MassHousing

Massachusetts Housing Finance Agency
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Memorandum

to all Mortgagors, Management Agents,
& Certified Public Accountants

2025 NEW Audited Financial Statement Requirements

For More Resources Regarding the Submission of Audited Financial Statements, please follow this link:
https://www.masshousing.com/property-managers/reporting/financial-audits

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NEW for FYE 2025!

Owners of developments financed through MassHousing under the **FHA 223(f) / MAP loan program** are subject to a HUD and MassHousing Regulatory Agreement, requiring the submission of annual audited financial statements. Effective with audited financial statements with FYE 12/31/2025, Owners are required to supplement the audited financial statement submission with the Agency's new Statement of Operations.

Owners will need to submit the Statement of Operations (Lines 1-83) through MassHousing's Rental Portal, www.masshousingrental.com. The signed PDF version of the financial statements with the MassHousing supplemental schedules should be emailed to financialstatements@masshousing.com.

There are no FYE 2025 changes to audited financial statement reporting requirements for MassHousing financed developments that are not financed under the FHA 223(f) / MAP program.

Please contact financialstatements@masshousing.com with any questions.

Maura Healey, Governor
Kim Driscoll, Lt. Governor

Jeanne Pinado, Chair
Carolina Avellaneda, Vice Chair

Chrystal Kornegay,
Chief Executive Officer

General Submission and Financial Statement Requirements:

In accordance with Section 14 of the Regulatory Agreement, the Massachusetts Housing Finance Agency ("MassHousing" or "Agency") requires the owner of each development to submit to MassHousing one complete and signed copy of the Audited Financial Statements within ninety (90) days following the end of the first fiscal year of operation.

- Due Date: March 31, 2026, or 90 days from the close of the development's fiscal year

- PDF version of the signed financial statement should be emailed to financialstatements@masshousing.com
  Please do NOT mail hard copies of the financial statements to the Agency.

- The financial statement submission must be completed using masshousingrental.com

- Properties with Affordable Housing Trust Funds (AHTF) requiring Annual Cash Flow Sharing Payments are required to submit a *Borrower's Annual Cash Flow Sharing Payment Certification* along with the *Annual Cash Flow Sharing Payment Calculation,* to AHTFCertifications@masshousing.com

To ensure the integrity of the Financial Statements Application input, we require that the forms be prepared and submitted by the CPA engaged to perform the audit.

Audit Report and Auditor Qualifications

The financial statement must be prepared in accordance with the requirements of the Agency which include that the Annual Financial Report be audited by an independent certified public accountant and be prepared on an accrual basis and in conformity with generally accepted accounting principles applied on a consistent basis.

To meet the requirements, the Owner is responsible for engaging the independent certified public accountant to perform the annual audit. The CPAs must:

- be a qualified independent certified public accountant licensed to practice accounting in the Commonwealth of Massachusetts;
- meet the independence standards of the American Institute of Certified Public Accountants (AICPA);
- have completed a quality control (peer) review, within the most recent time-period as required by the AICPA; and
- have current insurance policies that cover errors and omissions, general and vehicular liability, workers' compensation, and professional liability.

Required Schedules and Reports

The Agency requires that owners file certain supplemental documentation as part of the submission. The auditor should determine whether the information is fairly stated in all material respects in relationship to the basic financial statements taken as a whole. A sample Independent Auditor's Report on Supplementary Information may be found in Appendix I.

The required supplementary schedules are as follows:

- MassHousing Statement of Operations, including worksheets for Limited Distribution and Residual Receipts/Excess Equity Calculations (except for 223(f)/MAP) and

- A report from the Certified Public Accountant that he/she has examined certain sections of the development's Regulatory and Management Agreements for compliance with the provisions stated therein.

- A statement (Mortgagor's & General Partner's Certificate) that a duly authorized agent of the owner/general partners has examined and approved the financial statement and all supplementary schedules. In addition, a statement signed by the managing general partners concerning any changes to the current composition of general partners.

Additional Reporting Requirements

Developments that receive federal financial assistance are required to use the standards applicable to financial audits contained in Government Auditing Standards. The affected developments are required to adhere to the Yellow Book and to the Statement on Auditing Standards (SAS) Number 117 (AU-C Section 935): Compliance Audits, and to submit an:

- Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based Upon an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards (See Appendix II).

The U. S. Department of Housing and Urban Development's (HUD) last updated the Consolidated Audit Guide for Audits of HUD Programs (July 2008); and updated Chapters 1 and 2 in January, March, and May 2013. Developments that receive either direct or indirect federal financial assistance fall within the purview (scope) of the HUD Guide, and will also have to submit an:

- Independent Auditor's Report on Compliance for Each Major HUD Program and Report on Internal Control over Compliance Required by the Consolidated Audit Guide for Audits of HUD Programs (See Appendix III);

- Schedule of Findings, Questioned Costs, and Recommendations;

- Schedule of the Status of Prior Finding, Questioned Costs, and Recommendations (An Auditee Responsibility);

- Management Letter, if applicable, and
- Corrective Action Plan (An Auditee Responsibility).

Resources

To provide additional guidance we have developed a MassHousing Audited Financia Statement Glossary to assist in the preparation of the reports.

Additional Assistance

For access to the portal, please register on the portal and an account will be created by your organization's portal administrator. For a password reset, please follow the "Forgot Password" prompts. If unsuccessful with the self-service password reset, please contact your organization's Portal Administrator(s) for an account reset. For assistance with any other portal issues, please contact the MassHousing Rental Portal Support team at rentalportalsupport@masshousing.com.