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## Appendix I - The Independent Auditor's Report & Reporting on Supplemental Information

### Generally Accepted Accounting Principles and Generally Accepted Auditing Standards

The following is a sample of an Independent Auditor's Report when the audit was conducted in accordance with auditing standards generally accepted in the United States of America and the financial statements were prepared in accordance with accounting principles generally accepted in the United States of America. This type of Independent Auditor's Report would be typical for developments that are not receiving federal subsidies.

#### **Sample 1** Independent Auditor's Report

To the Partners of  
**[insert Partnership name]**  
(a Limited Partnership)  
**[insert address]**

Report on the Financial Statements

We have audited the accompanying financial statements of **[insert Partnership name]** (a Limited Partnership), which comprise the balance sheet as of **[insert fiscal year end date]**, and the related statements of income (loss), changes in partners' capital (deficiency), 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 misstatements, 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. 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 Partnership'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 Partnership's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the 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 [*insert Partnership name*] as of [*insert fiscal year end date*], and the results of its operations, changes in partners' capital (deficiency), and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

[*insert Accounting Firm*]  
Certified Public Accountants

[*insert Accounting Firm address*]  
[*insert date of Report*]

## Generally Accepted Accounting Principles and Government Auditing Standards

When providing an opinion or a disclaimer on financial statements, the Yellow Book requires that auditors specifically reference Government Auditing Standards and that they should also report on internal control over financial reporting and on compliance with provisions of laws, regulations, contracts, or grant agreements that have a material effect on the financial statements.

The following is an Independent Auditor's Report for a development that prepared their financial statements in conformity with accounting principles generally accepted in the United States of America, and the audit was conducted in accordance with generally accepted government auditing standards. This report is Example A in the March 2013 Chapter 2 update of the HUD audit guide.

### **Sample 2** Independent Auditor's Report

To the Partners of  
**[insert Partnership name]**  
(a Limited Partnership)  
**[insert address]**

#### Report on the Financial Statements

We have audited the accompanying financial statements of **[insert Partnership name]** (a Limited Partnership), which comprise the balance sheet as of **[insert fiscal year end date]**, and the related statements of income (loss), changes in partners' capital (deficiency), 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 misstatements, 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 Partnership'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 Partnership's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the

appropriateness of accounting policies used and the reasonableness of the 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 [*insert Partnership name*] as of [*insert fiscal year end date*], and the results of its operations, changes in partners' capital (deficiency), and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 31, 2021, on our consideration of [*insert Partnership name*]'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 [*insert Partnership name*]'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 [*insert Partnership name*] internal control over financial reporting and compliance.

[*insert Accounting Firm*]  
Certified Public Accountants

[*insert Accounting Firm address*]  
[*insert date of Report*]

## Income Tax Basis of Accounting and Generally Accepted Auditing Standards

The following Independent Auditor's Report would be sufficient if the audit was conducted in accordance with auditing standards generally accepted in the United States of America, utilized the income-tax basis of accounting and forms prescribed by MassHousing, and incorporated the Report on Supplementary Information.

### **Sample 3** Independent Auditor's Report

To the Partners of  
**[insert Partnership name]**  
(a Limited Partnership)  
**[insert address]**

#### Report on the Financial Statements

We have audited the accompanying financial statements of **[insert Partnership name]** (a Limited Partnership), which comprise the statements of assets, liabilities, partners' capital (deficiency) [MHFA Form F.C.-3A & F.C.-3B] as of **[insert fiscal year end date]**, and the related statements of revenue and expenses [MHFA Form F.C.-2A & F.C.-2B], changes in partners' capital (deficiency) [MHFA Form F.C.-3C], and cash flows [MHFA F.C.-4A, F.C.-4B & F.C.-4C], all prepared on an income tax basis 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 the basis of accounting used for income tax purposes; this includes determining that the income tax basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, 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. 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 Partnership'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 Partnership's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the 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 assets, liabilities, and partners' capital (deficiency) of **[insert Partnership name]** as of **[insert fiscal year end date]** and its revenue and expenses, changes in partners' capital (deficiency), and its cash flows for the year then ended in accordance with the basis of accounting that the Partnership uses for income tax purposes as described in Note 1.

### *Basis of Accounting*

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the basis of accounting the Partnership uses for income tax purposes, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### *Report on Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information shown on pages **[insert page number]** through **[insert page number]** is presented for purposes of additional analysis, and to comply with the reporting requirements of the MassHousing 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 supplementary 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 supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

**[insert Account Firm name]**  
Certified Public Accountants

**[insert Accounting Firm address]**  
**[insert date of Report]**

Note: The differences between accounting principles generally accepted in the United States of America and the basis of accounting used for federal income taxes must be explained in Note 1. Please note that FASB ASU 2015-03 does not apply to financial statements prepared on the basis of accounting used for federal income taxes. As a result, there are no changes in the presentation of debt issuance costs and the related amortization.

## Report on Supplementary Information

The following is a Report on Supplementary Information when the Auditor decided not to incorporate this report into the Independent Auditor's Report, but rather present it as a standalone report.

### Sample 4

#### Independent Auditor's Report on Supplementary Information

To the Partners of  
[*insert Partnership name*]  
(a Limited Partnership)  
[*insert address*]

We have audited the financial statements of [*insert Partnership name*] as of and for the year ended [*insert address*], and our report thereon dated [*insert fiscal year end date*], which appears on page 1, expressed an unmodified opinion on those financial statements [*Include if applicable, "and included an emphasis of matter paragraph which referred to the Partnership's (indicate the subject matter of the emphasis of matter paragraph)"*]. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information contained on pages [*insert page number*] through [*insert page number*] is presented for purposes of additional analysis, and to comply with the reporting requirements of the MassHousing 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 supplementary 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 supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

[*insert Accounting Firm name*]  
Certified Public Accountants

[*insert Accounting Firm address*]  
[*insert date of Report*]

**Appendix II - Reporting on Compliance with Laws, Regulations, Contracts and Grant Agreements in accordance with Government Auditing Standards**

**No Significant Deficiencies or Material Weaknesses Noted**

The following is an example of an auditor's report in which there is an unmodified opinion on compliance, no significant deficiencies or material weaknesses were noted, and the auditor applies SAS#115 (AU-C Section 265) and SAS#117 (AU-C Section 935). This report is not illustrated in the March 2013 update of the HUD Audit Guide. However, Example C-1 in the March 2013 update of the HUD Audit Guide illustrates a Sample Report when Significant Deficiencies in Internal Control over Compliance were identified; and Example C-2 illustrates a Sample Report when Material Weaknesses and Significant Deficiencies in internal control over Compliance were identified.

**Sample 1**  
**Independent Auditor's Report on Internal Control**  
**Over Financial Reporting and on Compliance and Other Matters Based on an**  
**Audit of the Financial Statements Performed in Accordance with**  
**Government Auditing Standards**

To the Partners of  
**[insert Partnership name]**  
(a Limited Partnership)  
**[insert address]**

We have audited, 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 financial statements of **[insert Partnership name]** (a Limited Partnership), which comprise the balance sheet as of **[insert fiscal year end date]**, and the related statements of income (loss), changes in partners' capital (deficiency), and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated **[insert date of Report]** [Include if applicable, "which included an emphasis of matter paragraph as indicated on Page **[insert page number]**"].

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered **[insert Partnership name]**'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 **[insert Partnership name]**'s internal control. Accordingly, we do not express an opinion on the effectiveness of **[insert Partnership name]**'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 combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of **[insert Partnership name]**'s financial statements will not be prevented, or detected and corrected on a

timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit the attention by those charged with governance.

Our consideration of internal control over financial reporting 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 **[insert Partnership name]**'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 result of that testing, and not to provide an opinion on the effectiveness of **[insert Partnership name]**'s internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering **[insert Partnership name]**'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**[insert Accounting Firm name]**  
Certified Public Accountants

**[insert Accounting Firm address]**  
**[insert date of Report]**

## Material Instances of Noncompliance but No Significant Deficiencies and No Material Weaknesses

The following is an example of an auditor's report on compliance, when the auditor's procedures disclosed material instances of noncompliance but no significant deficiencies and no material weaknesses. Also reference AU-C Section 700, 705 and 706. This report is not illustrated in the March 2013 update. However, Example B-1 in the March 2013 update of the HUD Audit Guide illustrates a Sample Report when Material Weaknesses and Significant Deficiencies Identified; and Reportable Instances of Noncompliance and Other Matters Identified.

Noncompliance is a failure to follow requirements, or violations of prohibitions, contained in statutes, regulations, contracts, or grant agreements that cause the auditor to conclude that the aggregation of the misstatements resulting from those failures or violations is material to the financial statements. When the auditor's procedures disclose instances of noncompliance, the auditor should modify the report.

### Sample 2

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

To the Partners of  
[insert Partnership name]  
(a Limited Partnership)  
[insert address]

We have audited, 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 financial statements of [insert Partnership name] (a Limited Partnership), which comprise the balance sheet as of [insert fiscal year end date], and the related statements of income (loss), partners' capital (deficiency), and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated [insert date of report] [Include if applicable, “, which included an emphasis of matter paragraph as indicated on Page [insert page number]”].

#### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered [insert Partnership name]'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 [insert Partnership name]'s internal control. Accordingly, we do not express an opinion on the effectiveness of [insert Partnership name]'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 combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of [insert Partnership name]'s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control

that is less severe than a material weakness, yet important enough to merit the 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 **[insert Partnership name]**'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings, questioned costs and recommendations as items **[List finding reference numbers, for example, 2017-1 and 2017-2]**.

#### **[insert Partnership name]**'s Response to Findings

**[insert Partnership name]**'s response to the findings identified in our audit is described in the accompanying schedule of finding, questioned costs and recommendations. **[insert Partnership name]**'s response was not subject 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 **[insert Partnership name]**'s internal control or compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering **[insert Partnership name]**'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**[insert Accounting Firm name]**  
Certified Public Accountants

**[insert Accounting Firm address]**  
**[insert date of Report]**

## Section 13A and SHARP

As with the above reports, the following is an example of an Internal Auditor's report on Internal Control Related Matters Identified in a Financial Statement Audit for a development that does not receive subsidy from the Federal Government but rather from the State of Massachusetts.

### Sample 3

#### Independent Auditor's Report on Internal Control Related Matters Identified in a Financial Statement Audit

To the Partners of  
**[insert Partnership name]**  
(a Limited Partnership)  
**[insert address]**

In planning and performing our audit of the financial statements of **[insert Partnership name]** (a Limited Partnership) as of and for the year ended **[insert fiscal year end date]**, in accordance with auditing standards generally accepted in the United States of America, we considered **[insert Partnership name]**'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control. Accordingly, we do not express an opinion on the effectiveness of the Partnership's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Partnership's financial statements will not be prevented or detected and corrected on a timely basis. We consider the following deficiencies in the Partnership's internal control to be material weaknesses:

***[Describe the material weaknesses identified during the audit, including an explanation of their potential effects]***

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. We consider the following deficiencies in the Partnership's internal control to be significant deficiencies:

***[Describe the significant deficiencies identified during the audit, including an explanation of their potential effects]***

[Include if management's response is included in the same document containing the auditor's communication]. [*insert Partnership name*]'s written response to the significant deficiencies and material weaknesses identified in our audit has not been subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This communication is intended solely for the information and use of the general partners, management, others within the Partnership, and MassHousing, and is not intended to be and should not be used by anyone other than these specified parties.

[*insert Accounting Firm name*]  
Certified Public Accountants

[*insert Accounting Firm address*]  
[*insert date of Report*]

**Appendix III - Reporting on Compliance with Applicable HUD Regulations**

The following reflect the latest requirements which include the AICPA’s new Clarity Auditing Standards (through SAS # 127), the provisions of the 2011 Revision to Government Auditing Standards, and the latest Revisions to the Consolidated Audit Guide for Audits of HUD Programs. This report is Example C in the March 2013 update of Chapter 2 of the HUD Audit Guide.

The first part of this report provides an opinion that the entity complied, in all material respects, with the specific requirements that could have a direct and material effect on each major HUD-assisted program and the second part of this report discusses internal control over compliance. The first paragraph identifies the specific program requirements. The auditor will list only those compliance requirements that were determined to be applicable and, therefore, subject to audit.

**An Unmodified Opinion on Compliance, No Significant Deficiencies, or Material Weaknesses Noted**

**Sample 1**

**Independent Auditor's Report on Compliance for Each Major HUD Program and on Internal Control over Compliance Required by the Consolidated Audit Guide for Audits of HUD Programs**

To the Partners of  
***[insert Partnership name]***  
 (a Limited Partnership)  
***[insert address]***

Report on Compliance for Each Major HUD Program

We have audited ***[insert Partnership name]***’s (the “Partnership”) compliance with the compliance requirements described in the Consolidated Audit Guide for Audits of HUD Programs (the Guide) that could have a direct and material effect on each of ***[insert Partnership name]***’s major U.S Department of Housing and Urban Development (HUD) programs for the year ended ***[insert fiscal year end date]***. ***[insert Partnership name]***’s major HUD programs and the related direct and material compliance requirements as follows:

Name of Major HUD Programs	Direct and Material Compliance Requirements
<b><i>[Insert the name of the major HUD Program]</i></b>	Include only those specific requirements that are applicable to the Project’s major HUD program (Chapter 3 of the Guide):  Federal financial reports, mortgage status, replacement reserve, residual receipts, distributions to owners, equity skimming, cash receipts, cash disbursements, tenant application, eligibility, and

	recertification, units leased to extremely low-income families, security deposits, management functions, unauthorized change of ownership/acquisition of liabilities, unauthorized loans of project funds, excess income, leased nursing homes, mark-to-market program (M2M), and Section 236 decoupling projects.
<b><i>[Insert the name of the major HUD Program]</i></b>	<b><i>[List the direct and material compliance requirements tested]</i></b>

*Management's Responsibility*

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grant applicable to its HUD programs.

*Auditor's Responsibility*

Our responsibility is to express an opinion on compliance for each of ***[insert Partnership name]***'s major HUD programs based on our audit of the 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 Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on a major HUD program occurred. An audit includes examining, on a test basis, evidence about ***[insert Partnership name]***'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 HUD program. However, our audit does not provide a legal determination of ***[insert Partnership name]***'s compliance.

*Opinion on Each Major HUD Program*

In our opinion, ***[insert Partnership name]*** complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major HUD programs for the year ended ***[insert fiscal year end date]***.

*Other Matters [Delete header and paragraph if not applicable]*

We noted certain matters that we are required to report to management of ***[insert Partnership name]*** in a separate written communication. These matters are described in our management letter dated ***[insert date of management letter]***.

Report on Internal Control over Compliance

Management of **[insert Partnership name]** is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered **[insert Partnership name]**'s internal control over compliance with the requirements that could have a direct and material effect on each major HUD program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major HUD program and to test and report on internal control over compliance in accordance with the Guide, 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 **[insert Partnership name]**'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 compliance requirement of a HUD 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 compliance requirement of a HUD 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 compliance requirement of a HUD program that is less severe than a material weakness in internal control over compliance, yet important enough to merit the attention of those charged with governance.

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

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 Guide. Accordingly, this report is not suitable for any other purpose.

**[insert Accounting Firm name]**  
Certified Public Accountants

**[insert Accounting Firm address]**  
**[insert date of Report]**

**An Unmodified Opinion on Compliance, No Significant Deficiencies, but Material Weaknesses were Noted**

When the auditor has noted material weaknesses and other significant deficiencies in a financial statement audit, the auditor's report on the internal control must be expanded. The following is an example of an auditor's report in which there is an unmodified opinion on compliance, no significant deficiencies, but material weaknesses were noted. This report is not illustrated in the March 2013 update. However, Example C-1 in the March 2013 update illustrates a Sample Report when Significant Deficiencies in Internal Control over Compliance were identified; and Example C-2 illustrates a Sample Report when Material Weaknesses and Significant Deficiencies over Compliance were identified.

**Sample 2**

**Independent Auditor's Report on Compliance for Each Major HUD Program and on Internal Control over Compliance Required by the Consolidated Audit Guide for Audits of HUD Programs**

To the Partners of  
**[insert Partnership name]**  
 (a Limited Partnership)  
**[insert address]**

Report on Compliance for Each Major HUD Program

We have audited **[insert Partnership name]**'s (the "Partnership") compliance with the compliance requirements described in the Consolidated Audit Guide for Audits of HUD Programs (the Guide) that could have a direct and material effect on each of **[insert Partnership name]**'s major U.S Department of Housing and Urban Development (HUD) programs for the year ended **[insert fiscal year end date]**. **[insert Partnership name]**'s major HUD programs and the related direct and material compliance requirements as follows:

Name of Major HUD Programs	Direct and Material Compliance Requirements
<b>[Insert the name of the major HUD Program]</b>	Include only those specific requirements that are applicable to the Project's major HUD program (Chapter 3 of the Guide):  Federal financial reports, mortgage status, replacement reserve, residual receipts, distributions to owners, equity skimming, cash receipts, cash disbursements, tenant application, eligibility, and recertification, units leased to extremely low-income families, security deposits, management functions, unauthorized change of ownership/acquisition of liabilities, unauthorized loans of project funds, excess income, leased nursing homes, mark-to-market program (M2M), and Section 236 decoupling projects.

<b><i>[Insert the name of the major HUD Program]</i></b>	<b><i>[List the direct and material compliance requirements tested]</i></b>

*Management's Responsibility*

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grant applicable to its HUD programs.

*Auditor's Responsibility*

Our responsibility is to express an opinion on compliance for each of ***[insert Partnership name]***'s major HUD programs based on our audit of the 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 Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on a major HUD program occurred. An audit includes examining, on a test basis, evidence about ***[insert Partnership name]***'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 program. However, our audit does not provide a legal determination of ***[insert Partnership name]***'s compliance.

*Opinion on Each Major HUD Program*

In our opinion, ***[insert Partnership name]*** complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major HUD programs for the year ended ***[insert fiscal year end date]***.

*Other Matters [Delete header and paragraph if not applicable]*

We noted certain matters that we are required to report to management of **[insert Partnership name]** in a separate written communication. These matters are described in our management letter dated **[insert date of management letter]**.

Report on Internal Control over Compliance

Management of **[insert Partnership name]** is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered **[insert Partnership name]** internal control over compliance with the requirements that could have a direct and material effect on each major HUD program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major HUD program and to test and report on internal control over compliance in accordance with the Guide, 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 **[insert Partnership name]**'s internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

*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 compliance requirement of a HUD 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 compliance requirement of a HUD 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 compliance requirement of a HUD program that is less severe than a material weakness in internal control over compliance, yet important enough to merit the attention of those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings, questioned costs, and recommendations as items **[List finding reference numbers, for example 2017-1 and 2017-2]** to be material weaknesses.

**[insert Partnership name]**' response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings, questioned costs, and recommendations.

**[insert Partnership name]**' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 Guide. Accordingly, this report is not suitable for any other purpose.

**[insert Accounting Firm name]**  
Certified Public Accountants

**[insert Accounting Firm address]**  
**[insert date of Report]**

## **Appendix IV - Compliance with the Regulatory and Management Agreements**

Over the past few years, the Regulatory Agreement and the Management Agreement have been updated. For those developments that have the original form of the Regulatory Agreement and have complied with both the original Management and Regulatory Agreements, the following is an example of an Independent Auditor's Report on Compliance with the Regulatory and Management Agreements [See also AU-C Section 806 - Reporting on Compliance with Aspects of Contractual Agreements or Regulatory Requirements in Connection with Audited Financial Statements].

### **Report on Pre-2000 MassHousing Form of the Management and Regulatory Agreements**

#### **Sample 1**

#### **Independent Auditor's Report on Compliance with the Regulatory and Management Agreements**

To the Partners of  
[*insert Partnership name*]  
(a Limited Partnership)  
[*insert address*]

We have audited, 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 financial statements of [*insert Partnership name*] (a Limited Partnership), which comprise the balance sheet as of [*insert fiscal year end date*], and the related statements of income (loss), partners' capital (deficiency), and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated [*insert date of report*] [*Include if applicable, “, which included an emphasis of matter paragraph as indicated on Page [insert page number]”*].

In connection with our audit, [*Include if applicable, “except as described in the accompanying schedule of findings, questioned costs, and recommendations as item 2017-1,”*] nothing came to our attention that caused us to believe that the Partnership failed to comply with the terms, covenants, provisions or conditions of Section [*insert relevant Section(s)*], inclusive, of the Regulatory Agreement dated [*insert date of Regulatory Agreement*], as last amended on [*insert date of Regulatory Agreement Amendment, if applicable*], with MassHousing, and Sections [*insert relevant Section(s)*], inclusive, of the Management Agreement dated [*insert date of Management Agreement*], as last amended on [*insert date of Management Agreement Amendment, if applicable*], with [*insert name of Management Agent*], insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Partnership's noncompliance with the above referenced terms, covenants, provisions, or conditions of the Regulatory Agreement and Management Agreement insofar as they relate to accounting matters.

This report is intended solely for the information and use of the general partners, management, others within the Partnership, and MassHousing, and is not intended to be and should not be used by anyone other than these specified parties.

[The purpose of this report is solely to describe the scope of our audit procedures to test **[insert Partnership name]**'s compliance with the terms, covenants, provisions or conditions of the aforementioned Sections of the Regulatory and Management Agreements referred to above, and the results of that testing, and not to provide an opinion on **[insert Partnership name]**'s compliance with those terms, covenants, provisions or conditions. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering **[insert Partnership name]**'s compliance with the terms, covenants, provisions or conditions of the aforementioned Sections of the Regulatory and Management Agreements referred to above. Accordingly, this communication is not suitable for any other purposes.]

*Note: This bracketed alert paragraph on the report's restricted use should be used instead of the immediately preceding restricted use alert paragraph when the audit of the financial statements has been performed in accordance with Government Auditing Standards.*

**[insert Accounting Firm name]**  
Certified Public Accountants

**[insert Accounting Firm address]**  
**[insert date of Report]**

For those developments that have the newer form of the Regulatory Agreement, the sections to be examined are different. The following is an example of an Independent Auditor's Report on Compliance with the Regulatory and Management where the development has complied with both the new forms of the Management and Regulatory Agreements.

**Report on Post-2000 MassHousing Form of the Management and Regulatory Agreements**

**Sample 2**

**Independent Auditor's Report on Compliance with the Regulatory and Management Agreements**

To the Partners of  
***[insert Partnership name]***  
(a Limited Partnership)  
***[insert address]***

We have audited, 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 financial statements of ***[insert Partnership name]*** (a Limited Partnership), which comprise the balance sheet as of ***[insert fiscal year end date]***, and the related statements of income (loss), partners' capital (deficiency), and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated ***[insert date of report]*** [*Include if applicable, “, which included an emphasis of matter paragraph as indicated on Page [insert page number]”*].

In connection with our audit, [*Include if applicable, “except as described in the accompanying schedule of findings, questioned costs, and recommendations as item 2017-1,”*] nothing came to our attention that caused us to believe that the Partnership failed to comply with the terms, covenants, provisions or conditions of Section ***[insert relevant Section(s)]***, inclusive, of the Regulatory Agreement dated ***[insert date of Regulatory Agreement]***, with MassHousing, and Sections ***[insert relevant Section(s)]***, inclusive, of the Management Agreement dated ***[insert date of Management Agreement]***, with of ***[insert Partnership name]***, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Partnership's noncompliance with the above referenced terms, covenants, provisions, or conditions of the Regulatory Agreement and Management Agreement insofar as they relate to accounting matters.

This report is intended solely for the information and use of the general partners, management, others within the Partnership, and MassHousing, and is not intended to be and should not be used by anyone other than these specified parties.

[The purpose of this report is solely to describe the scope of our audit procedures to of ***[insert Partnership name]***'s compliance with the terms, covenants, provisions or conditions of the aforementioned Sections of the Regulatory and Management Agreements referred to above, and the results of that testing, and not to provide an opinion on of ***[insert Partnership name]***'s compliance with those terms, covenants, provisions or conditions. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering of ***[insert Partnership name]***'s compliance with the terms, covenants, provisions or conditions of the aforementioned Sections of the

Regulatory and Management Agreements referred to above. Accordingly, this communication is not suitable for any other purposes.]

*Note: This alert paragraph on the report's restricted use should be used instead of the immediately preceding restricted use alert paragraph when the audit of the financial statements has been performed in accordance with Government Auditing Standards.*

**[insert Accounting Firm name]**  
Certified Public Accountants

**[insert Accounting Firm address]**  
**[insert date of Report]**

## Appendix V: Distribution Request Documentation

Developments requesting a Partnership Distribution must provide a letter to the Agency certifying the five (5) items outlined in the MHFA Owner's Equity Distribution Policy. The following is an example of the distribution request letter that should be submitted by a development that is permitted to take distributions annually.

### **Sample 1** ANNUAL DISTRIBUTION REQUEST LETTER

[*insert date of Request Letter*]

[*Insert Name of Asset Manager*]

MassHousing  
One Beacon Street  
Boston, Massachusetts 02108

RE: [*insert Property Name*]  
MHFA# [*insert 5 digit-MHFA Number – e.g. 00-000*]

Dear [*insert Name of Asset Manager*],

On behalf of [*insert Partnership name*], we are requesting MassHousing's approval to distribute [*insert amount of request*] of the [*insert fiscal year*] surplus cash to the partners. To the best of my knowledge, [*insert Property Name*]:

1. Has Funds Available for Distribution and that no obligations are more than 30 days past due;
2. Has no default, for which notice has been issued, under the Contract Document;
3. Has not failed to comply with the Agency's reasonable requirements for proper maintenance of the project;
4. Has no outstanding liens or security interest on the Project's assets other than the Mortgage, unless provided for, to the Agency's reasonable satisfaction, by insurance, reserve or in a similar manner, and
5. The funds allocated for distribution were not derived from borrowed funds or from the sale of capital assets, except with the prior written authorization of the Agency.

For [*insert Partnership Name*]

BY: [*insert name of General Partner and address*]

The following is an example of the Distribution Request Letter that that should be submitted by a development that is permitted under their Regulatory Agreement to take distributions quarterly.

**Sample 2**  
**QUARTERLY DISTRIBUTION REQUEST LETTER**

**[BORROWER LETTERHEAD]**

**[insert date]:**

**[insert name of Asset Manager]**  
Massachusetts Housing Finance Agency  
One Beacon Street  
Boston, Massachusetts 02108

Re: Borrower: **[insert Partnership name]**  
Development: **[insert Property Name]**  
MHFA No.: **[insert 5-digit MHFA #, e.g. 00-000]**  
Request for Quarterly Distribution

Dear **[insert name of Asset Manager]:**

The Borrower and the Massachusetts Housing Finance Agency (“MassHousing”) have entered into a Regulatory Agreement dated as of **[insert date of Regulatory Agreement]** (the “Regulatory Agreement”) in connection with MassHousing’s mortgage financing for the Development. Capitalized terms not otherwise defined in this letter shall have the meaning set forth in the Regulatory Agreement.

In accordance with the terms of the Regulatory Agreement, the Borrower is requesting MassHousing’s approval to distribute to the Borrower **[insert amount of distribution request]** of the **[insert fiscal year]** surplus Development Revenues for the fiscal quarter ending **[insert date of fiscal quarter end]**.

In connection with such request, the Borrower certifies to MassHousing, as of the date hereof:

6. For the **[insert fiscal year]** fiscal year, distributions in the total amount of **[insert amount of distribution paid to date]** have been paid to date. **[If request is for a fourth/final quarterly distribution, add: Based on the audited financial statements being submitted to MassHousing for such fiscal year, the total amount of permitted distributions for such fiscal year allowed under the Regulatory Agreement is **[insert total amount of permitted distribution for fiscal year]****
7. Development Revenues have been applied as required under Section 6 of the Regulatory Agreement and the net balance of the Development Revenues for the fiscal year, after such application and any distribution(s) previously made for the fiscal year, is equal to or exceeds the quarterly distribution amount specified above.
8. All currently payable amounts as identified in Section 6(c) of the Regulatory Agreement have been paid and the Development has no outstanding obligations more than thirty (30) days past due **[If request is for a fourth/final quarterly distribution, add: as evidenced by the attached**

certificate provided by an independent accountant indicating that no such obligations are more than thirty (30) days past due].

9. No default has occurred and is continuing under any Contract Document, and no event has occurred that, with the passage of time and/or the giving of notice, would become a default under any Contract Document.
10. There has been no been failure to comply with any MassHousing notice regarding any reasonable requirement for proper maintenance of the Development.
11. There is no lien or security interest on the Development assets outstanding against all or any part of the Mortgaged Property (other than a lien securing the Mortgage Debt under the Contract Documents and any other lien(s) expressly permitted under the Contract Documents).
12. The funds allocated for distribution were not derived from borrowed funds or from the sale of capital assets, except with the prior written authorization of MassHousing.
13. *[If request is for a fourth/final quarterly distribution, add:* The Excess Equity Account established pursuant to Section 7(f) of the Regulatory Agreement (i.e., funds available as distributions but not permitted to be distributed under the Regulatory Agreement for preceding fiscal years) has a current balance of **[insert Excess Equity balance]**. Based on the audited financial statements being submitted to MassHousing for the **[insert fiscal year]** fiscal year, [no funds will be deposited into the Excess Equity Account for such fiscal year // funds in the amount of **[insert amount of Excess Equity deposit]** will be deposited into the Excess Equity Account for such fiscal year] and [no funds // funds in the amount of **[insert amount]**] will be released and applied to pay, without interest, available distributions for prior fiscal years, in accordance with Section 7 of the Regulatory Agreement.

In connection with this request, the following schedules for the period referenced above are attached:

- Form F.C.-1: Statement of Funds Flow Available for Equity
- Form F.C.-5: Statement of Funds Available for Distribution

Please indicate MassHousing's approval by signing and returning the acknowledgement copy of this letter.

BORROWER:  
**[insert Borrower Name]**

By:

Name:

Title:

## Compliance with Section 7(a) and 8(a) of the MassHousing Regulatory Agreement

To comply with the Regulatory Agreement [See Section 7(a) and 8(a)], the following letter, based upon an Agreed-Upon Procedure Engagement, may be submitted by the auditor to the owner and included in the documentation submitted to MassHousing with the distribution request. The following is a sample of this letter from your auditor.

Owner that requests Distribution may suggest an alternative way to satisfy the requirements of the above referenced section of the Regulatory Agreement. Each request will be considered by Rental Management staff on a case-by-case basis.

### **Sample 3**

#### Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Partners of [*insert Partnership name*] ("Partnership")  
and  
Massachusetts Housing Finance Agency ("MassHousing") ("Agency")

Re: [*insert Property Name*] ("Development Project")

We have performed the procedures enumerated below with respect to the accounting records of the Development Project and the Partnership and the other documents furnished to us by the Partnership as stated below, pertaining to the requirements of Section 7 subparagraph (a)(ii) of the Regulatory Agreement, dated [*insert date of Regulatory Agreement*], between the Partnership and MassHousing (the "Regulatory Agreement") as of [*insert fiscal year end date*]. These procedures, which were specified and agreed to by the General Partner of the Partnership and were deemed by the General Partner to be in accordance with the Agency's requirements with respect to its [*insert fiscal year*] *Audited Financial Statement Requirements Guide*, were performed solely to assist you in evaluating whether the Partnership has met the requirements of Section 7 subparagraph (a)(ii) of the Regulatory Agreement as of [*insert fiscal year end date*]. The General Partner is responsible for meeting the requirements. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The information used to conduct our procedures was provided to us by the Partnership and management agent (hereafter, Management).

Section 7 subparagraph (a)(ii) provides for certain requirements to be met for Distributions, as defined, to be made by the Development Project.

To perform the following procedures, we obtained the Regulatory Agreement and inspected the pertinent portions of the agreement to obtain the requirements to be met for Distributions to be made by the Development Project.

The procedures we performed, and our findings are as follows:

1. We obtained the MassHousing mortgage activity statement (the "activity statement") for the month of [*insert month and year*]. We compared the mortgage payment and mortgage escrow

and replacement reserve deposits, due **[insert date]**, from the activity statement to the Partnership's general ledger, the MassHousing Regulatory Agreement, and mortgage loan and related loan documents.

We found no exceptions as a result of the procedures performed.

2. We compared the payments made from operating funds by the Partnership, in **[insert month and year]**, on operating expense loans for Development Project expenses which are payable to the partners and/or their affiliates to the bank statements and the approval letter **[or other documentation - specify]** from MassHousing for repayment of such loans.

We found no exceptions as a result of the procedures performed.

3. We obtained the Partnership's detail aged accounts payable listing as of **[insert fiscal year end date]**. We recalculated the aging per the aged accounts payable listing based on the invoice date and service period or delivery date for each payable on the listing. We selected a judgmental sample of 50% of the dollar amounts of payables in the 0 - 30 days category on the detail aged accounts payable listing and obtained the invoices **[or other supporting documentation - specify]** for those payables. We compared the invoice date and service period or delivery date from the invoice **[or other supporting documentation - specify]** to the information included on the detail aged accounts payable listing.

We found no exceptions as a result of the procedures performed.

4. We obtained a detail listing of the Partnership's accrued expenses, related invoices **[or other supporting documentation - specify]**, and management's accrual calculations as of **[insert fiscal year end date]**. We recalculated management's accrual calculations. We inspected each invoice **[or other supporting documentation - specify]** for the following information: type of cost incurred, business purpose, period to which the cost relates, and payment terms. Using this information, we calculated a payment due date for each accrued expense. We compared the calculated due date to the threshold due date established by MassHousing of not greater than 30 days at **[insert fiscal year end date]**.

We found no exceptions as a result of the procedures performed.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, that the Partnership met the requirements of Section 7 subparagraph (a)(ii) of the Regulatory Agreement as of **[insert fiscal year end date]**. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the General Partner of the Partnership and MassHousing and is not intended to be and should not be used by anyone other than these specified parties.

**[insert Accounting Firm name]**

[insert Accounting Firm address]

[insert date of Report]

**Appendix VI: Mortgagor’s & General Partner’s Certificate**

Mortgagor's & General Partner's Certificate

I hereby certify that I have examined the accompanying Financial Statements and Supplemental data of [insert Partnership Name] and, to the best of my knowledge and belief, the same is complete and accurate. I also certify that I have made the contributions and guaranteed annual payments contractually required as part of the underwriting of the development.

In addition, I hereby certify that for the fiscal year ended [insert fiscal year end date], there has been no change in the general partners of [insert Partnership Name] except for the additions or deletions identified below:

(Signed)

\_\_\_\_\_ Date  
Managing General Partner

Additions:

\_\_\_\_\_ Date of Change  
General Partner

\_\_\_\_\_ Date of Change  
General Partner

\_\_\_\_\_ Date of Change  
General Partner

Deletions:

\_\_\_\_\_ Date of Change  
General Partner

\_\_\_\_\_ Date of Change  
General Partner

\_\_\_\_\_ Date of Change  
General Partner

**Appendix VII – Affordable Housing Trust Fund Cash Flow Certification**

The following is a sample of a Borrower’s Annual Cash Flow Sharing Payment Certification required for properties with Affordable Housing Trust Funds (AHTF) requiring annual cash flow payments. Any projects with Affordable Housing Trust Fund cash flow loans, must also submit a certification along with the calculated cash flow, if applicable. The calculation should show the final AHTF funds due to MassHousing, as well as the waterfall calculation and the pro rata sharing with the other lenders. Please submit certification and calculation to [AHTFCertifications@masshousing.com](mailto:AHTFCertifications@masshousing.com).

**BORROWER’S ANNUAL CASH FLOW SHARING PAYMENT CERTIFICATION**

TO:            Massachusetts Housing Finance Agency

FROM:

RE:            Annual Cash Flow Sharing Payment

Ladies and Gentlemen:

Reference is herein made to a certain [Promissory Note (Affordable Housing Trust Fund)] (the “AHTF Note”) dated as of \_\_\_\_\_, 20\_\_ in the original principal amount of \$ \_\_\_\_\_ from \_\_\_\_\_ (the “Borrower”) in favor of The Commonwealth of Massachusetts, acting by and through the Department of Housing and Community Development under the Affordable Housing Trust Fund Statute, M.G.L. c.121D, by the Massachusetts Housing Finance Agency (“AHTF”). Capitalized terms, unless otherwise defined herein, shall have the respective meanings assigned to such terms in the AHTF Note.

Concurrently herewith, the Borrower is paying \$[\_\_\_\_\_] to AHTF pursuant to the AHTF Note, with respect to the Fiscal Year ending on \_\_\_\_\_ (the “Annual Cash Flow Sharing Payment”). Attached is a copy of the cash flow payment waterfall calculation to document the method of calculation of the Annual Cash Flow Sharing Payment.

The Borrower hereby certifies to AHTF that the Annual Cash Flow Sharing Payment is correct and has been calculated in strict accordance with the terms of the AHTF Note and any applicable agreements referenced therein.

**BORROWER:**

By:    ENTER BORROWER ENTITY

By: \_\_\_\_\_  
Insert Authorized Signatory

ATTACHMENT

Annual Cash Flow Sharing Payment Calculation

*The calculation should show the final AHTF funds due to MassHousing, as well as the waterfall calculation and the pro rata sharing with the other lenders.*