest at 4.75% per annum.	77,933
Note payable with a bank, secured by property located at 67 Ruth Street, New Bedford, MA. Loan requires monthly principal and interest payments of \$875 through October 2036. Interest at 4.75% per annum.	90,053
Note payable with a bank, secured by property located at 1168 Acushnet Avenue, New Bedford, MA. Loan requires monthly principal and interest payments of \$860 through October 2026. Interest at 4.75% per annum.	29,540

COMMUNITY ACTION FOR BETTER HOUSING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE I - LONG-TERM DEBT (Continued)

Note payable with a bank, secured by property located at 27 Penniman Street, New Bedford, MA. Loan requires monthly principal and interest payments of \$980 through April 2038. Interest at 3.26% per annum.	143,869
Note payable with a bank, secured by property located at 65 Reynolds Street, Fall River, MA. Loan requires monthly principal and interest payments of \$371 through June 2033. Interest at 4.25% per annum.	35,514
Note payable with a bank, secured by property located at 73 Division Street, New Bedford, MA. Loan requires monthly principal and interest payments of \$644 through June 2036. Interest at 4.25% per annum.	112,004
Note payable with a bank, secured by property located at 21 Tower Street, Fall River, MA. Loan requires monthly principal and interest payments of \$1,183 through December 2036. Interest at 4.00% per annum.	214,951
Note payable with a bank, secured by property located at 43 Roosevelt Street, New Bedford, MA. Loan requires monthly principal and interest payments of \$758 through November 2048. Interest at 5.50% per annum.	150,951
Note payable with a bank, secured by property located at 1162-1168 Acushnet Ave., New Bedford, MA. Loan requires monthly interest payments at a rate of 7.85%. Mortgage with be converted to principal and interest upon completion of the rehabilitation of the property.	530,379
Deferred note payable with the Community Economic Development Assistance Corporation secured by property located at 73 Division Street, New Bedford, MA. Loan bears no interest and requires certain use restrictions. It is due and payable in November 2045 or upon sale, lease, transfer or change in use of the property, whichever occurs first.	856,822
Deferred note payable with the Community Economic Development Assistance Corporation secured by property located at 116 Ruth Street, New Bedford, MA. Loan bears no interest and requires certain use restrictions. It is due and payable in February 2037 or upon sale, lease, transfer or change in use of the property, whichever occurs first.	193,891

COMMUNITY ACTION FOR BETTER HOUSING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE I - LONG-TERM DEBT (Continued)

Deferred note payable with the City of Fall River, MA, under the HOME Investments Partnership Program, secured by property located at 302 Wade Street, Fall River, MA. Loan is due and payable or upon sale, lease, transfer or change in use of the property, whichever occurs first. Interest at 3% per annum.	50,000
Deferred note payable with the City of Fall River, MA, under the HOME Investments Partnership Program, secured by property located at 185 Raymond Street, Fall River, MA. Loan is due and payable in June 2040 or upon sale, lease, transfer or change in use of the property, whichever occurs first. Interest at 1% per annum.	339,969
Deferred note payable with the City of Fall River, MA, under the HOME Investments Partnership Program, secured by property located at 106 Quequechan Street, Fall River, MA. Loan is due and payable in October 2040 or upon sale, lease, transfer or change in use of the property, whichever occurs first. Interest at 1% per annum.	244,630
Deferred note payable with the City of Fall River, MA, under the HOME Investments Partnership Program, secured by property located at 886 Eastern Avenue, Fall River, MA. Loan is due and payable in March 2033 or upon sale, lease, transfer or change in use of the property, whichever occurs first. Interest at 1% per annum.	947,670
Deferred note payable with the City of Fall River, MA, under the HOME Investments Partnership Program, secured by property located at 11 North Court Street, Fall River, MA. Loan is due and payable May 2040 or upon sale, lease, transfer or change in use of the property, whichever occurs first. Interest at 1% per annum.	394,940
Deferred note payable with the City of Fall River, MA, under the HOME Investments Partnership Program, secured by property located at 21 Tower Street, Fall River, MA. Loan is due and payable April 2025 or upon sale, lease, transfer or change in use of the property, whichever occurs first. Interest at 3% per annum.	205,750
Deferred note payable with the Diocese of Fall River, secured by property located at 1162-1168 Acushnet Ave. New Bedford, MA. The intention was to provide CABH additional short-term financial stability, pending formalization of a loan agreement and approval of our grant application with the FHLBB.	250,000

COMMUNITY ACTION FOR BETTER HOUSING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE I - LONG-TERM DEBT (Continued)

Deferred note payable with the New Bedford Housing Authority, secured by property located at 73 Division Street, New Bedford, MA. Loan is due and payable on demand upon the sale, lease, transfer, change in use of the property or CABH fails to perform conditions or covenants contained in the note. Interest at 8.00% per annum. 100,000

Total long-term debt	8,720,869
Less: current maturities	<u>(63,112)</u>
	<u>\$ 8,657,757</u>

Minimum payments due under the terms of the notes as of June 30, 2024 are as follows:

	<u>Amount</u>
2024	\$ 63,112
2025	63,413
2026	63,724
2027	63,975
2028	59,220
Thereafter	<u>8,410,424</u>
	<u>\$ 8,720,869</u>

Interest expense was \$70,485 for the year ended June 30, 2024.

NOTE J – CONCENTRATION OF CREDIT RISK

CABH maintains its cash deposits at a local financial institution insured by the Federal Deposit Insurance Corporation (FDIC). Deposits at FDIC insured institutions are insured up to \$250,000 per depositor. Of the \$180,121 bank balance as of June 30, 2024, \$180,121 was FDIC insured, \$250,000 was DIF insured, while the remaining bank balance of \$0 was insured by Depositors Insurance Fund.

NOTE K – RELATED PARTY TRANSACTIONS

For the year ended June 30, 2024, transactions with Catholic Social Services of Fall River, Inc. (CSS) were as follows:

- CABH leases several rental units to CSS at various locations in New Bedford, MA and Fall River, MA. CABH received \$45,436 of rental income from CSS for the year.
- CABH had an outstanding balance for services and reimbursable expenses from prior years owed to CSS. At June 30, 2024, CABH owed \$67,517 to CSS. During the fiscal year 2024, fifty percent of the debt was forgiven by CSS.

COMMUNITY ACTION FOR BETTER HOUSING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE K - RELATED PARTY TRANSACTIONS (Continued)

- At June 30, 2024, CSS owed \$24,263 to CABH. This amount is included in other receivables on the Statement of Financial Position.

For the year ended June 30, 2024, transactions with St. Dominic's Apartments (St. Dominic's), a related party that shares an Executive Director and CFO, were as follows:

- At St. Dominic's inception, CABH advanced \$58,088 and a \$10,000 minimum capital investment to St. Dominic's. The initial minimum capital investment may be paid to the sponsor after three years of operations, as long as St. Dominic's meets certain performance measures prescribed by HUD.
- During fiscal year 2018, CABH became the managing agent for St. Dominic's and provided property management services for the project. At June 30, 2024, St. Dominic's owed \$72,936 to CABH.

For the year ended June 30, 2024, transactions with Oscar Romero House (ORH), a related party that shares an Executive Director and CFO, were as follows:

- During fiscal year 2024, ORH owed CABH \$11,649 for reimbursement of expenses CABH paid on behalf of ORH.

For the year ended June 30, 2024, transactions with Assisi Housing Corporation (Assisi), a related party that shares an Executive Director and CFO, were as follows:

- At June 30, 2024, Assisi owed CABH \$25,995 for reimbursement of expenses CABH paid on behalf of Assisi.

NOTE L - COMMITMENTS AND CONTINGENCIES

CABH receives funding under certain government contracts. Most of these grants and contracts are subject to possible final audit determination by certain government agencies. Management believes the aforementioned grants and contracts have been expended within their specified terms and conditions.

In August 2008, CABH obtained a mortgage from a local bank to make improvements to property that CABH owns as rental property for income-eligible households. Federal Home Loan Bank of Boston provided a local bank \$79,921 to be used as an interest rate subsidy to lower the interest rate on a mortgage to CABH. Since the mortgage agreement has the stipulation that the interest rate subsidy of \$79,921 must be returned if the property is sold or refinanced, or if CABH ceases to rent the property to income-eligible households within fifteen (15) years from date of completion of the project, a contingent liability is disclosed herein.

In August 2008, CABH obtained a mortgage from a local bank to make improvements to property that CABH owns as rental property for income-eligible households. Federal Home Loan Bank of Boston provided a local bank \$127,325 which was passed on to CABH as a non-interest-bearing direct subsidy.

COMMUNITY ACTION FOR BETTER HOUSING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE L - COMMITMENTS AND CONTINGENCIES (Continued)

Since the mortgage agreement has the stipulation that the \$127,325 must be returned if the property is sold or refinanced, or if CABH ceases to rent the property to income-eligible households within fifteen (15) years from date of completion of the project, a contingent liability is disclosed herein.

CABH holds several deferred note payables with the City of Fall River, MA, under the HOME Investment Partnership Program. See Note I for further information. The note payables accrue interest at various rates on an annual basis with final payment deferred until maturity. In the past, CABH has had similar note payables where all balances due have been forgiven. CABH expects the same to occur for the current deferred note payables. However, it is indeterminable if this will occur. As of June 30, 2024, CABH has estimated that \$286,907 of accrued interest would be payable should forgiveness not occur.

As of June 30, 2024 CABH, had reported assets held for resale of \$0.

NOTE M - DEFERRED REVENUE

In July 2013, CABH was awarded a \$240,000 grant from the City of New Bedford. The award funds were used for the rehabilitation of 73 Division Street, New Bedford. The grant terms include a ten (10) year affordability period which requires at least 51% of the beneficiaries of the project will be to persons with low and moderate income. The City of New Bedford placed a lien on the property for the full grant award and the lien is to remain on the property for the affordability period. Failure to comply with the affordability period or the sale of the property within that period will trigger repayment of the grant.

As of June 30, 2024, CABH has received \$239,621 from the City of New Bedford.

NOTE N - SUBSEQUENT EVENTS

Subsequent events have been evaluated through February 24, 2025, the date the financial statements were available to be issued. The City of New Bedford, Massachusetts through the Community Preservation Act awarded CABH a \$255,000 grant for the restoration of the Talbot Apartments including windows, gutters, siding and interior an exterior painting with am approval date by the New Bedford City Council May 7, 2024 and a completion date through June 30, 2025.

SINGLE AUDIT

CERTIFIED PUBLIC ACCOUNTANTS
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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
Community Action for Better Housing, Inc.
Fall River, 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 Community Action for Better Housing, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 24, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Community Action for Better Housing, Inc.'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 Community Action for Better Housing Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Community Action for Better Housing Inc.'s internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance

We have audited the financial statements of the financial statements of Community Action for Better Housing, Inc. (a nonprofit organization), as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise Community Action for Better Housing, Inc.'s basic financial statements for the year then ended, and have issued our report thereon dated February 20, 2024 which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditure of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

Hague, Sahady & Co., CPA's P.C.

Hague, Sahady & Co., CPA's PC
Fall River, Massachusetts
February 24, 2025

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

To the Board of Directors
Community Action for Better Housing, Inc.
Fall River, Massachusetts

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Community Action for Better Housing Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Community Action for Better Housing Inc.'s major federal programs for the year ended June 30, 2024. Community Action for Better Housing Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Community Action for Better Housing Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Community Action for Better Housing Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for

that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Community Action for Better Housing Inc.'s compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Community Action for Better Housing Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Community Action for Better Housing Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Community Action for Better Housing Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Hague, Sahady & Co., CPA's P.C.

Hague, Sahady & Co., CPA's PC
Fall River, Massachusetts
February 24, 2025

COMMUNITY ACTION FOR BETTER HOUSING, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2024

<u>Federal Grantor / Program Title</u>	<u>Passed Through:</u>	<u>Federal ALN</u>	<u>Federal Expenditures</u>	<u>Passed to Subrecipients</u>
<i>US Department of Housing and Urban Development (HUD):</i>				
Community Development Block Grants/Entitlement Grants	City of New Bedford	14.218	\$ 84,055	-
	Total CDBG Program:		<u>84,055</u>	<u>-</u>
Home Investment Partnerships Program	City of New Bedford	14.239*	\$ 2,621,499	-
Home Investment Partnerships Program	City of Fall River	14.239*	2,182,960	-
	Total HOME Investment Partnership Program:		<u>4,804,459</u>	<u>-</u>
			<u>\$ 4,888,514</u>	<u>-</u>

*Selected as a major program

See accompanying notes to the schedule of expenditures of federal awards

COMMUNITY ACTION FOR BETTER HOUSING, INC.

**NOTES TO THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

Year Ended June 30, 2024

A. Basis of Presentation

The accompanying schedule of expenditures of federal awards (schedule) includes the federal grant activity of Community Action for Better Housing (CABH) under programs of the federal government for the year ended June 30, 2024. The information in this schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the schedule presents only a selected portion of the operations of CABH, it is not intended to and does not present the financial position, changes in net assets or cash flows of CABH.

B. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

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

Expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-122, Cost Principles for Non-Profit Organizations, or the cost principles contained in *Title 2 U.S. code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

C. Loan Programs with Continuing Compliance Requirements

Total expenditures in the accompanying schedule of expenditures of federal awards for the HOME Investment Partnership (HOME) program (ALN 14.239) includes the total amount of new loans made during fiscal year 2024, as well as the unpaid principal balance from loans originated in previous years for which the Federal government imposed “continuing compliance requirements” through 42 USC 12701-12839 and 3535(d), with implementing regulations codified at 24 CFR part 92.

As of June 30, 2024, the HOME program had loan balances subject to continuing compliance requirements of \$4,804,459. Uniform Guidance (2 CFR 200.502) requires this amount be included in the “basis for determining Federal awards expended” on the current year schedule of expenditures of federal awards as the Federal government is at risk for the loans until the debt is repaid. The beginning balance of the loans subject to continuing compliance requirements was \$4,804,459 at July 1, 2023.

COMMUNITY ACTION FOR BETTER HOUSING, INC.

SUMMARY OF AUDIT RESULTS

June 30, 2024

1. Summary of Audit Results

Financial Statements (Government Auditing Standards)

We have audited the financial statements of the Community Action for Better Housing, Inc., as of and for the year Ended June 30, 2024 and have issued our reports thereon dated February 20, 2024. 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.

The results of our audit are as follows:

Type of Report issued on the Financial Statements	Unqualified
Internal Control over Financial Reporting:	
Material Weakness(es) Identified?	No
Significant Deficiencies Identified that are not considered to be Material Weakness(es)?	No
Noncompliance Material to the Financial Statements Noted?	No

Federal Awards (Uniform Guidance)

We have audited the compliance of the Community Action for Better Housing, Inc., with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of its major federal programs for the Year Ended June 30, 2024 and have issued our reports thereon dated February 20, 2024. We performed this audit under the requirements of 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

The results of our audit are as follows:

Internal Control over Major Programs:	
Material Weakness(es) Identified?	No
Significant Deficiencies Identified that are not considered to be Material Weakness(es)?	No

Type of Report on Compliance for Major Programs:	
Home Investment Partnerships Program (ALN 14.239)	Unqualified

Disclosure of Audit Findings required to be reported under the Uniform Guidance (2 CFR Part 200 Section 200.516(a)):	Yes
--	-----

Identification of Major Programs:

Name of Federal Program or Cluster:	ALN Number
Home Investment Partnerships Program	14.239

Threshold for distinguishing Type A and Type B Programs was \$750,000.

The Community Action for Better Housing, Inc. does not qualify as a low risk auditee.

COMMUNITY ACTION FOR BETTER HOUSING, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2024

2. Findings on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on our Audit of the Financial Statements (Government Auditing Standards):

No current year findings to be reported in accordance with Government Auditing Standards.

3. Findings and Questioned Costs Which are Required to be Reported Over Each Major Federal Program and on Internal Control Over Compliance Required by Uniform Guidance:

No current year findings to be reported in accordance with Uniform Guidance.

4. Status of Prior Year Findings – On Internal Control Over Financial Reporting and on Compliance and Other Matters Based on our Audit of the Financial Statements (Government Auditing Standards):

There were no prior year findings in the financial statement audit (Government Auditing Standards).

5. Status of Prior Year Findings - Over Each Major Federal Program and on Internal Control Over Compliance Required by Uniform Guidance:

There were no prior year findings to be reported under Uniform Guidance.