

**CITIZENS FOR AFFORDABLE HOUSING IN NEWTON DEVELOPMENT
ORGANIZATION, INC. d/b/a CAN-DO**

HISTORY, GOALS AND KEY ACHIEVEMENTS

Citizens for Affordable Housing in Newton Development Organization, Inc. d/b/a CAN-DO was formed due to efforts by the City of Newton's Planning Department in response to the Federal Housing Act of 1992. That Act set aside 15% of special funding from the HOME program for a community based nonprofit organization with a mission to create affordable housing. The organization was incorporated and received its federal tax-exempt status in 1994.

The Board members are committed to CAN-DO's mission to own, develop, preserve, and manage affordable housing in Newton. To fulfill that mission, we engage in partnerships with other agencies, advocate for affordable housing, and work with the City of Newton to address housing affordability issues. The eight (8) member Board of Directors is racially and economically diverse.

Due to its property and income wealth, there are limited opportunities for low-income families to live in Newton. Yet its good schools, safe environment, numerous parks and recreational opportunities are what those families need to improve the life chances of their children. CAN-DO tries to help fill that void by providing affordable housing opportunities for Newton and surrounding communities. In its 18 years of existence, CAN-DO through its eight transitional housing units has provided environmentally safe, comfortable and affordable housing for approximately 60 homeless families including 100 children. These families receive additional supportive services ranging from counseling, child care, after school care and job-training via our partner organizations. 90% of these families are minority and almost all of whom are headed by a single female.

In addition, we own and manage five 2 family properties, one 3-family property which provide permanent rental housing for very low-income families, as well as a six bedroom group home for adults with developmental disabilities. One of those properties was created to provide 2 units of housing for homeless veteran families. We also developed and own a 6 unit congregate housing facility for adults with developmental disabilities. CAN-DO also developed fifteen condominium units which enabled 8 moderate income families to become homeowners in one of the wealthiest communities in the state.

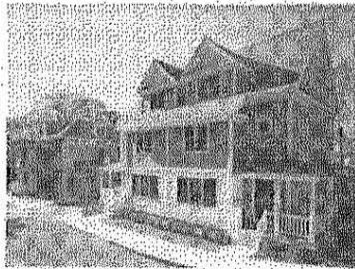
We are currently in the process of developing a total of four units in two different properties. The units will house two families moving from our transitional housing units and two homeless families from motels and hotels.

Our community partners include The Second Step, Family Access and Newton Wellesley Weston Committee for Community Living.

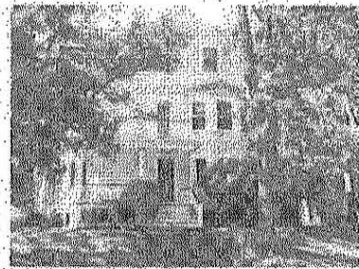
Revised sept 2015



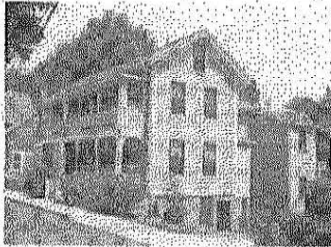
Millhouse Commons



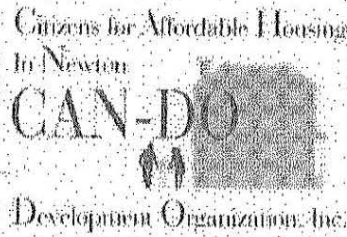
Highlands Glen



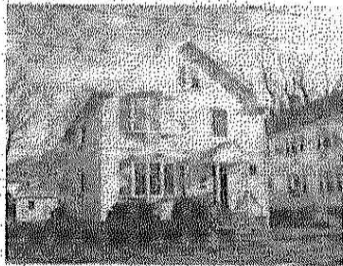
Veteran House



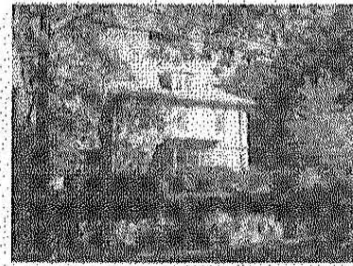
Garfield House



Cambria Road #1



Falmouth Road



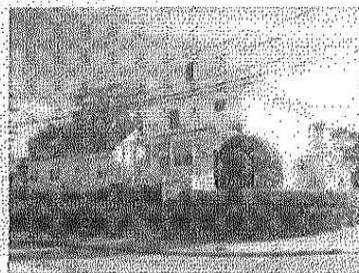
Kayla Rosenberg House



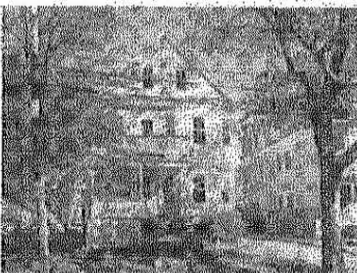
Linden Green



Park House



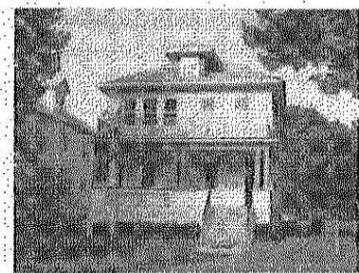
Webster Street



Eddy Street



Cambria Road 2



Jackson Road

BIOGRAPHICAL RESUME OF JOSEPHINE MCNEIL

JOSEPHINE McNEIL is the Executive Director of Citizens for Affordable Housing in Newton Development Organization, Inc. d/b/a CAN-DO. CAN-DO is a community-based nonprofit housing development organization with a mission to create affordable housing in the City of Newton. Her tenure with CAN-DO has spanned almost twenty years. She was one of the organizing members in 1994 and the first President of its Board of Directors until 1999 when she was hired as its part-time Executive Director in 1999 and in 2000 her duties were extended to a full-time position.

Josephine brings to her position knowledge of real estate development with a focus on affordable housing, as well as knowledge and skills in structuring affordable housing projects gained from her prior positions. Prior to her appointment as Executive Director, she ran her own affordable housing and economic development firm. Her background includes employment as a real estate attorney for the Boston law firm Brown Rudnick Freed and Gesmer and a position as Senior Project Manager for a real estate developer whose focus was on affordable housing.

Under her leadership, first as board president and then as Executive Director CAN-DO has developed forty-two units of housing serving a diverse population. Thirty-five of the units are deed-restricted to ensure that they remain affordable. Currently under development is a two-family dwelling in Newton.

Josephine also responsible for the management of the scattered site rental units owned by CAN-DO. The populations residing in these units include individual with developmental disabilities, households headed by female victims of domestic violence, formerly homeless families including veteran families. She collaborates with local social service organizations, the Department of Veteran Affairs Healthcare for the Homeless program and other organizations to provide the supportive services many of the residents need in order to use their housing as a platform to more stable and secure futures for themselves and their families.

Josephine's work in the area of affordable housing is widely recognized in the community. She received the Human Rights Award from the Newton Human Rights Commission in 2001. In 2002 she was selected as one of the subjects in the 2002 Portrait Project Subjects by the Newton Women's Commission as well as the recipient of the Robert Swett Award in recognition of her efforts to develop affordable housing in the City of Newton. In October of 2006, she was designated as a Star and presented with an award from the Newton Community Service Center as part of its annual Night of Thousand Stars Benefit. Boston College Law School presented Josephine with its David Nelson Public Service Award in 2008. In 2009, she received the Mayor's Medallion Award and award from the Metropolitan Boston Housing Partnership for "going above and beyond" for CAN-DO's tenants. That same year she was one of the recipients of a Women of Justice Award from Massachusetts Lawyers Weekly.

Attachment #11 for October 2015 Cambria Road Housing Proposal to Newton CPC

Other present and past volunteer civic activities include membership on the Economic Advisory Committee, and Co-Chairperson of Uniting Citizens for Housing Affordability in Newton (U-CHAN), an advocacy organization that she helped organize in 1999. U-CHAN under her leadership was a major participant in the Newton Community Preservation Alliance, the organization that led the successful campaign to pass the Community Preservation Act in the City of Newton. That effort has provided city funding for affordable housing projects in Newton. She was appointed by former Mayor David Cohen to serve on the Comprehensive Planning Advisory Committee where she chaired the sub-committee charged with developing the Housing Element. She also served on the Mixed Use Task Force established by current Mayor Setti Warren. In addition, she is a member of the Newton Fair Housing Committee.

Josephine also serves on the board of several regional and national organizations including the Citizens Housing and Planning Association (CHAPA), the Lawyers Clearinghouse for Affordable Housing and Homelessness, The Volunteer's Lawyers Project and the National Housing Conference. She was recently appointed as a Special Advisor to the American Bar Association's Commission on Homelessness and Poverty of which she served as chair on two separate occasions. She currently serves as a Massachusetts delegate to the House of Delegates of the American Bar Association. She was also recently appointed as a Co-Chairperson of the Economic Justice subcommittee of the section on Civil Rights and Social Justice. In addition she is an active member of The Eliot Church of Newton where she served as the Moderator.

Josephine is a graduate of Vassar College and the Boston College Law School. After law school she served a two-year clerkship at the Massachusetts Appeals Court and was admitted to the Massachusetts's Bar in 1989.

ARCHITECT – TERRI HEINLEIN

My work has been varied, and can be found in urban, suburban and rural contexts, from small vacation and affordable homes to large estates. My experience includes more than twenty years of practice in residential architecture, and parallel professional teaching in schools of architecture. I have found that these two components of my work reinforce each other, and have allowed me to maintain a broad view on the many conditions that influence architectural design. Having worked with a variety of home owners, I understand the importance of meeting individual family needs. Working with a variety of contractors, I understand the importance of selecting the right builder for an individual owner and project.

I hold undergraduate and graduate degrees in architecture from the University of Pennsylvania in Philadelphia. I am a member of the American Institute of Architects, the Boston Society of Architects, the United States Green Building Council, and the Association of Collegiate Schools of Architecture. I am certified by the National Council of Architectural Registration Boards, and have architectural licences in Massachusetts, Rhode Island and Vermont; other licenses have been received in California, Maine, and New Hampshire

CAN-DO BOARD OF DIRECTORS

Susan Davidoff - Ms. Davidoff joined the board in August of 2015. She has been a resident of Newton for fourteen years and lives in Nonantum with her husband David, a structural engineer. They are the parents of 3 children who attended Newton schools. Her professional background includes eleven years working with special needs students in the Newton Public schools.

Susan is the daughter of an urban planner and she was influenced by what she learned from him and became interested in issues of economic and social justice at a very early age. That interest has continued throughout her life. She is on the board of Progressive Massachusetts. She has been an active participant in local affordable housing matters in Newton.

Betsy Harper – Ms. Harper joined the Board in April of 2013 and is a Newton resident. She is employed by the MA agency that oversees all state-supported low income housing - The Department of Housing and Community Development (DHCD). At DHCD Betsy is a project manager with responsibility for a \$7M budget of energy efficiency retrofit and renewable energy installations on the state's 44,000 low income units for elders, families and the disabled. Prior to joining DHCD, Betsy had a 20-year career in finance. Betsy is the Treasurer of CAN-DO.

Richard Hassinger – Mr. Hassinger has worked professionally as a clinical social worker for over 30 years providing mental health services to all ages as a therapist and as an administrator and clinical supervisor. He currently works part-time as a therapist at Jewish Family and Children's Services in Waltham, MA. Prior to this he had been director of an outpatient mental health clinic in Lowell, MA for 13 years. Rich and his wife and have lived in Newton since 1976. Rich joined the Board in July of 2013. Rich is the Acting Clerk of the board.

Tammy McKenna – Ms. McKenna grew up in Newton. She was a small business owner of a nail salon in West Newton before starting her career in the special event industry where she has worked for the last 20 years. For the past ten years, she has worked as the Facility Manager of the Commander's Mansion in Watertown where she manages the property and special events. Tammy recently returned to Newton and lives in one of CAN-DO's residence with her son. In addition to her day job, Tammy loves to volunteer for a variety of organizations- health, human services, and children's groups. She strongly feels it is vital to give back and pay it forward. She enjoys cooking and road trips where the end location is a sandy beach!

Deanna Reid – Ms. Reid joined the Board in 2005. Her three youngest children attended the Newton public schools. She has worked as a childcare advocate and provider for more than twenty-five years. She operates her own day care business.

James Thompson – Mr. Thompson joined the Board in June of 2010. He is a financial advisor and is a member of Village Financial Partners, a subsidiary of The Village Bank in Newton. He is a resident of Arlington, MA. Jim currently serves as the President of the Board of Directors.

Don Kondub - Mr. Kondub joined the Board in February of 2014. He is the Executive Director of the Nutter McClennen and Fish Law firm. Don has resided in Newton for twenty years.

Bart Lloyd – Mr. Lloyd joined the board in January of 2015. He and his wife are longtime residents of Newton. His children attended the Newton Schools. He serves as General Counsel to the Preservation of Affordable Housing (POAH) a national nonprofit housing development organization.

**FAIR HOUSING AFFIRMATIVE MARKETING PLAN
FOR 10-12 Cambria Road, NEWTON, MA 02465**

10-12 Cambria Road is a 2- unit property located at West Newton. The property has two 2- bedroom units . Each unit contains 2 bedrooms, living room, dining room and full bath

The units will be marketed to the following organizations and individuals in the priority order listed:

- Group 1 – Preference to an individual who has successfully completed the two 2 transitional housing program in CAN-DO'S transitional housing programs at the Kayla Rosenberg House and The Louis Garfield House at the time the 3 bedroom unit is ready for occupancy.
- Group 2 – Families seeking a 2-bedroom unit who are housed in the motel/hotel program administered by MBHP on behalf of the Department of Housing and Community Development.
- Group 3 – Families seeking a 2 – bedroom unit who are housed in shelters administered by the MBHP on behalf of the Department of Housing and Community Development.

Outreach for units:

- Group One applicants will be selected by CAN-DO from among its potential group of 8 families on the Newton Housing Authority Domestic Violence Wait List.
- Group Two and Three applicants will receive marketing materials from MBHP case managers located at motels , hotels and shelters identified by MBHP. CAN-DO will send marketing materials to the case managers at the selected locations.
- A representative from CAN-DO will schedule an informational meeting at each of the locations. Informational packets will be available to attendees.

Interested applicants can request informational packets including an application by sending a written request by mail e-mail or in-person to CAN-DO, 1075 Washington Street, West Newton, MA 02465; via fax – 617-964-35963; via e-mail – jam_cando@msn.com.

Selection Process:

Upon receipt, applications will be assigned a number based upon the date received; earliest return will receive the lowest number. Qualified applicants will be placed in a lottery. The first 3 lottery winners will be processed. If the applicant has the ability to pay rent and receives a favorable reference from the former landlord, he/she will be offered the unit. If more than one applicant is qualified then the applicant with the lowest number will be offered the unit. If none of the applicants are qualified, the next three lottery applicants in the lottery will be notified and the same process will be followed until a qualified applicant is found.





**CITIZENS FOR AFFORDABLE HOUSING IN NEWTON
DEVELOPMENT ORGANIZATION, INC. D/B/A/ CAN-DO**

**POLICY AND PROCEDURES FOR REASONABLE ACCOMMODATION AND
REASONABLE MODIFICATION**

Citizens for Affordable Housing In Newton d/b/a CAN-DO, received federal financial assistance for this project and is subject to the requirements of Section 504 of the Rehabilitation Act of 1973 and its implementing regulations at 24 CFR Part 8. The Act prohibits housing providers from discriminating against housing applicants or residents because of their disability or the disability of anyone associated with them and from treating persons with disabilities less favorably than others because of their disability. The Act also makes it unlawful to refuse to make reasonable accommodations relative to rules, policies, practices or services when accommodations may be necessary to enable a person with disabilities equal opportunity to use and enjoy residing in a housing unit.

The Act defines a person with a disability to include (1) individuals with a physical or mental impairment that substantially limits one or more major life activities; (2) individuals who are regarded as having such impairment; and (3) individuals with a record of such impairment. The term *substantially limits* suggests that the limitation is “significant” or “to a large degree”. The term *major life activities* refers to those activities that are of central importance to daily life such as seeing, hearing, walking, breathing, performing manual tasks, caring for one’s self, learning and speaking.

Under the Act, physical or mental impairment includes, but is not limited to, such diseases and conditions as orthopedic, visual, speech and hearing impairments, cerebral palsy, autism, epilepsy, muscular dystrophy, multiple sclerosis, cancer, heart disease, diabetes, HIV infection, mental retardation, emotional illness, drug addiction (other than addiction caused by current illegal use of a controlled substance) and alcoholism.

1. The definition of reasonable accommodation and reasonable modification under The Act are as follows:

- **Reasonable accommodation** is a request for a change or waiver to policies, practices, procedures or services to provide greater use and accessibility of the housing services.
- **Reasonable modification** is a physical alteration to provide greater accessibility and use of the premises for a person with a disability. Reasonable modifications can include structural changes to interiors and exteriors of residential units as well as common areas.

2. Persons in need of a reasonable accommodation and/or reasonable modification should make a request to the Executive Director, Josephine McNeil at 1075 Washington Street, West Newton, MA 02465 or via e-mail at jam_cando@msn.com. Or by phone, at 617-964-3527.

3. Within 5 days of receipt of the request CAN-DO will contact the applicant and arrange to meet with him/her to determine the specific nature of the reasonable accommodation or reasonable modification. In the event the applicant has a mobility impairment CAN-DO will arrange to meet with the applicant at a location that is wheelchair accessible. At that meeting, CAN-DO will prepare a written account of the request and ask the applicant to sign to show his/her agreement with the write-up.

Within 5 days of that meeting, CAN-DO will submit the report to its architect and/or contractor to obtain a description and the cost to satisfy the request. Upon receiving the report CAN-DO will determine if the request will cause an undue administrative and financial burden or changes the basic nature of the housing program. CAN-DO will provide the applicant with a copy of the report.

In order to determine whether the costs are reasonable, CAN-DO will establish a 3 member panel of volunteers which shall include a building professional, other than the one who wrote the report, a disability advocate and a lawyer familiar with disability law, who will review the request and the report from the architect/contractor and provide CAN-DO with a written report. The applicant will be given the opportunity to meet with the panel.

The report from the panel will be presented to CAN-DO's Board of Directors who will make the final determination regarding the expenditure of funds. This process must be completed within 21 business days of the original request.

4. If the Board denies the request because it would cause an "undue hardship", and the Applicant thinks he/she has been discriminated against he/she has the right to file a fair housing complaint with the City of Newton's Human Rights Commission.

Policy Adopted by Board of Directors on March 10, 2010

Policy Revised by Board of Directors on June 23, 2010

Policy Revised by Board of Directors on July 14, 2010

CAN-DO
2015 APPROVED BUDGET


	PROPERTY	PROPERTIES	OPERATING	TOTAL
	DEVELOPMENT			
	Budget	Budget	Budget	Budget
Ordinary Income/Expense				
Income				
4000 · Grants				
4010 · CHODO	0	0	7,000	7,000
4050 · HUD	0	0	0	0
4060 · Garfield Grant	0	7,400	0	7,400
4000 · Grants - Other	0	0	8,000	8,000
Total 4000 · Grants	0	7,400	15,000	22,400
4100 · Contributions & Donations	0	0	21,000	21,000
4102 · Fundraising	0	0	110,000	110,000
4150 · Rent	0	543,175	0	543,175
4160 · Vacancies	0	-24,560	0	-24,560
4200 · Interest Income	0	0	120	120
4250 · Laundry Income	0	5,000	0	5,000
4500 · Developer Fees	40,000	0	0	40,000
4550 · Management Fee Income	0	2,400	29,500	31,900
Total Income	40,000	533,415	175,620	749,035
Expense				
6010 · Insurance				
6155 · Insurance D & O	0	0	2,750	2,750
6156 · Insurance-Facilities	0	35,000	0	35,000
6157 · Insurance -Office & Auto	0	0	1,450	1,450
6159 · Worker's Comp Insurance	0	0	400	400
Total 6010 · Insurance	0	35,000	4,600	39,600
6020 · Management Fees				
6170 · Management Fee Expense	0	29,500	0	29,500
Total 6020 · Management Fees	0	29,500	0	29,500
6030 · Administrative Expenses				
5000 · Salary and Related				
5100 · Wages				
5110 · Executive	26,000	41,600	36,400	104,000
5120 · Administration	0	3,400	6,600	10,000
Total 5100 · Wages	26,000	45,000	43,000	114,000
5150 · Payroll Taxes	2,080	3,600	3,440	9,120
5200 · Health Benefits	1,500	2,400	2,100	6,000
5300 · Retirement Plan	1,720	2,780	2,500	7,000
5310 · Disability & Life Benefits	125	200	175	500
Total 5000 · Salary and Related	31,425	53,980	51,215	136,620
6100 · Advertising	0	0	300	300
6120 · Bank Charges	0	0	1,130	1,130
6135 · Conference Fees	0	0	1,000	1,000
6145 · Donations	0	500	2,000	2,500
6150 · Dues and Subscriptions	0	0	1,800	1,800
6175 · Postage and Delivery	0	0	1,780	1,780
6180 · Printing	0	0	4,500	4,500
6185 · Payroll Fees	400	600	500	1,500
6190 · Professional Fees - Accounti	5,700	19,000	13,800	38,500
6191 · Professional Fees - Audit	0	0	10,000	10,000
6192 · Public Relations	0	0	1,500	1,500
6195 · Filing Fees	0	800	300	1,100
6200 · Rent Expense	7,000	11,900	10,500	29,400
6205 · Supplies	0	0	2,300	2,300
6230 · Telephone				
6231 · Verizon	680	1,028	892	2,600
6233 · CellularOne	305	642	603	1,550
Total 6230 · Telephone	985	1,670	1,495	4,150
6238 · Auto lease	1,080	810	810	2,700
6320 · Legal Fees	0	3,000	0	3,000
6315 · Consultant	0	0	500	500
6359 · Internet expense	0	0	500	500
6600 · Website	0	0	500	500
6710 · Fundraising Fees & Events	0	0	12,000	12,000
Total 6030 · Administrative Expenses	46,590	92,260	118,430	257,280

CAN-DO
2015 APPROVED BUDGET

	PROPERTY DEVELOPMENT Budget	PROPERTIES Budget	OPERATING Budget	TOTAL Budget
6040 · Supportive Services				
6172 · Supportive Services Expense	0	0	0	0
Total 6040 · Supportive Services	0	0	0	0
6050 · Condo Fees				
6173 · Condo Fees Expense	0	4,700	0	4,700
Total 6050 · Condo Fees	0	4,700	0	4,700
6060 · Landscaping / Snow				
6220 · Landscaping	150	7,250	0	7,400
6222 · Snow Removal	900	18,350	0	19,250
Total 6060 · Landscaping / Snow	1,050	25,600	0	26,650
6070 · Facility Maintenance				
6210 · Exterminating	0	2,880	0	2,880
6221 · Facility Maintenance Expense	0	49,370	0	49,370
6345 · Security	0	250	0	250
Total 6070 · Facility Maintenance	0	52,500	0	52,500
6075 · Utilities				
6355 · Utilities Expenses				
6356 · Gas/Electric	240	20,580	0	20,820
6358 · Water	200	27,080	0	27,280
Total 6355 · Utilities Expenses	440	47,660	0	48,100
Total 6075 · Utilities	440	47,660	0	48,100
6080 · Property Taxes				
6400 · Property Taxes Expense	8,000	75,600	0	83,600
Total 6080 · Property Taxes	8,000	75,600	0	83,600
Total Expense	56,080	362,820	123,030	541,930
Net Ordinary Income	-16,080	170,595	52,590	207,105
Other Income/Expense				
Other Expense				
Total 9010 · Interest Expense	12,000	97,500	0	109,500
9301 · Capital renovations	0	15,000	0	15,000
Total 9300 · Capital Costs	0	15,000	0	15,000
Total Other Expense	12,000	112,500	0	124,500
Net Other Income	-12,000	-112,500	0	-124,500
Net Income	-28,080	58,095	52,590	82,605
less Principal Payments	0	-71,520	-10,000	-81,520
less Retirement Contribution	0	0	0	0
plus Reserves drawn for Capital Costs	0	15,000	0	15,000
less Reserve Contributions	0	-15,000	0	-15,000
Budgeted Cash Flow	-28,080	-13,425	42,590	1,085
Balances of Cash and Reserves:				
Operating/ Property Cash				54,956
Cash Operating Reserves				8,214
Total Cash				63,170
Replacement Reserve Account				22,340

**CITIZENS FOR AFFORDABLE HOUSING IN NEWTON
DEVELOPMENT ORGANIZATION, INC.**

**Financial Statements
December 31, 2014
(With Comparative Totals for 2013)**

 **SANDBERG & CREEDEN, P.C.**
Certified Public Accountants
331 Page Street
Stoughton, MA 02072

**CITIZENS FOR AFFORDABLE HOUSING IN NEWTON
DEVELOPMENT ORGANIZATION, INC.**FINANCIAL STATEMENTS
DECEMBER 31, 2014
(WITH COMPARATIVE TOTALS FOR 2013)Table of Contents

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To the Board of Directors of
Citizens for Affordable Housing in Newton
Development Organization, Inc.
W. Newton, Massachusetts

Independent Auditor's Report

Report on Financial Statements

We have audited the accompanying financial statements of Citizens for Affordable Housing in Newton Development Organization, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014, 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 Citizens for Affordable Housing in Newton Development Organization, Inc. as of December 31, 2014, 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2015, on our consideration of Citizens for Affordable Housing in Newton Development Organization, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to 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 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 Citizens for Affordable Housing in Newton Development Organization, Inc.'s internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the Citizens for Affordable Housing in Newton Development Organization, Inc.'s 2013 financial statements, and our report dated April 21, 2014, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

SANDBERG & CREEDEN, P.C.
Certified Public Accountants

Stoughton, Massachusetts
March 31, 2015

**CITIZENS FOR AFFORDABLE HOUSING IN NEWTON
DEVELOPMENT ORGANIZATION, INC.**
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2014
(WITH COMPARATIVE TOTALS FOR 2013)

	<u>ASSETS</u>	
	<u>2014</u>	<u>2013</u>
<u>Current Assets</u>		
Cash and cash equivalents	\$ 73,491	\$ 96,643
Operating reserves	3,064	864
Accounts receivable	<u>2,070</u>	<u>13,403</u>
Total current assets	78,625	110,910
<u>Property and Equipment</u>		
Land	1,749,452	1,466,852
Buildings	4,731,710	4,354,310
Building improvements	3,867,178	3,481,173
Furniture and equipment	<u>29,771</u>	<u>26,326</u>
Subtotal	10,378,111	9,328,661
Less: accumulated depreciation	<u>2,450,738</u>	<u>2,176,124</u>
Total property and equipment	7,927,373	7,152,537
<u>Other Assets</u>		
Replacement reserves	22,344	29,277
Housing under development	2,270	935,180
Tenant security deposits account	<u>35,548</u>	<u>29,973</u>
Total other assets	<u>60,162</u>	<u>994,430</u>
<u>Total Assets</u>	<u>\$ 8,066,160</u>	<u>\$ 8,257,877</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities</u>		
Notes payable	\$ 10,000	\$ 25,000
Mortgage payable - current portion	61,415	57,141
Accounts payable	36,370	43,920
Tenant security deposits	35,548	29,973
Accrued and deferred interest	60,504	60,504
Revolving loan pool	<u>20,000</u>	<u>20,000</u>
Total current liabilities	223,837	236,538
<u>Long-Term Liabilities</u>		
Mortgage payable	<u>8,683,453</u>	<u>8,661,334</u>
Total long-term liabilities	8,683,453	8,661,334
<u>Net Assets</u>		
Unrestricted	(841,130)	(644,995)
Temporarily restricted	5,000	5,000
Total net assets	<u>(841,130)</u>	<u>(639,995)</u>
<u>Total Liabilities and Net Assets</u>	<u>\$ 8,066,160</u>	<u>\$ 8,257,877</u>

See accompanying notes. See Independent Auditors' Report.

**CITIZENS FOR AFFORDABLE HOUSING IN NEWTON
DEVELOPMENT ORGANIZATION, INC.**

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014
(WITH COMPARATIVE TOTALS FOR 2013)

	2014			2013
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Total</u>
<u>Support and Revenue</u>				
Support:				
Contributions	\$ 34,055	\$	\$ 34,055	\$ 77,070
Special events	100,078		100,078	95,775
Released from restrictions	5,000	(5,000)		
Revenue:				
Government grants	15,635		15,635	25,088
Rental income	492,758		492,758	445,933
Management fees	2,400		2,400	2,400
Development fees	20,000		20,000	61,945
Interest income	<u>143</u>		<u>143</u>	<u>150</u>
Total support and revenue	<u>670,069</u>	<u>(5,000)</u>	<u>665,069</u>	<u>708,361</u>
<u>Expenses</u>				
Housing development	55,413		55,413	67,867
Rental activities	<u>705,155</u>		<u>705,155</u>	<u>672,061</u>
Total program expenses	<u>760,568</u>		<u>760,568</u>	<u>739,928</u>
General and administrative	77,863		77,863	80,976
Fundraising	<u>41,068</u>		<u>41,068</u>	<u>36,481</u>
Total expenses	<u>879,499</u>		<u>879,499</u>	<u>857,385</u>
<u>Change in Net Assets – Before Other Income (Loss)</u>				
	(209,430)	(5,000)	(214,430)	(149,024)
<u>Other Income (Loss)</u>				
Debt forgiveness	<u>13,295</u>		<u>13,295</u>	<u>76,009</u>
Total other income	<u>13,295</u>		<u>13,295</u>	<u>76,009</u>
<u>Change in Net Assets – After Other Income (Loss)</u>				
	(196,135)	(5,000)	(201,135)	(73,015)
<u>Net Assets - Beginning of Year</u>				
	<u>(644,995)</u>	<u>5,000</u>	<u>(639,995)</u>	<u>(566,980)</u>
<u>Net Assets - End of Year</u>				
	<u>\$ (841,130)</u>	<u>\$ 0</u>	<u>\$ (841,130)</u>	<u>\$ (639,995)</u>

See accompanying notes. See Independent Auditors' Report.

**CITIZENS FOR AFFORDABLE HOUSING IN NEWTON
DEVELOPMENT ORGANIZATION, INC.**
STATEMENT OF FUNCTIONAL EXPENSES
DECEMBER 31, 2014
(WITH COMPARATIVE TOTALS FOR 2013)

	2014					2013	
	Housing Development	Rental Activities	Total Program	General and Administrative	Fundraising	Total	Total
Salaries	\$ 25,933	\$ 43,586	69,519	\$ 27,791	\$ 12,211	\$ 109,521	\$ 107,288
Payroll taxes	2,080	3,606	5,686	2,181	1,140	9,007	8,207
Employee benefits	3,339	5,338	8,677	3,418	1,299	13,394	10,407
Salaries and related expenses	<u>31,352</u>	<u>52,530</u>	<u>83,882</u>	<u>33,390</u>	<u>14,650</u>	<u>131,922</u>	<u>125,902</u>
Advertising					320	320	300
Bad debt							3,908
Bank charges				1,067		1,067	1,010
Condo fees		4,646	4,646			4,646	4,646
Conferences				280		280	
Consultants	6,281	20,381	26,662	11,916	3,821	42,399	40,162
Depreciation		273,500	273,500	1,114		274,614	259,774
Development costs	3,385		3,385			3,385	
Donations		700	700	325		1,025	1,730
Dues and subscriptions				2,887		2,887	2,555
Event expenses					12,711	12,711	11,593
Exterminating		3,035	3,035			3,035	410
Filing fees		740	740	337	10	1,087	1,065
Facility maintenance	35	23,503	23,538	146		23,684	29,042
Insurance	441	34,179	34,620	3,276		37,896	32,201
Interest	542	102,892	103,434	96		103,530	116,500
Landscaping	280	17,836	18,116			18,116	5,322
Legal fees							4,103
Miscellaneous		39	39	450		489	45
Payroll services	252	396	648	349	67	1,064	1,737
Postage				572	738	1,310	1,782
Printing and public relations		332	332	1,353	5,255	6,940	5,834
Professional fees				9,027		9,027	8,500
Real estate taxes	1,899	66,669	68,568			68,568	67,350
Rent	7,063	11,303	18,366	7,078	2,812	28,256	28,072
Repairs and maintenance	447	37,936	38,383			38,383	38,154
Security		70	70			70	1,525
Supplies		957	957	1,832	315	3,104	1,826
Supportive services		625	625			625	9,459
Telephone and internet	1,008	1,590	2,598	1,577	369	4,544	5,154
Travel		320	320	56		376	682
Utilities	1,279	50,114	51,393			51,393	44,663
Vehicle expenses	1,149	862	2,011	735		2,746	2,379
Total	<u>\$ 55,413</u>	<u>\$ 705,155</u>	<u>\$ 760,568</u>	<u>\$ 77,863</u>	<u>\$ 41,068</u>	<u>\$ 879,499</u>	<u>\$ 857,385</u>

See accompanying notes. See Independent Auditors' Report.

**CITIZENS FOR AFFORDABLE HOUSING IN NEWTON
DEVELOPMENT ORGANIZATION, INC.**

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014
(WITH COMPARATIVE TOTALS FOR 2013)

	<u>2014</u>	<u>2013</u>
<u>Cash Flows From Operating Activities</u>		
Change in net assets	\$ (201,134)	\$ (73,015)
Adjustment to reconcile change in net assets to cash provided by operating activities:		
Depreciation	274,614	259,774
Debt forgiveness	(13,295)	(76,009)
(Increase) decrease in:		
Accounts receivable	11,332	(9,092)
Prepaid insurance		295
Pledges receivable		2,548
Increase (decrease) in:		
Accounts payable	(7,550)	(20,133)
Tenant security deposits	5,575	1,866
Deferred rental income		(2,400)
	<u>69,542</u>	<u>83,834</u>
<u>Net Cash Provided by Operating Activities</u>		
<u>Cash Flows From Investing Activities</u>		
Purchase of land, building and improvements	(110,825)	(23,193)
Purchase of land and building for development	(2,270)	(268,698)
Purchase of equipment	(3,445)	
Increase in replacement reserves (net)	6,933	4,782
Tenant security deposits (net)	(5,575)	(1,866)
	<u>(115,182)</u>	<u>(288,975)</u>
<u>Net Cash (Used) by Investing Activities</u>		
<u>Cash Flows From Financing Activities</u>		
Proceeds from mortgages	105,474	843,067
Repayment of mortgage principal and notes payable	(80,786)	(600,578)
	<u>24,688</u>	<u>242,489</u>
<u>Net Cash Provided by Financing Activities</u>		
<u>Increase (Decrease) in Cash and Cash Equivalents</u>	(20,952)	37,348
<u>Cash and Cash Equivalents - Beginning of Year</u>	<u>97,507</u>	<u>60,159</u>
	<u>Beginning</u>	<u>Ending</u>
Cash and cash equivalents	\$ 96,643	\$ 73,491
Operating reserves	864	3,064
	<u>\$ 97,507</u>	<u>\$ 76,555</u>

See accompanying notes. See Independent Auditors' Report.

**CITIZENS FOR AFFORDABLE HOUSING IN NEWTON
DEVELOPMENT ORGANIZATION, INC.**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014**Note 1. Organization**

Citizens for Affordable Housing in Newton Development Organization, Inc. (CAN-DO), was organized in January, 1994 in the Commonwealth of Massachusetts as a not-for-profit corporation. The purpose of the Organization is to expand the supply of decent and affordable housing in Newton, Massachusetts. The purpose is accomplished by promoting the development, construction and conversion of properties and serving as a Community Housing Development Organization.

The organization has developed 42 units of housing. It presently owns and manages 27 units and two units are currently under development. Included in its portfolio are units which serve victims of domestic violence; adults with developmental disabilities, formerly homeless veterans and low income families.

Note 2. Summary of Significant Accounting Policies

- a. **Standards of Accounting and Reporting**
The Organization follows the standards of accounting and financial reporting as described in the American Institute of Certified Public Accountants' Audit and Accounting Guide for "Not-for-Profit Organizations".
- b. **Financial Statement Presentation**
The Organization presents its financial statements in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958. Accordingly, the Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. A description of the three net asset categories follows:

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

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

Permanently Restricted - Net assets subject to donor-imposed restrictions that they be maintained permanently by the Organization. No permanently restricted assets were received or held during 2014 or 2013 and accordingly, these financials do not reflect any activities related to this class of net assets for 2014 or 2013.

**CITIZENS FOR AFFORDABLE HOUSING IN NEWTON
DEVELOPMENT ORGANIZATION, INC.**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014(Continued)**Note 2. Summary of Significant Accounting Policies** (Continued)

- c. Cash and Cash Equivalents
For purposes of the statement of cash flows, Citizens for Affordable Housing in Newton Development Organization, Inc. considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.
- d. Property and Equipment
These assets are stated at cost or if donated, at fair value at date of receipt. Maintenance repairs and minor repairs are expensed as incurred and major renewals in excess of \$1,000 which extend the life of the assets are capitalized.
- e. Restricted and Unrestricted Revenue
Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. When a time or purpose restriction expires, restricted net assets are reclassified to unrestricted net assets and are reported in the Statement of Activities as net assets released from restrictions.
- f. Depreciation
Provisions for depreciation are made in the accounts using the straight-line method. Equipment is being depreciated over 3-7 years and the building and improvements over 20-27.5 years.
- g. Allocation of Expenses
Expenses are allocated among program and supporting services directly or on the basis of time records and utilization estimates made by the Organization's management. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.
- h. Donated Materials and Services
Donated goods and services represent the estimated fair market value of materials and services provided. Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. No in-kind goods or services were received or recorded in 2013 and 2014.
- i. Use of Estimates
The presentation of 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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**CITIZENS FOR AFFORDABLE HOUSING IN NEWTON
DEVELOPMENT ORGANIZATION, INC.**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)**Note 2. Summary of Significant Accounting Policies** (Continued)

- j. Summarized Comparative Financial Statements
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 Organization's financial statements for the year ended December 31, 2013, from which the summarized information was derived.

Note 3. Tax Status

Citizens for Affordable Housing in Newton Development Organization, Inc. is exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code and accordingly, no provision for income taxes is included in the financial statements. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(a) and has been classified as an Organization that is not a private foundation under Section 509(a)(1).

Unrelated business income, of which the Organization had none for the year ending December 31, 2014, would be subject to Federal and State taxes. Consequently, the accompanying financial statements do not reflect any provision for income taxes.

Accounting principles generally accepted in the United States of America require the Organization management to evaluate tax positions taken by the Organization and recognize a tax liability (or assets) if it has taken an uncertain position that more likely would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken and has conclude that as of December 31, 2014, 2013 and 2012, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The tax returns are subject to routine audits by taxing jurisdictions, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for the years prior to 2011.

Note 4. Concentration of Credit Risk

Credit risk with respect to receivables is considered low because a substantial portion is due from tenants. Tenant receivables are closely monitored by management and rental property management companies with strict guidelines in place when balances initially become delinquent.

The Organization maintains its cash balances at several financial institutions. The balances at the financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2014 cash balances were fully insured.

**CITIZENS FOR AFFORDABLE HOUSING IN NEWTON
DEVELOPMENT ORGANIZATION, INC.**

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)

Note 5. Property Under Development

At December 31, 2014, the Organization had a site including land, building and improvements under agreement for closing in FY15. The value as of December 31, 2014 was \$2,270.

Note 6. Note Payable

The Organization has a note payable from an individual dated July 23, 2007 for \$25,000 at a zero interest rate due December 31, 2015. The balance as of December 31, 2014 and 2013 was \$10,000 and \$25,000, respectively.

Note 7. Mortgage Payable

	2014		2013	
	Current	Long Term	Total	Total
<u>Nonantum Place - Three Unit Residential</u>				
Community Economic Development Corporation (CEDAC) date of 1/3/97 of \$90,000 at 0%; due 2017; a cash payment due annually if gross receipts exceeds 105% of cash expenditures; Organization in compliance and all payments deferred; accrued interest totaled \$35,975.	\$	\$ 90,000	\$ 90,000	\$ 90,000
The Village Bank Loan dated 12/28/06, of \$130,000 at a variable rate of 6%; requiring monthly payments of \$784.76; due 12/28/21.	2,306	111,685	113,991	116,393
Newton Community Development Authority dated 7/8/10 of \$189,000; forgivable deferred loan at 0% interest as long as affordable housing use is maintained.		<u>189,000</u>	<u>189,000</u>	<u>189,000</u>
Subtotal Nonantum Place	<u>2,306</u>	<u>390,685</u>	<u>392,991</u>	<u>395,393</u>
<u>Christina Street - Five Unit Residential</u>				
Newton Community Development Authority dated 8/26/99 of \$225,000 at 7%; due forty years from project completion; one-fifteenth of original principal, \$15,000, and accrued interest due each annual anniversary date of completion; payment deferred if Organization in compliance; secured by third mortgage on property.		225,000	225,000	225,000

**CITIZENS FOR AFFORDABLE HOUSING IN NEWTON
DEVELOPMENT ORGANIZATION, INC.**

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)

Note 7. Mortgage Payable (Continued)

	2014		2013	
	Current	Long Term	Total	Total
<u>Christina Street – Five Unit Residential</u> (Continued)				
Boston Community Loan Fund dated 5/23/02 of \$101,942 at 7%; due in monthly payments of \$677.94, balance due 1/15/2024; secured by Second mortgage on the subject property.	1,560	90,252	91,812	93,371
The Village Bank dated 7/18/02 of \$688,315 at a variable interest rate of 3.125%; requiring monthly payments of \$1,391.70; balance due 7/18/2032.	7,597	215,701	223,298	232,683
Community Economic Development Corporation (CEDAC) dated 8/15/2002 of \$125,000 at 0%; no interest accrued unless in default; balance due 7/15/2032.		125,000	125,000	125,000
Newton Community Development Authority dated 2/12/04 of \$11,665; forgivable deferred loan at 7.25% per annum; due 2/12/14 as long as Organization continues to own property and verification of restrictions are filed timely and events of acceleration have not occurred. The note was forgiven in 2014.				11,665
Newton Community Development Authority dated 8/22/12 of \$11,320 at a 0% interest rate; balance due if there is a change of ownership, or if the organization is out of compliance.		11,320	11,320	11,320
Subtotal Christina Street	<u>9,157</u>	<u>667,273</u>	<u>676,430</u>	<u>699,039</u>

Webster Street – Six Units Residential

Newton Community Development Authority dated 8/23/00 of \$237,957 at 7%; due forty years from project completion; one-fortieth of original principal, \$5,625, and accrued interest due each annual anniversary date of completion; payment deferred if Organization in compliance; secured by third mortgage on property.		237,957	237,957	237,957
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**CITIZENS FOR AFFORDABLE HOUSING IN NEWTON
DEVELOPMENT ORGANIZATION, INC.**

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)

Note 7. Mortgage Payable (Continued)

	<u>Current</u>	<u>2014 Long Term</u>	<u>Total</u>	<u>2013 Total</u>
<u>Webster Street – Six Units Residential</u> (Continued)				
The Village Bank dated 3/14/02 of \$325,000 at a variable interest rate of 2.875%; due in monthly payments of \$1,484.19; balance due 3/14/2032.	8,465	232,630	241,095	251,795
Community Economic Development Corporation (CEDAC) dated 4/22/02 of \$389,811 at 0%; deferred grant loan with a twenty year permanent affordable housing restriction expiring 4/22/2022.		389,811	389,811	389,811
Massachusetts Housing and Community Development dated 1/9/2002 of \$250,000 at 0% interest rate; deferred grant loan with permanent affordable housing restriction; balance due 5/1/32.		250,000	250,000	250,000
The Newton Community Development Authority dated July 2, 2009 of \$8,150 at 0% interest rate; balance due July 2, 2014; 20% of loan amount will be forgiven annually with compliance of terms and conditions of loan.	<u>1,630</u>		<u>1,630</u>	<u>3,260</u>
Subtotal Webster Street	<u>10,095</u>	<u>1,110,398</u>	<u>1,120,492</u>	<u>1,132,823</u>
<u>18-20 Cambria Road – Two Units Residential</u>				
City of Newton, Community Preservation Grant (CPA) dated 9/29/03; deferred grant loan with a permanent affordable housing restriction;		200,000	200,000	200,000
The Village Bank dated 12/19/02 of \$400,000 at a variable interest rate of 3.125%; due in monthly payments of \$1,474.45; balance due 1/1/33.	5,103	238,246	243,349	253,269
Newton Community Development Authority dated 12/19/02 of \$200,000 at 7%; due 50 years from completion; no interest accrual as cancellation of obligation expected.		200,000	200,000	200,000

**CITIZENS FOR AFFORDABLE HOUSING IN NEWTON
DEVELOPMENT ORGANIZATION, INC.**

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)

Note 7. Mortgage Payable (Continued)

	<u>2014</u>		<u>2013</u>	
	<u>Current</u>	<u>Long Term</u>	<u>Total</u>	<u>Total</u>
<u>18-20 Cambria Road – Two Units Residential</u> (Continued)				
Newton Community Development Authority dated 10/29/08 of \$6,910; comprised of CDBG funds; forgivable deferred loan in five years as long as no change in use.		6,910	6,910	6,910
Cambridge Savings Bank construction loan dated 12/30/03 up to \$2,775,000, at 6%, due 12/1/2005; additional \$144,204 drawn 2007 and reduced by sale proceeds, remaining \$198,276 restructured; due March 31, 2018; 3.5% fixed for three years through March 31, 2012; re-priced at 250 bps over the 3 year FHLB rate for years 4-6 and 6-9, current monthly payment \$899.	4,995	167,979	172,974	177,472
Newton Community Development Authority dated 12/31/11; deferred grant loan with a permanent affordability housing restriction, due upon sale or transfer of land.		32,450	32,450	32,450
Subtotal 18-20 Cambria Road	<u>10,098</u>	<u>845,585</u>	<u>855,683</u>	<u>870,101</u>
<u>11-13 Cambria Road – Two Units Residential</u>				
Newton Community Development Authority dated 1/6/06; of \$200,000 at 0%; forgivable deferred loan provided the property complies with Community Development Block Grant program regulations and requirements for no less than 50 years.		200,000	200,000	200,000
City of Newton, Community Preservation Grant (CPA) dated 5/16/06; deferred grant loan with a permanent affordable housing restriction for no less than 50 years.		350,000	350,000	350,000

**CITIZENS FOR AFFORDABLE HOUSING IN NEWTON
DEVELOPMENT ORGANIZATION, INC.**

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)

Note 7. Mortgage Payable (Continued)

	2014		2013
	Current	Long Term	Total
<u>11-13 Cambria Road – Two Units Residential</u> (Continued)			

The Village Bank dated July 14, 2009 of \$240,000 at 6%; due in monthly payments of \$1,384.98; an additional \$7,400 was added to principal on 12/21/11 balance due on 7/14/24 at a current rate of 5.25%.

	4,838	222,275	227,113	231,597
Subtotal Cambria Road	<u>4,838</u>	<u>772,275</u>	<u>777,113</u>	<u>781,597</u>

Falmouth Road – Two Unit Residential

The Village Bank loan dated 10/12/05 of \$287,500; interest at 4.5%; due in monthly payments of \$1,634.93. An additional \$20,000 was added to principal on 7/29/11, balance due 4/24/24.

	7,380	255,428	262,808	270,090
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City of Newton, Community Preservation Funding (CPA), dated 8/11/2005 of \$275,000, deferred grant loan with a permanent affordable housing restriction and repayment of \$237,500 to MHIC; only payable if the terms of the deed restriction are violated.

		275,000	275,000	275,000
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Newton Community Development Authority deferred loan dated 8/11/2005 of \$62,500; comprised of CDBG funds; zero interest balance forgivable 10/2054.

		62,500	62,500	62,500
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Newton Community Development Authority deferred loan dated 10/15/04 of \$200,000; balance due 10/15/54.

		200,000	200,000	200,000
Subtotal Falmouth Road	<u>7,380</u>	<u>792,928</u>	<u>800,308</u>	<u>807,590</u>

Jackson Road – Two Unit Residential

The Village Bank loan dated 10/12/05 of \$287,500; interest at 5.25%; due in monthly payments of \$1,749.34. An additional \$20,000 was added to principal on 7/29/11, balance due 10/12/2020.

	7,380	255,930	263,310	270,092
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**CITIZENS FOR AFFORDABLE HOUSING IN NEWTON
DEVELOPMENT ORGANIZATION, INC.**

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)

Note 7. Mortgage Payable (Continued)

	2014		2013
	Current	Long Term	
<u>Jackson Road – Two Unit Residential (Continued)</u>			
City of Newton, Community Preservation Funding (CPA), dated 8/11/2005 of \$275,000, deferred grant loan with a permanent affordable housing restriction and repayment of \$237,500 to MHIC; only payable if the terms of the deed restriction are violated.		275,000	275,000
Newton Community Development Authority deferred loan dated 8/11/2005 of \$62,500; comprised of CDBG funds; zero interest balance forgivable 10/2054.		62,500	62,500
Newton Community Development Authority deferred loan dated 10/15/04 of \$200,000; balance due 10/15/2054.		200,000	200,000
Subtotal Jackson Road	<u>7,380</u>	<u>793,430</u>	<u>807,592</u>
<u>Veteran House-Two Unit Residential</u>			
The Village Bank dated November 16, 2009 of \$666,300 at 5.25% interest rate; payments of interest only are due and payable monthly; balance due November 16, 2010; \$300,000 to be repaid upon receipt of loan funds from the Newton Community Development Authority (CDBG) approved 12/30/10; due in Monthly payments of \$1,084.34; due 1/16/27.	3,345	182,790	186,135
Newton Community Development Authority deferred loan dated 12/30/10 of \$300,000; payable 50 years from completion date to 12/30/60.		300,000	300,000
City of Newton, Community Preservation Grant (CPA) dated 7/17/10 of \$375,000; deferred grant loan to 7/17/40 with a permanent affordable housing restriction.		375,000	375,000
The Village Bank dated 2/2/10 of \$50,000; comprised of the Federal Home Loan of Boston Funds; balance due in 5 years of date of completion.		50,000	50,000
Subtotal Veteran House	<u>3,345</u>	<u>907,790</u>	<u>914,153</u>

**CITIZENS FOR AFFORDABLE HOUSING IN NEWTON
DEVELOPMENT ORGANIZATION, INC.**

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)

Note 7. Mortgage Payable (Continued)

	2014		2013	
	Current	Long Term	Total	Total
<u>61 Pearl Street</u>				
Cambridge Savings Bank construction loan dated 1/7/11 up to \$807,000 at 4% due 1/1/21; a portion was subsequently paid down during FY12, by the Organization. An additional \$45,627 was added to principal in FY12; due in monthly payments of \$956.78 at an interest rate of 3.20% through 12/31/17; re-priced at 200 bps over the 5 year FHLB rate for years 6-9 with a floor rate of 3.25%; due 1/1/23.	4,762	207,564	212,326	216,840
City of Newton, Community Preservation Grant (CPA) dated 9/2/11 up to \$665,000 of which \$205,000 used to reduce Cambridge Savings Bank loan; deferred grant loan with a permanent affordable housing restriction.		665,000	665,000	661,602
Newton Community Development Authority deferred loan dated 3/31/11 of \$480,000; comprised of CDBG and HOME funds; zero interest balance forgivable 50 years from completion of construction.		480,000	480,000	480,000
Subtotal Pearl Street	4,762	1,349,166	1,353,928	1,361,840
<u>54 Eddy Street</u>				
The Village Bank Loan dated 7/31/12 of \$660,000; amended on April 22, 2014. Interest rate at 4.5%; due on April 30, 2044.	2,054	116,703	118,757	120,000
Newton Community Development Authority dated 3/7/13 up to \$690,250 at 0% interest rate; balance due 3/7/33; secured by mortgage on the subject property.		690,250	690,250	650,203
City of Newton, Community Preservation Grant (CPA) dated 2/25/2013 up to \$255,000; deferred grant loan with a permanent affordable housing restriction.		243,572	243,572	178,144
Subtotal Eddy Street	2,054	1,050,525	1,052,579	948,347
<u>Total Mortgages Payable</u>	\$ 61,415	\$ 8,683,453	\$ 8,744,868	\$ 8,718,475

**CITIZENS FOR AFFORDABLE HOUSING IN NEWTON
DEVELOPMENT ORGANIZATION, INC.**

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)

Note 7. Mortgage Payable (Continued)

Future minimum payments of principal are as follows:

2015		\$ 61,415
2016		62,931
2017		66,254
2018		69,765
2019		73,713
2020 and thereafter no deed restriction	6,386,270	
2020 and thereafter payable only if in violation of use or deed restrictions	<u>2,024,520</u>	
		<u>8,410,790</u>
Total		<u>\$ 8,744,868</u>

Note 8. Revolving Loan Pool

In 1999, the Organization received a \$20,000 grant from the Newton Community Development Authority to establish a revolving account, which will provide immediate funding for deposits and down payments to acquire property for use as affordable housing.

Note 9. Compensated Absences

Vacation and sick pay are considered expenditures in the year paid. Upon termination the employee is compensated for any accrued but unused vacation pay. The Organization has not accrued compensated absences because the amount cannot be reasonably estimated.

Note 10. Developer Fees

The Organization earns developer fees from the renovation of housing projects. These fees fluctuate throughout the course of a project due to budget changes. The amount received during 2014 and 2013 totaled \$20,000 and \$61,945, respectively.

Note 11. Lead Free Forgivable Grant/Loans

The Organization has received a number of grants to remove lead from various developments ranging from \$2,998 to \$30,000. These grants are reduced over a five year period by the City of Newton. Many of these grants were reported as revenue in the years received. All properties receiving these grants are currently operating as income eligible housing. Total forgiven in 2014 was \$13,295.

Note 12. Retirement Plan

The Organization established a 401(k) P/S Plan effective January 1, 2011 replacing a plan established in 2001 which covered only the Executive Director. The 401 (k) plan covers all eligible employees as identified in the plan document. The plan provides for an employee elective deferral contribution along with a matching employer contribution. The amount of the matching employer contribution is determined annually by the Board of Directors. Pension expense for 2014 and 2013 totaled \$7,000 and \$6,615, respectively.

**CITIZENS FOR AFFORDABLE HOUSING IN NEWTON
DEVELOPMENT ORGANIZATION, INC.**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014(Continued)**Note 13. Leases**

Citizens for Affordable Housing in Newton Development Organization, Inc. entered into a lease agreement extension expiring June 1, 2015. The lease requires monthly payments of \$2,393. Rent expense for the year ended 2014 and 2013, totaled \$28,256 and \$28,072, respectively. Future minimum rental payments for the year ending December 31 are as follows:

2015	\$ 11,965
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Note 14. Related Party Activity

In accordance with the Agency's articles of Organization one Board member is an income eligible tenant in one of the units authorized and monitored by the U. S. Department of Housing and Urban Development. Two members work at banks that lend money to the Organization in positions that do not influence lending decisions.

Note 15. Evaluation of Subsequent Events

The Organization has evaluated subsequent events through April 22, 2015 the date which the financial statements were available to be issued.

There were no subsequent events to be disclosed based on this evaluation.

To the Board of Directors of
Citizens for Affordable Housing in Newton
Development Organization, Inc.
West Newton, Massachusetts

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

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 Citizens for Affordable Housing in Newton Development Organization, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 31, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Citizens for Affordable Housing in Newton Development Organization, 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 Citizens for Affordable Housing in Newton Development Organization, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Citizens for Affordable Housing in Newton Development Organization, 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*.

Purpose of this Report

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

SANDBERG & CREEDEN, P.C.
Certified Public Accountants

Stoughton, Massachusetts
March 31, 2015

**CITIZENS FOR AFFORDABLE HOUSING IN NEWTON
DEVELOPMENT ORGANIZATION, INC.**
1075 Washington Street
W. Newton, Massachusetts 02465

March 31, 2015

Sandberg & Creeden, P.C.
331 Page Street, Second Floor
Stoughton, MA 02072

This representation letter is provided in connection with your audit of the financial statements of Citizens for Affordable Housing in Newton Development Organization, Inc., which comprise the statements of financial position as of December 31, 2014, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of April 22, 2015, the following representations made to you during your audit.

Financial Statements

We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated December 5, 2014, including our responsibility for the preparation and fair presentation of the financial statements.

- The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.

- The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- Material concentrations have been appropriately disclosed in accordance with U.S. GAAP.
- Guarantees, whether written or oral, under which the organization is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.

Information Provided

- We have provided you with:
 - Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - Completeness and availability of all minutes of the meetings of the governing board and related committees, or summaries of actions of recent meetings for which minutes were not yet prepared.
 - Communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
 - Additional information that you have requested from us for the purpose of the audit.
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have no knowledge of any fraud or suspected fraud that affects the organization and involves:
 - Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud or suspected fraud affecting the organization's financial statements communicated by employees, former employees, grantors, regulators, or others.
- We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
- We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.

- We have disclosed to you the identity of the organization's related parties and all the related party relationships and transactions of which we are aware.
- The organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- Citizens for Affordable Housing in Newton Development Organization, Inc. is an exempt organization under Section 501 (C) (3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Organization's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.

Signed: _____
Executive Director

Signed: _____
Board Member

March 31, 2015

To The Board of Directors of
Citizens for Affordable Housing in Newton
Development Organization, Inc.
W. Newton, Massachusetts

We have audited the financial statements of Citizens for Affordable Housing in Newton Development Organization, Inc. for the year ended December 31, 2014 and have issued our report thereon dated March 31, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 5, 2014. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Citizens for Affordable Housing in Newton Development Organization, Inc. are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2014. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the allocation is based on job function. We evaluated the key factors and assumptions used to develop the allocation in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure of the uninsured account balances in Note 4 Concentration of Credit Risk to the financial statements describing total cash at December 31, 2014 identifies insured account balance on that specific day only. Balance in the accounts fluctuates throughout the year which may result in uninsured cash balances.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representation

We have requested certain representations from management that are included in the management representation letter dated March 31, 2015.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of Citizens for Affordable Housing in Newton Development Organization, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

SANDBERG & CREEDEN, P.C.
Certified Public Accountants