

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

**UNIFORM FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

**YEAR ENDED SEPTEMBER 30, 2017
(WITH COMPARATIVE TOTALS FOR THE
YEAR ENDED SEPTEMBER 30, 2016)**

SOUTHEASTERN MASS VETERANS HOUSING PROGRAM, INC.
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(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2016)

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Southeastern Mass Veterans Housing Program, Inc. (a Massachusetts nonprofit organization), which comprise the statement of financial position as of September 30, 2017, 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 Southeastern Mass Veterans Housing Program, Inc. as of September 30, 2017, 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

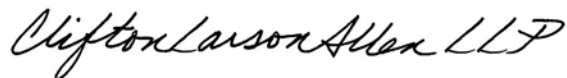
Our audit was performed for the purpose of forming an opinion on the basic financial statements as a whole. The accompanying UFR Organization Supplemental Information Schedule A and UFR Program Supplemental Information Schedule B, is presented for purposes of additional analysis as required by the Commonwealth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

Report on Summarized Comparative Information

We have previously audited Southeastern Mass Veterans Housing Program, Inc. 2016, financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 14, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2018, on our consideration of Southeastern Mass Veterans Housing Program, 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 Southeastern Mass Veterans Housing Program, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Southeastern Mass Veterans Housing Program, Inc.'s internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

New Bedford, Massachusetts
January 30, 2018

ORGANIZATION : Southeastern Massachusetts Veterans Housing program,

FEIN: 111190035

STATEMENT OF FINANCIAL POSITION AS OF 09/30/2017
(BALANCE SHEET)

WITH COMPARATIVE TOTALS AS OF 9/30/2016

	CURRENT OPERATIONS	PLANT	ENDOWMENT	CUSTODIAN	TOTAL THIS YEAR	TOTAL LAST YEAR
ASSETS						
1	Cash and Cash Equivalents	33,574			33,574	24,476
2	Accounts Receivable, Program Services	209,359			209,359	232,393
3	Allowance for Doubtful Accounts					
4	Net Accounts Receivable, Program Services	209,359			209,359	232,393
5	Contributions Receivable					
6	Notes Receivable					
7	Prepaid Expenses	18,112			18,112	15,896
8	Other Accounts Receivable					
9	Other Current Assets					
10	Short-Term Investments					
11	TOTAL CURRENT ASSETS	261,045			261,045	272,765
12	Land, Buildings, and Equipment		2,493,207		2,493,207	2,493,207
13	Accumulated Depreciation		(1,085,488)		(1,085,488)	(1,014,435)
14	Net Land, Buildings and Equipment		1,407,719		1,407,719	1,478,772
15	Long-Term Investments					
16	Other Assets					
17	Due From Other Funds					
18	TOTAL ASSETS	261,045	1,407,719		1,668,764	1,751,537
LIABILITIES AND NET ASSETS						
19	Accounts Payable	6,051			6,051	3,260
20	Subcontract Payable					
21	Accrued Expenses	40,481			40,481	40,024
22	Current Notes Payable					80,000
23	Current Portion Long-Term Debt		47,398		47,398	50,375
24	Deferred Revenue					
25	Other Current Liabilities					
26	TOTAL CURRENT LIABILITIES	46,532	47,398		93,930	173,659
27	Long-Term Notes & Mortgage Payable		722,056		722,056	763,415
28	Other Liabilities	9,587			9,587	5,871
29	Due to Other Funds					
30	TOTAL LIABILITIES	56,119	769,454		825,573	942,945
NET ASSETS						
31	Unrestricted	204,926	638,265		843,191	808,592
32	Temporarily Restricted					
33	Permanently Restricted					
34	TOTAL NET ASSETS	204,926	638,265		843,191	808,592
35	TOTAL LIABILITIES AND NET ASSETS	261,045	1,407,719		1,668,764	1,751,537

See Accompanying Notes to the Financial Statements

ORGANIZATION : Southeastern Massachusetts Veterans F

FEIN: 111190035

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED

09/30/2017

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED

09/30/2016

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL THIS YEAR	TOTAL LAST YEAR
REVENUES, GAINS, AND OTHER SUPPORT					
1 Contributions, Gifts, Legacies, Bequests & Special Events	150,959			150,959	70,420
2 In-Kind Contributions	23,019			23,019	28,362
3 Grants					
4 Program Service Fees	1,238,621			1,238,621	1,344,901
5 Federated Fundraising Organization Allocation					
6 Investment Revenue	17			17	4
7 Revenue from Commercial Products & Services					
8 Other	25,773			25,773	13,213
9 Net Assets Released From Restrictions:					
10 Satisfaction of Program Restrictions					
11 Satisfaction of Equipment Acquisition Restrictions					
12 Expiration of Time Restrictions					
13 TOTAL REVENUE, GAINS, AND OTHER SUPPORT	1,438,389			1,438,389	1,456,900
EXPENSES AND LOSSES					
14 Administration (Management & General)	93,848			93,848	134,960
15 Fundraising	10,508			10,508	7,677
16 Total Program Services	1,299,434			1,299,434	1,430,901
17 TOTAL EXPENSES	1,403,790			1,403,790	1,573,538
18 Losses					
19 TOTAL EXPENSES AND LOSSES	1,403,790			1,403,790	1,573,538
CHANGES IN NET ASSETS:					
20 Property & Equipment Acquisitions from Unrestricted Funds					
21 Transfer of Realized Endowment Fund Appreciation					
22 Return to Donor					
23 Other Increases (Decreases)					
24 TOTAL CHANGES IN NET ASSETS	34,599			34,599	(116,638)
25 NET ASSETS AT BEGINNING OF YEAR	808,592			808,592	925,230
26 NET ASSETS AT END OF YEAR	843,191			843,191	808,592

See Accompanying Notes to Financial Statements

ORGANIZATION : Southeastern Massachusetts Veterans Housing progr **FEIN:** 111190035

Statement of Functional Expenses for the Year Ended: 09/30/2017

	SUPPORTING SERVICES		PROGRAM SERVICES
	TOTALS	ADMINISTRATION (MNGT. & GEN.)	FUND RAISING
	TOTAL	ADMINISTRATION (MNGT. & GEN.)	FUND RAISING
1. Employee Compensation & Related Expenses	877,193	43,411	833,782
2. Occupancy	190,837	5,725	185,112
3. Other Program / Operating Expense	103,516	2,239	101,277
4. Subcontract Expense	10,508		10,508
5. Direct Administrative Expense	124,916	33,430	91,486
6. Other Expenses	25,767	1,049	24,718
7. Depreciation of Buildings and Equipment	71,053	7,994	63,059
8. TOTAL EXPENSES	1,403,790	93,848	1,299,434

See Accompanying Notes to Financial Statements

*
ORGANIZATION : Southeastern Massachusetts Veterans Housing progr **FEIN:** 111190035

Statement of Functional Expenses for the Year Ended: 09/30/17

	PROGRAM #	PROGRAM #	PROGRAM #	PROGRAM #	PROGRAM #
	<u>01-R</u>	<u>3</u>	<u>6</u>	<u>01-W</u>	<u>7</u>
1. Employee Compensation & Related Expenses	<u>484,725</u>	<u>80,036</u>	<u>7,265</u>	<u>45,823</u>	<u>192,395</u>
2. Occupancy	<u>114,502</u>	<u>19,084</u>	<u>5,725</u>	<u>15,267</u>	<u>5,725</u>
3. Other Program / Operating Expense	<u>64,603</u>	<u>15,158</u>	<u>5,002</u>	<u>4,531</u>	<u>11,983</u>
4. Subcontract Expense	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>
5. Direct Administrative Expense	<u>57,294</u>	<u>10,251</u>	<u>5,849</u>	<u>6,918</u>	<u>7,269</u>
6. Other Expenses	<u>11,731</u>	<u>5,496</u>	<u>408</u>	<u>4,356</u>	<u>2,727</u>
7. Depreciation of Buildings and Equipment	<u>42,987</u>	<u>11,600</u>	<u>1,847</u>	<u>6,625</u>	<u></u>
8. TOTAL EXPENSES	<u>775,842</u>	<u>141,625</u>	<u>26,096</u>	<u>83,520</u>	<u>220,099</u>

See Accompanying Notes to Financial Statements

ORGANIZATION : Southeastern Massachusetts Veterans Housing progr FEIN: 111190035

Statement of Functional Expenses for the Year Ended: 09/30/17

	PROGRAM #	PROGRAM #	PROGRAM #	PROGRAM #	PROGRAM #
	<u>8</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
1. Employee Compensation & Related Expenses	<u>23,538</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
2. Occupancy	<u>24,809</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
3. Other Program / Operating Expense	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
4. Subcontract Expense	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
5. Direct Administrative Expense	<u>3,905</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
6. Other Expenses	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
7. Depreciation of Buildings and Equipment	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
8. TOTAL EXPENSES	<u>52,252</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

See Accompanying Notes to Financial Statements

ORGANIZATION : Southeastern Massachusetts Veteran

FEIN: 111190035

STATEMENT OF CASH FLOWS for the YEAR ENDED

09/30/2017

INDIRECT METHOD

	TOTAL
Cash Flows from Operating Activities:	
1 Changes in Net Assets	34,599
Adjustments to Reconcile Change In Net Assets to Net	
Cash provided by/(used in) Operating Activities:	
2 Depreciation	71,053
3 Losses	
4 Increase/Decrease in Net Accounts Receivable	12,937
5 Increase/Decrease in Prepaid Expenses	(2,216)
6 Increase/Decrease in Contributions Receivable	
7 Increase/Decrease in Accounts Payable	2,791
8 Increase/Decrease in Accrued Expenses	457
9 Increase/Decrease in Deferred Revenue	
10 Increase/Decrease in Subcontract Payable	
11 Contributions Restricted for Long-Term Investment	
12 Net Unrealized and Realized Gains on Long-Term Investments	
13 Other Cash Used in/Provided by Operating Activities	13,813
14 Net Cash Provided by/(used in) Operating Activities	133,434
Cash Flows from Investing Activities:	
15 Insurance Proceeds	
16 Purchase(s) of Capital Assets (Land, Bldgs. & Equip.)	
17 Proceeds from Sale(s) of Investments	
18 Purchase(s) of Investments	
19 Purchase(s) of Assets Restricted To Long-Term Investment	
20 Other Investing Activities	
21 Net Cash Provided by/(used in) Investing Activities	
Cash from Financing Activities:	
Proceeds from Contributions Restricted For:	
22 Investment in Endowment	
23 Investment in Term Endowment	
24 Investment in Plant (Land Bldgs. & Equip.)	
Other Financing Activities:	
25 Contributions Restricted for Long-Term Investment	
26 Interest and Dividends Restricted for Reinvestment	
27 Payments on Notes Payable	(80,000)
28 Payments on Long-Term Debt	(44,336)
29 Other Finance Payments/Reciepts	
30 Net Cash Provided by/(used in) Financing Activities	(124,336)

See Accompanying Notes to the Financial Statements

ORGANIZATION : Southeastern Massachusetts Veteran

FEIN: 111190035

STATEMENT OF CASH FLOWS for the YEAR ENDED

09/30/2017

INDIRECT METHOD

31	Net Increase/(Decrease) in Cash and Cash Equivalents	<u>9,098</u>
32	Cash and Cash Equivalents at Beginning of Year	<u>24,476</u>
33	Cash and Cash Equivalents at End of Year	<u><u>33,574</u></u>

Supplemental Disclosure of Cash Flow Information:

34	Cash Paid During the Year for Interest	<u>30,956</u>
35	Cash Paid During the Year for Taxes/Other	<u> </u>

Supplemental Data for Noncash Investing and Financing Activities:

36	Gifts of Equipment	<u> </u>
37	Other Noncash Investing and Financing Activities	<u> </u>
38		<u> </u>
39		<u> </u>
40		<u> </u>

See Accompanying Notes to the Financial Statements

SOUTHEASTERN MASS VETERANS HOUSING PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 1 ORGANIZATION AND NATURE OF OPERATIONS

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

The Agency provides the following programs:

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

Network House — This program provided support and assistance to homeless males in New Bedford, Massachusetts until the program ended in April 2016. The types of services included, but were not limited to, comprehensive case management, support groups, substance abuse counseling, and independent living skills. The ultimate goal of this division was to transition the men into independent, permanent housing.

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

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

- Health care services
- Daily living services
- Personal financial planning services
- Transportation services
- Fiduciary and payee services
- Legal services
- Child care services
- Housing counseling services

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

SOUTHEASTERN MASS VETERANS HOUSING PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation

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

Donated Goods

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

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

During the year ended September 30, 2017, the Agency received in-kind donations of food totaling \$23,019.

Display of Net Assets by Class

Financial statement presentation follows the recommendation of professional standards. Under the standards, the Agency is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. A description of the three net asset categories follows:

Unrestricted Net Assets — Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purpose action by the Board of Directors.

Temporarily Restricted Net Assets — Net assets whose use by the Agency is subject to donor-imposed restrictions that can be fulfilled by actions of the Agency pursuant to those restrictions or that expire by the passage of time.

Permanently Restricted Net Assets — Net assets subject to donor-imposed stipulations that they be maintained permanently by the Agency. No permanently restricted assets were held during 2017 and, accordingly, these financial statements do not reflect any activity related to this class of net assets.

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

SOUTHEASTERN MASS VETERANS HOUSING PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Summarized Comparative Data

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Agency's financial statements for the year ended September 30, 2016, from which the summarized information was derived.

Cash and Cash Equivalents

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

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides probable uncollectible amounts through a provision of bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts, or upon move-out of the client, are written off through a charge to the valuation allowance and a credit to accounts receivable. As of September 30, 2017, management estimated all receivables were collectible and therefore there was no provision for uncollectible accounts.

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

Property and Equipment

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

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

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

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

SOUTHEASTERN MASS VETERANS HOUSING PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment (Continued)

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

Expense Allocation

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

Tax Exempt Status

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

Advertising

The Agency expenses advertising costs when they are incurred. Advertising expense for the year ended September 30, 2017 was \$2,150.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates and assumptions.

Subsequent Events

Subsequent events have been evaluated through January 30, 2018, the date the financial statements were available to be issued. No such events requiring disclosure subsequent to year-end were noted as of January 30, 2018 except as noted below.

SOUTHEASTERN MASS VETERANS HOUSING PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Financing Costs

Deferred financing costs totaling \$23,521 incurred for bank financing have been accounted for as a reduction in the related outstanding loans and are being amortized, using the straight-line method, over the life of the loan to interest expense.

Funding (Revenue) Recognition

The Agency operates its programs under various cost reimbursement contracts with the Federal Government and the Commonwealth of Massachusetts. Under cost-reimbursement programs, recognition of income takes place as costs related to the services provided are incurred. Billings on the contracts are subject to final approval by the governmental agency.

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions for which restrictions are met in the same period the contribution is received are reported as unrestricted.

NOTE 3 CONCENTRATIONS OF CREDIT RISK

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

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

SOUTHEASTERN MASS VETERANS HOUSING PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 3 CONCENTRATIONS OF CREDIT RISK (CONTINUED)

The majority of the Agency's revenue is provided from the Federal Government and the Commonwealth of Massachusetts. The balance is made up of private grants and fees, contributions and other unrestricted revenue. Substantially all of the Agency's trade receivables are due from entities in Massachusetts. All revenue is recorded at the estimated net realizable amounts. The following is a summary of the sources of revenue and monies owed to the Agency as of September 30, 2017:

	Revenue	Accounts Receivable
Commonwealth of Massachusetts	45 %	78 %
Federal - Direct or Passed Through	29	7
Private Fees	9	-
Contributions and Other	17	15
Totals	100 %	100 %

The Agency maintains its cash in deposits at local financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). Deposits at FDIC insured institutions are insured up to \$250,000 per depositor. At September 30, 2017, there were no uninsured balances.

NOTE 4 MORTGAGES AND NOTES PAYABLE

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

<u>Description</u>	<u>Amount</u>
Note payable - bank, payable in 360 monthly installments of principal and interest of \$1,725, interest at 6%, secured by property at 20 Willis Street, New Bedford, MA, due August 2022.	\$ 87,455
Note payable - bank, payable in monthly installments of interest only at 7.2% until March 2008, a principal reduction of no less than \$184,950 will be required in the initial year of the loan, thereafter, 168 monthly installments of principal and interest of \$1,331, interest at 7.2%, secured by property at 98 Arnold Street, New Bedford, MA, due March 2022.	65,167
Note payable - bank, payable in monthly installments of interest only until June 2015, followed by principal and interest at prime + 1%, currently 5.25%, payments of \$1,486 until May 2020, at which time remaining principal and interest is due, secured by property at 1311 Purchase Street, New Bedford, MA, due August 2023.	223,916

SOUTHEASTERN MASS VETERANS HOUSING PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 4 MORTGAGES AND NOTES PAYABLE (CONTINUED)

<u>Description (Continued)</u>	<u>Amount</u>
Note payable - bank, payable in 240 monthly installments of principal and interest of \$1,129, interest at 4.25%, secured by properties at 717 Country Street, New Bedford, MA, and 53 South Sixth Street, New Bedford, MA, remaining principal and interest due July 2019.	\$ 190,052
Note payable - bank, payable in 84 monthly installments of principal and interest of \$801, interest at 8.74%, secured by the general assets of the Agency, due February 2018.	3,815
Note payable - HAND Corporation, payable in 360 monthly installments of principal and interest of \$126, interest at 3% secured by a second mortgage at 717 Country Street, New Bedford, MA, due January 2029.	14,330
Note payable - HAND Corporation, non-interest bearing, secured by a second mortgage at 20 Willis Street, New Bedford, MA. The principal on this note is due and payable on December 16, 2029, or upon the sale, lease, or transfer or change in use of the property, whichever occurs first.	<u>193,257</u>
Total	777,992
Less: Current Maturities of Long-Term Debt	(47,398)
Less: Unamortized Loan Closing Fees	<u>(8,538)</u>
Total	<u><u>\$ 722,056</u></u>

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

<u>Year Ended September 30,</u>	<u>Amount</u>
2018	\$ 47,398
2019	46,511
2020	49,040
2021	51,923
2022	45,666
Thereafter	<u>537,454</u>
Total	<u><u>\$ 777,992</u></u>

Interest expense for the year ended September 30, 2017 totaled \$30,956.

The Agency is required to meet certain ratio covenants as detailed in the loan documents.

SOUTHEASTERN MASS VETERANS HOUSING PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 5 LINE OF CREDIT

The Agency obtained a revolving line of credit for working capital with a bank during 2016. The line of credit has a limit of \$125,000 and is renewable annually through April 2021. The line is secured by a second position security interest in 98 Arnold St, New Bedford and all tangible and intangible business assets and bears interest at Wall Street Journal Prime rate plus 0.50% (4.75% as of September 30, 2017). The outstanding balance on the line of credit was \$-0- as of September 30, 2017.

NOTE 6 COMMITMENTS AND CONTINGENCIES

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

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

Repayment of the note will only be required in the event that restrictions, as defined in the Note Agreement, are not met. Currently the maturity date of the note is December 2029 which may be extended to 2069 if the property continues to meet the Housing Innovation Fund requirements. The repayment terms can be further extended in additional 10-year increments assuming requirements noted above continue to be met. In addition, to the extent that cash flow generated from the property exceeds 15% of the net operating income from the property in any calendar year, the Agency would be required to pay excess cash flow to CEDAC within 45 days of the end of each calendar year which shall be applied first to interest and thereafter to principal. As of September 30, 2017, no payments were due to CEDAC.

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

SOUTHEASTERN MASS VETERANS HOUSING PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 6 COMMITMENTS AND CONTINGENCIES (CONTINUED)

During 2015, the Agency received notification that funds in the amount of \$1,000,000 from the Housing Preservation and Stabilization Trust Fund ("HPSTF"), \$1,000,000 from the Housing Innovations Fund Program ("HIF") and \$615,000 from the Housing Stabilization and Investment Trust Fund ("HSITF") have been conditionally reserved by the Department of Housing and Community Development ("DHCD") for permanent mortgage loans for the Twenty Willis Street Project in New Bedford, MA. These funding reservations are conditional upon certain items and events.

The \$615,000 loan will be for a period of 50 years and each of the \$1,000,000 loans will be for a period of 30 years; however, all loans may be extended for up to 10 years under certain conditions with approval by DHCD.

Although these loans are available to pay for construction costs at Twenty Willis Street, no formal closing documents have been executed as of the date of these financial statements.

During 2015, the Agency terminated their relationship with a project developer, which resulted in a settlement reached with that developer during fiscal year 2016. The settlement agreement requires the Agency to pay \$68,000, contingent on finding a new developer and closing on the above-mentioned loans. The Agency has yet to secure the funding, and in addition, the Agency does not plan to use the project developer's work and has informed the developer that they will not be paying settlement agreement. The final outcome of the settlement is unknown, and as a result, the amount has not been reflected in the financial statements as of September 30, 2017.

During 2017, the Agency signed a letter of intent to purchase a parcel of land for \$66,000. The land is intended to be used for future development of property of the Agency. The purchase and sale agreement related to the purchase of land is expected to be executed in 2018.

NOTE 7 RELATED PARTY TRANSACTIONS

The Agency purchased insurance coverage and health insurance through an insurance agency. One of the owners of that insurance agency is currently serving as a member of the board of directors of the Agency. Total payments for these insurance costs were \$48,070 for the year ended September 30, 2017, which includes \$29,463 paid to third party insurance providers represented by the insurance agency. There was no amount due to the related party as of September 30, 2017.

The Agency has a line of credit with a local bank. One of members of the board of directors is the Commercial Lending Officer for the bank that funded the line of credit. During 2016, activity on the line of credit included principal payments of \$80,000 and payment of interest expense totaling \$583.

SOUTHEASTERN MASS VETERANS HOUSING PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 8 SURPLUS REVENUE ESTIMATE: COMMONWEALTH PROGRAMS

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

ORGANIZATION: Southeastern Massachusetts Veterans Housing program, Inc.

ORGANIZATION SUPPLEMENTAL INFORMATION SCHEDULE A - Unaudited

FY END: 9/30/2017

FEIN: 111190035

REVENUE	Total Organization				EXPENSE				Total Organization		Admin (M&G)		Fund Raising		Total All Programs	
	FTE	Expense	FTE	Expense	FTE	Expense	FTE	Expense	FTE	Expense	FTE	Expense	FTE	Expense	FTE	Expense
1R Contributions, Gifts, Legacies, Bequests	150,959		20,983	129,976	1E Total Direct Prog.Staff FTE/Exp 101-138	15.22	546,521	XXXX	XXXXXXXXXX	XXXX	XXXXXXXXXX	15.22	546,521			
2R Gov. In-Kind/Capital Budget		XXXXXXXXXX	XXXXXXXXXX		2E Chief Executive Officer - FTE/Exp.	0.95	65,653	0.08	6,131			0.87	59,522			
3R Private IN-Kind	23,019	1,542		21,477	3E Chief Financial Officer - FTE/Exp.	0.95	60,828	0.08	5,680			0.87	55,148			
4R Total Contributions and In-Kind	173,978	1,542	20,983	151,453	4E Acting/Clerical/Support FTE/Expense	1.89	81,070	0.18	7,564			1.71	73,506			
5R Mass Gov. Grant		XXXXXXXXXX	XXXXXXXXXX		5E Admin Maint/House-Grndskeeping FTE/Exp	3.79	207,551	0.34	19,375			3.45	188,176			
6R Other Grant (exclud. Fed.Direct)					6E Total Admin Employee FTE/Expense 410	0.45	18,859	0.45	18,859	XXXX	XXXXXXXXXX					
7R Total Grants					7E Commercial Products & Svs/Mkting FTE/Exp	19.46	772,931	0.79	38,234			18.67	734,697			
8R Dept. of Mental Health (DMH)		XXXXXXXXXX	XXXXXXXXXX		8E Total FTE/Salary/Wages		67,959		3,381				64,578			
9R Dept.of Developmental Services(DDS/DMR)		XXXXXXXXXX	XXXXXXXXXX		9E Payroll Taxes 150		36,303		1,796				34,507			
10R Dept. of Public Health (DPH)		XXXXXXXXXX	XXXXXXXXXX		10E Fringe Benefits 151											
11R Dept.of Children and Families (DCF/DSS)		XXXXXXXXXX	XXXXXXXXXX		11E Accrual Adjustments											
12R Dept. of Transitional Assist (DTA/WEL)		XXXXXXXXXX	XXXXXXXXXX		12E Total Employee Compensation & Rel. Exp.		877,193		43,411				833,782			
13R Dept. of Youth Services (DYS)		XXXXXXXXXX	XXXXXXXXXX		13E Facility and Prog. Equip.Expenses 301, 390											
14R Health Care Fin & Policy (HCF)-Contract		XXXXXXXXXX	XXXXXXXXXX		14E Facility & Prog. Equip. Depreciation 301		62,042		7,383				54,659			
15R Health Care Fin & Policy (HCF)-UCP		XXXXXXXXXX	XXXXXXXXXX		15E Facility Operation/Maint./Furn.390		159,426		4,783				154,643			
16R MA. Comm. For the Blind (MCB)		XXXXXXXXXX	XXXXXXXXXX		16E Facility General Liability Insurance 390		31,411		942				30,469			
17R MA. Comm. for Deaf & H H (MCD)		XXXXXXXXXX	XXXXXXXXXX		17E Total Occupancy		252,879		13,108				239,771			
18R MA. Rehabilitation Commission (MRC)		XXXXXXXXXX	XXXXXXXXXX		18E Direct Care Consultant 201											
19R MA. Off. for Refugees & Immigr.(ORI)		XXXXXXXXXX	XXXXXXXXXX		19E Temporary Help 202											
20R Dept.of Early Educ. & Care (EEC)-Contract		XXXXXXXXXX	XXXXXXXXXX		20E Clients and Caregivers Reimb./Stipends 203				XXXXXXXXXX		XXXXXXXXXX					
21R Dept.of Early Educ. & Care (EEC)-Voucher		XXXXXXXXXX	XXXXXXXXXX		21E Subcontracted Direct Care 206				XXXXXXXXXX		XXXXXXXXXX					
22R Dept of Correction (DOC)		XXXXXXXXXX	XXXXXXXXXX		22E Staff Training 204											
23R Dept. of Elementary & Secondary Educ. (DOE)		XXXXXXXXXX	XXXXXXXXXX		23E Staff Mileage / Travel 205		6,159		413				5,746			
24R Parole Board (PAR)		XXXXXXXXXX	XXXXXXXXXX		24E Meals 207		10,780						10,780			
25R Veteran's Services (VET)	645,869	XXXXXXXXXX	XXXXXXXXXX	645,869	25E Client Transportation 208		36,440		XXXXXXXXXX		XXXXXXXXXX		36,440			
26R Ex. Off. of Elder Affairs (ELD)		XXXXXXXXXX	XXXXXXXXXX		26E Vehicle Expenses 208		4,242		284				3,958			
27R Div of Housing & Community Develop(OCD)		XXXXXXXXXX	XXXXXXXXXX		27E Vehicle Depreciation 208		8,891		596				8,295			
28R POS Subcontract		XXXXXXXXXX	XXXXXXXXXX		28E Incidental Medical /Medicine/Pharmacy 209				XXXXXXXXXX		XXXXXXXXXX					
29R Other Mass. State Agency POS		XXXXXXXXXX	XXXXXXXXXX		29E Client Personal Allowances 211		5,000		XXXXXXXXXX		XXXXXXXXXX		5,000			
30R Mass State Agency Non - POS		XXXXXXXXXX	XXXXXXXXXX		30E Provision Material Goods/Svs./Benefits 212				XXXXXXXXXX		XXXXXXXXXX					
31R Mass. Local Govt/Quasi-Govt. Entities	37,802	XXXXXXXXXX	XXXXXXXXXX	37,802	31E Direct Client Wages 214				XXXXXXXXXX		XXXXXXXXXX					
32R Non-Mass. State/Local Government		XXXXXXXXXX	XXXXXXXXXX		32E Other Commercial Prod. & Svs. 214				XXXXXXXXXX		XXXXXXXXXX					
33R Direct Federal Grants/Contracts	420,554	XXXXXXXXXX	XXXXXXXXXX	420,554	33E Program Supplies & Materials 215		17,876		XXXXXXXXXX		XXXXXXXXXX		17,876			
34R Medicaid - Direct Payments		XXXXXXXXXX	XXXXXXXXXX		34E Non Charitable Expenses											
35R Medicaid - MBHP Subcontract		XXXXXXXXXX	XXXXXXXXXX		35E Other Expense		15,670		1,049				14,621			
36R Medicare		XXXXXXXXXX	XXXXXXXXXX		36E Total Other Program Expense		105,058		2,342				102,716			
37R Mass. Govt. Client Stipends		XXXXXXXXXX	XXXXXXXXXX		37E Management Fees 410											
38R Client Resources	134,396	XXXXXXXXXX	XXXXXXXXXX	134,396	38E Fundraising Fees 410		10,508		XXXXXXXXXX		10,508		XXXXXXXXXX			
39R Mass. Publicly sponsored client offsets		XXXXXXXXXX	XXXXXXXXXX		39E Legal Fees 410		1,200		1,200				XXXXXXXXXX			
40R Other Publicly sponsored client offsets		XXXXXXXXXX	XXXXXXXXXX		40E Audit Fees 410		21,848		21,848				XXXXXXXXXX			
41R Private Client Fees (excluding 3rd Pty)		XXXXXXXXXX	XXXXXXXXXX		41E Management Consultant 410								XXXXXXXXXX			
42R Private Client 3rd Pty/other offsets		XXXXXXXXXX	XXXXXXXXXX		42E Other Professional Fees & Other Admin. Expenses 410		36,600		2,452				34,148			
43R Total Assistance and Fees	1,238,621	XXXXXXXXXX	XXXXXXXXXX	1,238,621	43E Leased Office/Program Office Equip.410,390											
44R Federated Fundraising					44E Office Equipment Depreciation 410		120		15				105			
45R Commercial Activities					45E Admin. Vehicle Expenses 410		4,477		4,477				XXXXXXXXXX			
46R Non-Charitable Revenue					46E Admin. Vehicle Depreciation 410								XXXXXXXXXX			
47R Investment Revenue	17	17			47E Directors & Officers Insurance 410		2,443		2,443				XXXXXXXXXX			
48R Other Revenue	25,773	25,607	166		48E Program Support 216		27,393		XXXXXXXXXX				27,393			
49R Allocated Admin (M&G) Revenue	XXXXXXXXXX				49E Professional Insurance 410											
50R Released Net Assets-Program					50E Working Capital Interest 410		30,955		1,010				29,945			
51R Released Net Assets-Equipment					51E Total Direct Administrative Expense		135,544		33,445		10,508		91,591			
52R Released Net Assets-Time					52E Admin (M&G) Reporting Center Allocation		XXXXXXXXXX		(92,306)		762		91,544			
53R TOTAL REVENUE	1,438,389	27,166	20,983	1,390,240	53E Total Reimbursable & Fundraising Expense		1,370,674				11,270		1,359,404			
54R TOTAL EXPENSE = 56E	1,403,790	1,542	11,270	1,390,978	54E Direct State/Federal Non-Reimbursable Expense		33,116		1,542		XXXXXXXXXX		31,574			
55R OPERATING RESULTS	34,599	25,624	9,713	(738)	55E Allocation of State/Fed Non-Reimbursable Expense		XXXXXXXXXX									

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

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

Name & Title	Reporting Entity Compensation		Compensation from Other Entities	
	Salary	Other	Salary	Other
1C James A. Reid, Executive Director	65,653			
2C Jason M. Stripinis, Business Manager	60,828	\$ 8,722		
3C				
4C				
5C				

MA. Surplus Revenue Retention

Starting Balance	Expended Amount	Accrual Amount	Liability Amt.
Prior Year Ma. Revenue 776,235	(550,101)		

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

Southeastern Mass Veterans Housing Program, Inc.
Federal Employee Identification Number: 11-1190035
September 30, 2017

Schedule A - UFR Line Reconciliations

Line 48R	Other Revenue	
	Other	\$ 25,773
	Total	<u>\$ 25,773</u>
Line 35E	Other Expense	
	Data Processing	\$ 7,445
	Dues and Subscriptions	4,221
	Advertising and Promotion	2,125
	Filing Fees	1,675
	Bank Service Charge	180
	Miscellaneous	25
	Total	<u>\$ 15,670</u>
Line 42E	Other Professional Fees and Other Admin Expense	
	Office Supplies	\$ 15,522
	Consulting Fees - Development	9,400
	Telephone	7,192
	Meals and Entertainment	1,555
	Postage	1,552
	Other Professional Fees	1,380
	Total	<u>\$ 36,600</u>

ORGANIZATION: Southeastern Massachusetts Veterans Housing program, Inc.

PROGRAM SUPPLEMENTAL INFORMATION SCHEDULE B - Unaudited

FY END: 9/30/2017

FEIN: 111190035

UFR Program Number: 01-R Program Name: Veterans Transition House Description: Veterans Homeless Shelter Catalog of Federal Domestic Assistance #: 14.231 B
http://www.cfda.gov/default.htm
*Program Type: 27 Program Address: 20 Willis Street New Bedford MA 02740 # Weeks operated during audit period (e.g., 52): 52.00 # operating hours/week (e.g., 40): 40.00

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

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

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

PREPARER COMMENTS:

ORGANIZATION: Southeastern Massachusetts Veterans Housing program, Inc.

PROGRAM SUPPLEMENTAL INFORMATION SCHEDULE B - Unaudited

FY END: 9/30/2017

FEIN: 111190035

UFR Program Number: 3

Program Name: Veterans Graduate House

Description: Veterans Transitional Housing

Catalog of Federal Domestic Assistance #: 64.024

B

*Program Type: N/A

Program Address: See Supplemental Schedule

New Bedford MA 02740

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

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

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

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

Table with columns: REVENUE, STAFFING # hours/yr = 1.00 FTE: 2080, FTE, Salary/Wage, EXPENSE - ACTUAL/PLANNED, FTE, Actual, Planned, % Var. Includes rows for 1R-53R revenue and 1S-7SS staffing, and 1N-12N expenses.

Table with columns: SUBCONTRACTED DIRECT CARE EXPENSE DETAIL, POS SUBCONTRACT INFORMATION. Includes rows for 1SDC-5SDC and 1PS-3PS.

Table with columns: NON-REIMBURSABLE EXPENSE DETAIL, Description. Includes rows for 1N-12N expenses and a total of 1,491.

PREPARER COMMENTS:

ORGANIZATION: Southeastern Massachusetts Veterans Housing program, Inc.

PROGRAM SUPPLEMENTAL INFORMATION SCHEDULE B - Unaudited

FY END: 9/30/2017

FEIN: 111190035

UFR Program Number: 6

Program Name: Veterans Transition Program

Description: Homeless Veterans Shelter

Catalog of Federal Domestic Assistance #: 14.231

B

*Program Type: N/A

Program Address: 20 Willis Street

New Bedford MA 02740

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

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

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

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

Table with columns: REVENUE, STAFFING # hours/yr = 1.00 FTE: 2080, FTE, Salary/Wage, EXPENSE - ACTUAL/PLANNED, FTE, Actual, Planned, % Var. Rows include 1R-53R revenue items and 1S-39S staffing items.

Table with columns: SUBCONTRACTED DIRECT CARE EXPENSE DETAIL, Subcontractor Name, FEIN, Expense Amt. Rows include 1SDC-5SDC.

Table with columns: SERVICE STATISTICS, Undup # Clients, # service units delivered. Rows include 1SS-7SS.

Table with columns: MASSACHUSETTS CONTRACT INFORMATION, NON-REIMBURSABLE EXPENSE DETAIL, Description. Rows include 1C-12N.

PREPARER COMMENTS:

ORGANIZATION: Southeastern Massachusetts Veterans Housing program, Inc.

PROGRAM SUPPLEMENTAL INFORMATION SCHEDULE B - Unaudited

FY END: 9/30/2017

FEIN: 111190035

UFR Program Number: 01-W Program Name: Veterans Graduate House Description: Veterans Transitional Housing Catalog of Federal Domestic Assistance #: 64.024 B
Program Type: N/A Program Address: See Supplemental Schedule New Bedford MA 02740 # Weeks operated during audit period (e.g., 52): 52.00 # operating hours/week (e.g., 40): 40.00

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

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

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

PREPARER COMMENTS:

ORGANIZATION: Southeastern Massachusetts Veterans Housing program, Inc.

PROGRAM SUPPLEMENTAL INFORMATION SCHEDULE B - Unaudited

FY END: 9/30/2017

FEIN: 111190035

UFR Program Number: 7

Program Name: SSVF

Description: Supportive Services to Veteran Families

Catalog of Federal Domestic Assistance #: 64.033

B

*Program Type: N/A

Program Address: 20 Willis Street

New Bedford MA 02740

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

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

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

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

Table with columns: REVENUE, STAFFING # hours/yr = 1.00 FTE, Salary/Wage, EXPENSE - ACTUAL/PLANNED, FTE, Actual, Planned, % Var. Includes rows for 1R-53R and 1N-12N.

Table with columns: SUBCONTRACTED DIRECT CARE EXPENSE DETAIL, POS SUBCONTRACT INFORMATION. Includes rows for 1SDC-5SDC and 1PS-3PS.

Table with columns: NON-REIMBURSABLE EXPENSE DETAIL, Description. Includes rows for 1N-12N.

PREPARER COMMENTS:

ORGANIZATION: Southeastern Massachusetts Veterans Housing program, Inc.

PROGRAM SUPPLEMENTAL INFORMATION SCHEDULE B - Unaudited

FY END: 9/30/2017

FEIN: 111190035

UFR Program Number: 8

Program Name: Permanent Supportive Housing

Description:

Catalog of Federal Domestic Assistance #: B

*Program Type: N/A

Program Address: See Supplemental Schedule

New Bedford MA 02740

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

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

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

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

Table with columns: REVENUE, STAFFING # hours/yr = 1.00 FTE:, FTE, Salary/Wage, EXPENSE - ACTUAL/PLANNED, FTE, Actual, Planned, % Var. Rows include 1R-53R revenue items and 1S-7SS staffing items.

SUBCONTRACTED DIRECT CARE EXPENSE DETAIL table with columns: Subcontractor Name, FEIN, Expense Amt. Rows 1SDC-4SDC.

POS SUBCONTRACT INFORMATION table with columns: State Dept, Payor Name, Payor's FEIN. Rows 1PS-3PS.

PREPARER COMMENTS:

EXPENSE - ACTUAL/PLANNED table with columns: FTE, Actual, Planned, % Var. Rows 1E-12N including Total Direct Program Staff = 39S, Total Admin Employee, Total FTE/Salary/Wages, Total Occupancy, Total Other Program Expense, Total Revenue = 53R, and Total Expense = 56,040.

CRE Preliminary Calculation of Cost Reimb. Excess Rev. * (subject to OSD adjustment)

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Southeastern Mass Veterans Housing Program, Inc., which comprise the statement of financial position as of September 30, 2017, and the related statements of activities, statements of functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 30, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Southeastern Mass Veterans Housing Program, Inc.'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 Southeastern Mass Veterans Housing Program, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Southeastern Mass Veterans Housing Program, 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies identified as item 2008-002.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Southeastern Mass Veterans Housing Program, 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 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*.

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

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

Purpose of this Report

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



CliftonLarsonAllen LLP

New Bedford, Massachusetts
January 30, 2018

**SOUTHEASTERN MASS VETERANS HOUSING PROGRAM, INC.
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED SEPTEMBER 30, 2017**

Section I – Summary of Auditors' Results

Financial Statements

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

Federal Awards

Uniform Guidance not applicable.

**SOUTHEASTERN MASS VETERANS HOUSING PROGRAM, INC.
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2017**

Section II – Financial Statement Findings

CURRENT YEAR

See **2008-002** below

PRIOR YEAR

2008-002

Segregation of Duties

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

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

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

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

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

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

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

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

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

**SOUTHEASTERN MASS VETERANS HOUSING PROGRAM, INC.
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2017**

Section III – Federal Award Findings and Responses

Not applicable