

***COMMUNITY ACTION FOR BETTER HOUSING, INC.***

*FINANCIAL STATEMENTS*  
*and*  
*SINGLE AUDIT*

For the Year Ended June 30, 2020

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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 Financial Statements**

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, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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

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

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

## **Opinion**

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

## **Other Matters**

### *Other information*

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, 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 accounts 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 information 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 October 15, 2020, 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 to solely 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. PC*

**Hague, Sahady & Co., CPAs, P.C.**

Fall River, Massachusetts  
October 15, 2020

**COMMUNITY ACTION FOR BETTER HOUSING, INC.**

**STATEMENT OF FINANCIAL POSITION**

June 30, 2020

**ASSETS**

**Current Assets**

Cash	\$	487,197
Rent receivable, net of allowance for doubtful accounts of \$0		4,379
Other receivable - related parties		7,277
Prepaid expenses		1,000
<i>Total Current Assets</i>		<u>499,853</u>

**Noncurrent Assets**

Property and equipment, net of accumulated depreciation of \$2,571,748		7,084,690
Assets held for sale		367,395
Due from related parties		68,088
Escrow deposits		43,131
Replacement reserves		65,209
Tenant security deposits		17,174
<i>Total Noncurrent Assets</i>		<u>7,645,687</u>

**Total Assets** \$ 8,145,540

**LIABILITIES AND NET ASSETS (DEFICIT)**

**Liabilities**

**Current Liabilities**

Accounts payable	\$	6,708
Accrued expenses		21,810
Note payable - line of credit		274,840
Note payable - payroll protection program		92,468
Notes payable - current maturities		59,476
<i>Total Current Liabilities</i>		<u>455,302</u>

**Noncurrent Liabilities**

Tenant security deposits liability		16,875
Due to related party		157,526
Deferred revenue		239,621
Notes payable, net of current maturities		8,074,317
<i>Total Noncurrent Liabilities</i>		<u>8,488,339</u>

**Total Liabilities** 8,943,641

**Net Assets (Deficit)**

**Without Donor Restrictions**

Undesignated		<u>(798,101)</u>
<b>Total Net Assets (Deficit)</b>		<u>(798,101)</u>

*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, 2020

	<b><u>Without Donor Restrictions</u></b>
<b>REVENUE, SUPPORT AND GAINS</b>	
Rental income	\$ 849,117
Donation income	50,000
Grant Income	30,000
Property management and administrative fees	142,473
Miscellaneous income	65,309
Interest income	766
Gain on property held for sale	<u>34,135</u>
<i>Total revenues, support and gains</i>	1,171,800
<b>EXPENSES</b>	
Program services	1,019,652
Support services	<u>217,016</u>
<i>Total expenses</i>	<u>1,236,668</u>
Change in net assets	(64,868)
Unrestricted net assets (deficit), beginning of year	<u>(733,233)</u>
Unrestricted net assets (deficit), end of year	<u><u>\$ (798,101)</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, 2020

	<b>Program Services</b>	<b>Support Services</b>	<b>Total Expenses</b>
Payroll	\$ 248,340	\$ 154,799	\$ 403,139
Payroll taxes	27,852	17,138	44,990
Payroll service	-	2,806	2,806
Accounting and auditing	-	20,800	20,800
Computer expense	745	519	1,264
Conferences and trainings	-	1,147	1,147
Depreciation	254,353	-	254,353
Insurance	76,707	-	76,707
Interest	80,519	-	80,519
Legal	29,825	-	29,825
Mileage	-	505	505
Miscellaneous	8,200	5,502	13,702
Office expense	392	4,829	5,221
Property taxes	(1,056)	-	(1,056)
Repairs and maintenance	141,531	223	141,754
Service contracts	1,085	-	1,085
Telephone and internet	5,191	8,748	13,939
Utilities	145,968	-	145,968
<i>Total expenses</i>	<u>\$ 1,019,652</u>	<u>\$ 217,016</u>	<u>\$ 1,236,668</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, 2020

<b>Cash Flows from Operating Activities</b>	
<b>Change in net assets</b>	\$ (64,868)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	254,353
Gain on sale of assets held for resale	(34,135)
Change in:	
Rent receivable	(2,771)
Other receivables	7,649
Replacement reserves	(2,400)
Escrow deposits	(8,764)
Tenant security deposits	(35)
Accounts payable	(59,731)
Accrued expenses	(1,709)
Tenant security deposits liability	36
<i>Net cash provided by operating activities</i>	<u>87,625</u>
<b>Cash Flows from Investing Activities</b>	
Purchases of property and equipment	-
Proceeds from sale of assets held for resale	294,339
Purchases of property held for sale	(252,219)
<i>Net cash used in investing activities</i>	<u>42,120</u>
<b>Cash Flows from Financing Activities</b>	
Proceeds from notes payable	150,138
Proceeds from line of credit	221,201
Payments to line of credit	(77,316)
<i>Net cash provided by financing activities</i>	<u>294,023</u>
Net increase in cash	423,768
Cash, Beginning of Year	<u>63,428</u>
Cash, End of Year	<u>\$ 487,197</u>
<b>Supplemental Disclosure of Cash Flow Information:</b>	
Interest paid	<u>\$ 80,519</u>

*The accompanying notes are an integral part of these financial statements*



# **COMMUNITY ACTION FOR BETTER HOUSING, INC.**

## **NOTES TO FINANCIAL STATEMENTS**

Year Ended June 30, 2020

### **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. Due to COVID-19 the implementation of this standard has been delayed by one year.

#### ***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, 2020, 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.

**COMMUNITY ACTION FOR BETTER HOUSING, INC.**

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2020

**NOTE B - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Rent Receivables (Continued)***

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, 2020, 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.

***Rental Income***

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

***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, 2020 and in the opinion of management, there were no impairments.

***Compensated Absences***

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

***Revenue Recognition***

Due to COVID-19 the FASB issued a statement that would delay the implementation of ASU 2014-09 (Topic 606). The organization is currently evaluating the impact of the provisions of ASC 2014-09 (Topic 606) for the fiscal year 2021 implementation.

# **COMMUNITY ACTION FOR BETTER HOUSING, INC.**

## **NOTES TO FINANCIAL STATEMENTS**

Year Ended June 30, 2020

### ***NOTE B - SIGNIFICANT ACCOUNTING POLICIES (Continued)***

#### ***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, 2020.

#### ***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, 2017, 2018 and 2019.

#### ***Functional Allocation of Expenses***

Expenditures incurred in connection with project operations and expenses for entity and mortgage 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.

**COMMUNITY ACTION FOR BETTER HOUSING, INC.**

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2020

**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	\$ 487,197
Rent receivable	4,379
Other receivable - related parties	7,277
Escrow deposits	43,131
Replacement reserves	65,209
Tenant security deposits	17,174
Less: Deposits not available for general expenditures	(60,305)
Less: Replacement reserves not expected to cover general expenditures	<u>(65,209)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 498,853</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, 2020 consisted of the following:

Replacement reserve	\$ 32,058
Insurance escrow	<u>11,073</u>
Total	<u><u>\$ 43,131</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  
Year Ended June 30, 2020

**NOTE E - PROPERTY AND EQUIPMENT**

Property and equipment was comprised of the following at June 30, 2020:

Land	\$1,032,223
Building	2,942,293
Improvements	5,504,784
Furniture and equipment	177,138
	<u>9,656,438</u>
Less accumulated depreciation	<u>(2,571,748)</u>
	<u>\$7,084,690</u>

Depreciation expense for the year ended June 30, 2020 was \$254,353.

**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, 2020, CABH has reserved \$65,209 for such purposes.

**NOTE G - 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, 2020. The balance due on the line of credit at June 30, 2020 was \$274,840. The line is subject to renewal each year and was renewed in May 2020.

**NOTE H - Paycheck Protection Program**

The Paycheck Protection Program (PPP) is a small business administration (SBA) loan that helped businesses keep their workforce employed during the Coronavirus (COVID-19) crisis. The SBA will forgive loans if all employee retention criteria are met and the funds are used for eligible expenses. Eligible expenses include funds used for payroll costs, interest on mortgages, rent and utilities (due to high subscription at least 60% of the forgiven amount must have been used for payroll.)

CABH received a PPP loan in the amount of \$92,468. If the loan is not forgiven the loan has an interest rate of 1% and a two-year maturity. CABH spent \$72,500 (78%) on payroll. The remaining amount was used on mortgage interest and utilities.

**COMMUNITY ACTION FOR BETTER HOUSING, INC.**

NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2020

**NOTE I - LONG-TERM DEBT**

At June 30, 2020, 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

Year Ended June 30, 2020

**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. 233,151

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. 158,852

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

Year Ended June 30, 2020

**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. 77,203

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. 71,953

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. 40,748

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. 28,796

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. 29,922

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. 48,905

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. 92,860

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. 107,260

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. 54,358



**COMMUNITY ACTION FOR BETTER HOUSING, INC.**

NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2020

**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.	163,867
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.	44,064
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.	120,736
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.	230,188
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.	158,307
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
Unsecured note payable with the Community Economic Development Assistance Corporation. Interest and principal are due and payable when CABH purchases 189 Wellington Street, Fall River, MA from the Diocese of Fall River. Interest at 7% per annum.	7,470

**COMMUNITY ACTION FOR BETTER HOUSING, INC.**

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2020

**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 in October 2019 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 New Bedford Housing Authority, secured by property located at 73 Division Street, New Bedford,

**COMMUNITY ACTION FOR BETTER HOUSING, INC.**

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2020

MA. Loan is due and payable on demand upon the sale, lease, transfer, change in use of the property or CABH fails to perform

**NOTE I - LONG-TERM DEBT (Continued)**

conditions or covenants contained in the note. Interest at 8.00% per annum. 100,000

Total long-term debt 8,133,793  
Less: current maturities (59,476)  
\$ 8,074,317

Minimum payments due under the terms of the notes as of June 30, 2020 are as follows:

	<u>Amount</u>
2021	\$ 59,476
2022	62,131
2023	60,324
2024	60,503
Thereafter	<u>7,887,358</u>
	<u>\$ 8,133,793</u>

Interest expense was \$80,519 for the year ended June 30, 2020.

**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 \$589,217 bank balance as of June 30, 2020, \$250,000 was FDIC insured while the remaining bank balance of \$339,217 was insured by Depositors Insurance Fund.

**NOTE K – RELATED PARTY TRANSACTIONS**

For the year ended June 30, 2020, 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 \$265,436 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, 2020, CABH owed \$157,526 to CSS.

## **COMMUNITY ACTION FOR BETTER HOUSING, INC.**

### **NOTES TO FINANCIAL STATEMENTS**

Year Ended June 30, 2020

- At June 30, 2020, CSS owed \$318 to CABH. This amount is included in other receivables on the Statement of Financial Position.

#### **NOTE K - RELATED PARTY TRANSACTIONS (Continued)**

For the year ended June 30, 2020, transactions with St. Dominic's Apartments (St. Dom's), a related party that shares an Executive Director and CFO, were as follows:

- At St. Dom's inception, CABH advanced \$58,088 and a \$10,000 minimum capital investment to St. Dom's. The initial minimum capital investment may be paid to the sponsor after three years of operations, as long as St. Dom's meets certain performance measures prescribed by HUD.
- During fiscal year 2018, CABH became the managing agent for St. Dom's and provided property management services for the project. At June 30, 2020, St. Dom's owed \$0 to CABH.

For the year ended June 30, 2020, transactions with Oscar Romero House (ORH), a related party that shares an Executive Director and CFO, were as follows:

- During fiscal year 2020, ORH owed CABH \$6,959 for reimbursement of expenses CABH paid on behalf of ORH.

For the year ended June 30, 2020, transactions with Assisi Housing Corporation (Assisi), a related party that shares an Executive Director and CFO, were as follows:

- At June 30, 2020, Assisi owed CABH \$0 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. Since the mortgage agreement has the stipulation that the \$127,325 must be returned if the property is

**COMMUNITY ACTION FOR BETTER HOUSING, INC.**

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2020

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.

**NOTE K - COMMITMENTS AND CONTINGENCIES (Continued)**

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, 2020, CABH has estimated that \$184,329 of accrued interest would be payable should forgiveness not occur.

During fiscal year 2020 the rehabilitation of 94 Clark Street, New Bedford, MA was completed and in February 2020 the property was sold for \$61,295.

During fiscal year 2020, the rehabilitation of 41 Worcester Street New Bedford, MA was completed and in June 2019 the property was sold for \$291,132.

The properties were sold to eligible low-income, first-time homebuyers.

As of June 30, 2020 CABH, had reported assets held for resale of \$367,395.

**NOTE L - 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, 2020, CABH has received \$239,621 from the City of New Bedford.

**NOTE M - SUBSEQUENT EVENTS**

Subsequent events have been evaluated through October 15, 2020, the date the financial statements were available to be issued. No such events requiring recording or disclosure subsequent to year-end were noted as of October 15, 2020.

***SUPPLEMENTARY INFORMATION***

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 the Community Action for Better Housing, Inc. (CABH) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, 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 October 15, 2020.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered CABH's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CABH's internal control. Accordingly, we do not express an opinion on the effectiveness of CABH's internal control.

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether CABH’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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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



**Hague, Sahady & Co., CPAs, P.C.**

Fall River, Massachusetts  
October 15, 2020



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE *UNIFORM GUIDANCE*

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

Community

***Report on Compliance for Each Major Federal Program***

We have audited Community Action for Better Housing, Inc.'s (CABH's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of CABH's major federal programs for the year ended June 30, 2020. CABH's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of CABH's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about CABH's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of CABH's compliance.

***Opinion on Each Major Federal Program***

In our opinion, CABH's 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, 2020.

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

Management of CABH is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered CABH's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of CABH's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis.

*A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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.

### ***Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance***

We have audited the financial statements of Community Action for Better Housing, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the basic financial statements for the year then ended, and have issued our report thereon dated October 15, 2020, 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 Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.



**Hague, Sahady & Co., CPAs, P.C.**

Fall River, Massachusetts  
October 15, 2020

**COMMUNITY ACTION FOR BETTER HOUSING, INC.**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Year Ended June 30, 2020

<u>Federal Grantor / Program Title</u>	<u>Passed Through:</u>	<u>Federal CFDA</u>	<u>Federal Expenditures</u>	<u>Passed to Subrecipients</u>
<i>US Department of Housing and Urban Development (HUD):</i>				
Community Development Block Grant (CDBG)	City of New Bedford	14.228	84,055	-
	Total CDBG Program:		<u>84,055</u>	<u>-</u>
Home Investment Partnerships Program	City of New Bedford	14.239*	2,530,577	\$ -
Home Investment Partnerships Program	City of Fall River	14.239*	2,182,960	-
	Total HOME Investment Partnership Program:		<u>4,713,537</u>	<u>-</u>
			<u>\$ 4,797,592</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, 2020

### **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, 2020. 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 (CFDA 14.239) includes the total amount of new loans made during fiscal year 2019, 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, 2020, the HOME program had loan balances subject to continuing compliance requirements of \$4,713,537. 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 \$4,495,79 at July 1, 2019.

# COMMUNITY ACTION FOR BETTER HOUSING, INC.

## SUMMARY OF AUDIT RESULTS

June 30, 2020

### 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, 2020 and have issued our reports thereon dated October 15, 2020. 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, 2019 and have issued our reports thereon dated October 15, 2020. 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 (CFDA 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:	CFDA 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 qualify as a low risk auditee.

**COMMUNITY ACTION FOR BETTER HOUSING, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Year Ended June 30, 2020

**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).

**COMMUNITY ACTION FOR BETTER HOUSING, INC.**

**STATUS OF PRIOR YEAR FINDINGS**

Year Ended June 30, 2020

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

<b>Prior Year Finding</b>	2019-001
<b>Information on Federal Program:</b>	14.239 – HOME Partnerships Program
<b>Condition:</b>	CABH developed written policies, procedures and standards of conduct relative to Federal awards as required by Uniform guidance (2 CFR 200), Subparts D (Post Federal Award Requirements) and E (Cost Principles) however, the polices did not contain the required elements or reference to the Uniform Guidance. This applies not only to the major programs tested during the fiscal year 2019 audit, but all federal programs.
<b>Recommendation:</b>	It was recommended that CABH establish written policies, procedures or standards of conduct for the following sections:  Financial management (200.302) Payment (200.305) General procurement standards (200.318) (see below) Competition (200.319) Methods of procurement to be followed (200.320) Compensation – personal services (200.430) Compensation – fringe benefits (200.431) Relocation costs of employees (200.464) Travel costs (200.474)
<b>Current Status:</b>	CABH enhanced their written policy. The prior year finding 2019-001 has been cleared.