Massachusetts Housing Investment Corporation

Consolidated Financial Statements
And
Auditors' Report

December 31, 2013 and 2012

Massachusetts Housing Investment Corporation

December 31, 2013 and 2012

Table of Contents

Independent Auditors' Report 1

Consolidated Financial Statements

Consolidated Statements of Financial Position 3
Consolidated Statements of Activities 4
Consolidated Statements of Cash Flows 5
Notes to Consolidated Financial Statements 6

Other Financial Information

Supplemental Consolidating Schedule of Financial Position 23
Supplemental Consolidating Schedule of Activities 24
Schedule of Expenditures of Federal Awards and Related Notes 26

Report on Compliance and Internal Control in Accordance with
Government Auditing Standards 29

Report on Compliance and Internal Control in Accordance with OMB A-133 32

Schedule of Findings and Questioned Costs 35

D&C
Daniel Dennis & Company LLP
Certified Public Accountants

Independent Auditors' Report

To The Board of Directors
Massachusetts Housing Investment Corporation

We have audited the accompanying consolidated financial statements of Massachusetts Housing Investment Corporation (a nonprofit corporation) and subsidiaries (the Corporation), which comprise the consolidated statements of financial position as of December 31, 2013 and 2012, and the related consolidated statements of activities, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation's preparation and fair presentation of the consolidated 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 Corporation'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Massachusetts Investment Housing Corporation as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information presented on pages 23 through 27 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* is presented for purposes of additional analysis and is also not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 3, 2014 on our consideration of the Corporation'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 the Corporation's internal control over financial reporting and compliance.

Daniel Dennis & Company LLP

April 3, 2014

Massachusetts Housing Investment Corporation
Consolidated Statements of Financial Position
December 31, 2013 and 2012

	2013	2012
Assets:		
Cash	$ 10,339,796	$ 9,030,767
Investment in marketable securities	1,320,253	2,533,053
Grant income receivable	526,936	435,506
Program related loans	3,848,699	7,868,593
Loans to affiliates	8,738,242	5,988,242
Due from affiliates	675,840	1,244,824
Program related investments	2,420,233	-
Fee receivable—MHEF Partnerships	1,574,532	3,250,482
Amounts receivable and other assets	915,078	1,147,455
Furniture, equipment and leasehold improvements, net of accumulated depreciation of $1,157,204 and $1,087,035 in 2013 and 2012, respectively	67,736	81,736
Total assets	$ 30,427,345	$ 31,580,658
Liabilities and Net Assets:		
Liabilities:		
Notes payable	$ 8,500,000	$ 13,541,789
Loans from affiliates	1,486,179	-
Unearned fees	3,465,287	4,182,425
Accrued interest and other liabilities	2,410,380	2,671,503
Total liabilities	15,861,846	20,395,717
Net assets:		
Unrestricted	14,351,499	11,184,941
Temporarily restricted	214,000	-
Total net assets	14,565,499	11,184,941
Total liabilities and net assets	$ 30,427,345	$ 31,580,658

See accompanying notes to consolidated financial statements.

Massachusetts Housing Investment Corporation
Consolidated Statements of Activities
For The Years December 31, 2013 and 2012

	Unrestricted	Temporarily Restricted	2013 Total	2012 Total
Revenue and Support				
Interest on deposits	$ 114,516	$ -	$ 114,516	$ 151,864
Interest on program related loans	197,350	-	197,350	324,392
Realized loss on investments	(68,694)	-	(68,694)	-
Unrealized gain/(loss) on investments	26,518	-	26,518	(25,392)
Loan program revenue	1,070,972	-	1,070,972	1,007,247
NMTC program revenue	4,082,863	-	4,082,863	4,078,248
LIHTC program revenue	5,096,801	-	5,096,801	4,421,533
Other program revenue	221,189	-	221,189	143,742
Grant income	5,000,051	214,000	5,214,051	15,218,147
Total revenue and support	15,741,566	214,000	15,955,566	25,319,781
Expenses				
Salaries and employee benefits	5,899,547	-	5,899,547	5,647,599
Occupancy, equipment and furniture	280,006	-	280,006	312,756
Professional services	1,242,191	-	1,242,191	1,122,368
Depreciation	70,169	-	70,169	106,844
Grant expenses	4,247,343	-	4,247,343	15,091,164
Other expenses	835,752	-	835,752	807,932
Total expenses	12,575,008	-	12,575,008	23,088,663
Change in net assets	3,166,558	214,000	3,380,558	2,231,118
Net assets at beginning of year	11,184,941	-	11,184,941	8,953,823
Net assets at end of year	$ 14,351,499	$ 214,000	$ 14,565,499	$ 11,184,941

See accompanying notes to consolidated financial statements.

Massachusetts Housing Investment Corporation
Consolidated Statements of Cash Flows
For The Years December 31, 2013 and 2012

	2013	*2012*
Operating activities:		
Increase in net assets	$ 3,380,558	$ 2,231,118
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization expense	70,169	106,844
Realized loss on investments	68,694	-
Unrealized (gain)/loss on investments	(26,518)	25,392
Decrease in amounts receivable and other assets	709,931	449,770
Decrease in unearned fees	(717,138)	(1,035,876)
(Decrease)/increase in accrued interest and other liabilities	(261,123)	938,383
Decrease/(increase) in fees receivable—MHEF Partnerships	1,675,950	(1,380,144)
Net cash provided by operating activities	4,900,523	1,335,487
Investing activities:		
Funds advanced under project loans	(1,361,968)	(6,860,062)
Collection of funds from project loans	5,381,862	7,115,427
Funds advanced under loans made to affiliates	(2,750,000)	-
Collection of funds from loans made to affiliates	-	2,500,000
Redemption of marketable securities	1,170,624	1,126,559
Purchases of other investments	(2,420,233)	-
Purchases of furniture, equipment and leasehold improvements	(56,169)	(23,794)
Net cash (used)/provided by investing activities	(35,884)	3,858,130
Financing activities:		
Repayment of notes payable	(5,041,789)	(4,000,000)
Proceeds of loans from affiliates	1,486,179	-
Net cash used by financing activities	(3,555,610)	(4,000,000)
Net increase in cash	1,309,029	1,193,617
Cash at beginning of year	9,030,767	7,837,150
Cash at end of year	$ 10,339,796	$ 9,030,767
Supplemental information		
Interest paid	$ 156,452	$ 389,862

See accompanying notes to consolidated financial statements.

1. Background and Accounting Policies

Purpose

On July 1, 1990, the Massachusetts Housing Investment Corporation (MHIC) was formally established as a Massachusetts-chartered, Chapter 180, not-for-profit corporation. MHIC's mission is to pool the resources of Massachusetts' lenders and investors to improve and expand the financing of affordable housing and community development throughout the state.

Principles of Consolidation

The consolidated financial statements include the accounts of MHIC and its wholly-owned subsidiaries, Massachusetts Housing Equity Fund, Inc. (MHEF) and Neighborhood Stabilization Loan Fund LLC (NSLF), hereafter collectively referred to as MHIC. All significant intercompany transactions and balances have been eliminated in consolidation.

Program Activities

MHIC has established five main financing programs to carry out its mission:

Loan Program

The loan program focuses on providing debt financing to developers of affordable housing. From its inception in 1990 through December 2000, MHIC utilized a loan pool structure to extend this financing. The loan-pool was funded with the proceeds from below market rate loans (member loans) made to MHIC from participating member corporations. In January 2001, MHIC converted the loan pool to a limited liability company structure. As a result, the member loans were converted to equity interests in a new entity, MHIC, LLC (the LLC). In addition, the various project loans, deposit accounts and reserves owned by MHIC were transferred to the LLC in exchange for extinguishing the member loans. MHIC is the manager of the LLC (see Note 2, Loan Program).

Low Income Housing Tax Credit (LIHTC) Program

The LIHTC program utilizes the federal low-income housing tax credit to provide equity financing to developers of affordable housing. The initial role of the program was to assist member corporations in underwriting low-income housing tax credit investments. The program, through MHIC's wholly-owned subsidiary MHEF, is now a full-service syndicator of limited partnerships or limited liability companies (the Partnerships) structured for investment in low-income housing projects (Operating Partnerships) in Massachusetts. MHEF was formed in June 1993 and is currently the general partner/managing member of seventeen Partnerships.

1. *Background and Accounting Policies - continued*

Program Activities - continued

New Markets Tax Credit (NMTC) Program

The NMTC program utilizes the federal new markets tax credit to provide debt and equity financing to businesses that serve or operate in low-income communities. As of December 31, 2013 and 2012, MHIC has received nine allocations of new markets tax credits totaling $677,000,000 and $612,000,000, respectively.

MHIC has utilized these allocations to syndicate thirteen investment companies that are structured for investment in community development entities (MHIC-CDEs), which in turn provide financing to qualifying businesses. MHIC has also utilized these allocations for twenty-four single investor funds in which the sole investor creates an investment fund to invest in MHIC-CDEs, which in turn provide financing to qualifying businesses.

Neighborhood Stabilization Program (NSP)

The neighborhood stabilization program utilizes federal grant funds to enhance the feasibility of acquiring and rehabilitating foreclosed residential properties in targeted neighborhoods in Massachusetts. The foreclosed properties are typically acquired and rehabilitated with a combination of financing from NSLF (see Note 4) and federal subsidy in the form of subordinate loans or non-interest bearing loans from MHIC.

MHIC is a sub-recipient of $10,000,000 of NSP1 grant funds from the City of Boston. In addition, MHIC is the lead member of a consortium that received an award of $21,822,940 of NSP2 grant funds in February 2011. Each grant is governed by a specific contract that stipulates the various federal program requirements, among other things.

HomeCorps Community Restoration Grant Program (HCRG)

The HCRG program utilizes state grant funds to enhance the feasibility of acquiring and rehabilitation of foreclosed residential properties in targeted neighborhoods in Massachusetts. The foreclosed properties are typically acquired and rehabilitated with a combination of financing from NSLF (see Note 4) and state subsidy in the form of subordinate loans or non-interest bearing loans from MHIC.

Cash and Cash Equivalents

MHIC considers highly liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2013 and 2012, MHIC did not hold any cash equivalents.

1. Background and Accounting Policies - continued

Basis of Presentation

Net assets and revenues, gains and losses are classified based on the existence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

> Permanently restricted net assets—Net assets subject to donor-imposed stipulations that they be maintained in perpetuity by MHIC. There were no permanently restricted net assets at December 31, 2013 and 2012.
>
> Temporarily restricted net assets—Net assets subject to donor-imposed stipulations that may or will be met by actions of MHIC and/or the passage of time. There were no temporarily restricted net assets at December 31, 2012.
>
> Unrestricted net assets—Net assets not subject to donor-imposed stipulations.

Contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions.

Revenue Recognition

Loan program fee revenue reflects fees earned on a contractual basis for services provided to the LLC (see Note 2).

LIHTC program revenue reflects fees for services that include organization, syndication, underwriting, long-term asset management and Partnership administration. The fees for syndicating and organizing the Partnerships are recognized when syndication is complete. Fees for underwriting investments are recognized at the time the underlying properties are acquired (see Note 6).

The fees for asset management and Partnership administration are recognized over the life of the Partnerships (estimated to be approximately 15 years). Certain refundable fees are deferred until the potential obligation lapses.

NMTC program fee revenue reflects fees earned on a contractual basis for services provided to the MHIC-CDEs (see Note 5).

Grant income is recognized on a cost reimbursable basis as costs are incurred.

1. Background and Accounting Policies - *continued*

Project Loans and Allowance for Possible Project Loan Losses

Loans are stated at the amount of unpaid principal. Interest on project loans is recognized as income by applying the interest rates in effect to the principal amount outstanding. Accrual of interest income on project loans receivable is suspended when a loan is contractually delinquent for ninety days. The accrual is resumed when the loan becomes contractually current. MHIC does not maintain an allowance for project loan losses. Realized losses are netted against project loan balances as necessary.

Off Balance Sheet Credit Exposure

As a financial services provider MHIC routinely extends credit in the form of Loan Commitments. The funded portion of these commitments is reflected on the accompanying balance sheet as project loans. The unfunded portions of these commitments, which represent contractual obligations that may require the use of cash in the future, are considered off-balance sheet liabilities. They involve, to varying degrees, elements of credit and interest rate risk that are not recognized in the accompanying statements of financial position.

Unfunded loan commitments represent the maximum possible credit risk should the borrowers fully draw down their loans. They are subject to the provisions of the underlying loan agreements and are cancellable only if the borrower is in default or in violation of any loan covenants. As of December 31, 2013 and 2012, unfunded loan commitments totaled $5,260,459 and $6,667,572, respectively. These commitments have been established pursuant to MHIC's loan policy.

Since MHIC's loan portfolio is heavily concentrated with loans for affordable housing that contain limited market risk, an allowance for loan losses for unfunded commitments is only established for specific borrowers on a case by case basis. At December 31, 2013 and 2012 there were no reserves for unfunded loan commitments.

Below Market Loans

MHIC's mission is to pool the resources of Massachusetts' lenders and investors to improve and expand the financing of affordable housing and community development throughout the state. Other non-profit and governmental entities having a similar policy have lent money to the MHIC at advantageous terms. MHIC has not discounted these below market interest rate loans as they were made at arm's length and to further those entities' policies.

1. *Background and Accounting Policies* - *continued*

Furniture, Equipment and Leasehold Improvements

Furniture, equipment and leasehold improvements are stated at cost, less accumulated depreciation and amortization. Depreciation is computed by the straight-line method using rates based on estimated useful lives that range from 3 to 5 years. Assets with a cost of greater than $1,000 and a useful life of greater than one year are capitalized.

Income Tax Status

In February 1993, MHIC was granted tax-exempt status as a 501(c)(3) corporation under federal and state tax law. MHEF, Inc. is a for-profit corporation and therefore is subject to federal and state income taxes. NSLF is a disregarded entity for tax purposes.

MHIC's for-profit corporate subsidiary accounts for income taxes, whereby deferred taxes are recognized using the liability method. This method calculates deferred tax assets and liabilities based on tax rates that are expected to apply when temporary differences reverse.

MHIC and its subsidiaries evaluate tax positions taken or expected to be taken in their tax returns to determine whether the tax positions are *more-likely-than-not* of being sustained by the applicable tax authority. Tax positions not deemed to meet the *more-likely-than-not* threshold, along with accrued interest and penalty thereon would be recorded as an expense in the current year consolidated financial statements. At December 31, 2013 MHIC and its subsidiaries believe that they have no uncertain tax positions within any of their open tax years, (2010-2012).

Use of Estimates

Financial statements prepared in accordance with accounting principles generally accepted in the United States require the use of management estimates that affect the amounts and disclosures recorded in the consolidated financial statements. Actual results may differ from those estimates.

Functional Expenses

Expenses charged directly to program, and management and general are based on specific identification. Indirect expenses are allocated based on methodologies determined by management. The statement of activities discloses expenses by natural classification. The classification function is as follows:

Description	*2013*	*2012*
Program support	$ 11,798,501	$ 21,662,938
Management and general	776,507	1,425,725
Total	$ 12,575,008	$ 23,088,663

1. Background and Accounting Policies - *continued*

Investments and investment income

Program related investments

During 2013, MHIC acquired a 31.51% interest in Gerrish Investors LLC (GILLC) for $894,536. MHIC along with various other unrelated entities entered into GILLC to serve as the investor member. The purpose of GILLC is to invest and develop two low income housing projects. Because MHIC does not have the ability to exercise significant influence over GILLC as an investor member and due to the lack of information that can be used to approximate the fair value, MHIC accounts for its investment at cost. Management annually performs an assessment of any possible impairment. As of December 31, 2013 management has determined that no such impairment exists.

During 2013, MHEF acquired a 99.99% limited partner interest in Grace Preservation Associates Limited Partnership (GPALP) for $1,486,179. Because MHEF does not have the ability to exercise significant influence over GPALP as the limited partner and due to the lack of information that can be used to approximate the fair value, MHEF accounts for its investment at cost. Management annually performs an assessment of any possible impairment. As of December 31, 2013 management has determined that no such impairment exists.

In addition, MHIC acquired a .01% interest in various New Markets program CDEs and/or subsidiaries amounting to $39,518. MHIC through its wholly owned subsidiaries entered into these limited liability companies to serve as the investor member. Because MHIC does not have the ability to exercise significant influence over the investments as the investor member and due to the lack of information that can be used to approximate the fair value, MHIC accounts for its investment at cost. Management annually performs an assessment of any possible impairment. As of December 31, 2013 management has determined that no such impairment exists.

Investments in marketable securities

Marketable securities are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See the note below for discussion of fair value measurements.

Dividends, interest and gains and losses on investments are reported as increases or decreases in unrestricted net assets unless a donor or law temporarily or permanently restrict their use.

1. Background and Accounting Policies - continued

Fair Value Measurements

GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

- Level 1 Inputs – Quoted prices for identical assets or liabilities in active markets;

- Level 2 Inputs – Quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets in inactive markets; or inputs other than quoted prices that are observable, such as models or other valuation methodologies;

- Level 3 Inputs – Unobservable inputs for where there is little, if any, market activity.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

2. Loan Program

The loan program utilizes a structure whereby investors invest in the LLC which in turn provides financing to low-income housing and community development projects. The interest on this financing is passed-through to investors to provide a "reasonable" return on investment.

The initial capitalization of the LLC was effected by a Contribution Agreement whereby member corporations contributed loans made to MHIC under the former loan pool structure (member loans) to the LLC in exchange for LLC membership interests. In addition, MHIC and the LLC entered into a Participation Agreement that provided for the LLC to purchase an undivided 100% interest in the project loans, bank accounts and reserves owned by MHIC (associated with the former loan pool) in exchange for the discharge of the member loans.

2. Loan Program – *continued*

MHIC earns advisory fees for managing the affairs of the LLC pursuant to the terms of an Advisory Agreement.

The scope of services under the Advisory Agreement includes managing the orderly underwriting, approval and origination of loans and acquisition of investments, servicing loans and investments, establishing loan and investment policies, supervising and managing the requisition and disbursement of funds for loans, investing idle funds, business development and various other services that may be required by the LLC in the ordinary course of its business.

During the years ended December 31, 2013 and 2012, MHIC earned $1,070,972 and $1,007,247 in fees for services provided to the LLC. Amounts receivable in connection with these fees totaled $237,978 and $538,823 at December 31, 2013 and 2012, respectively.

For the years ended December 31, 2013 and 2012, MHIC waived certain fees due under the terms of the Agreement in order to improve the return to the LLC's members.

3. Massachusetts Housing Equity Fund, Inc. (MHEF)

As of December 31, 2013 and 2012, MHIC's investment in MHEF amounted to $2,901,269. MHEF, as general partner/managing member of the aforementioned Partnerships, has a de minimis interest in their respective profits, losses and distributions. MHEF accounts for its investment in the Partnerships using the equity method. Under the equity method, the investments are carried at cost and adjusted for MHEF's share of income or loss from the Partnerships, additional investments and cash distributions.

The Partnerships, as limited partners in the various Operating Partnerships, are subject to risks inherent in the ownership of property which is beyond their control, such as fluctuations in occupancy rates and operating expenses, variations in rental schedules, proper maintenance of facilities and continued eligibility of tax credits. If the cost of operating a property exceeds the rental income earned thereon, the Partnership, or MHEF acting independently as an investor, may deem it in its best interest to voluntarily provide funds in order to protect its investment.

4. *Neighborhood Stabilization Loan Fund LLC (NSLF)*

NSLF is organized as a single-member Massachusetts limited liability company, with MHIC as the sole member and program administrator. The purpose of NSLF is to provide loans to local organizations whose goal is the purchase and rehabilitation of foreclosed residential properties in neighborhoods in Massachusetts with a concentration of foreclosed properties. NSLF has secured debt as its primary source of capital, which is used to provide financing for the acquisition and rehabilitation of foreclosed properties. As of December 31, 2013 and 2012, NSLF has note payables of $4,000,000 and $8,291,789, respectively, and project loan receivables of $3,788,422 and $7,804,604, respectively.

At December 31, 2013 and 2012, NSLF had total assets of $4,942,775 and $9,247,435, and MHIC's investment amounted to $914,479, and $803,221, respectively.

5. *New Markets Tax Credit Program Revenue (NMTC)*

MHIC has entered into agreements with the various MHIC-CDEs to provide various professional, administrative and management services. The fees for these services were determined by MHIC. These services include all administrative and management support in connection with the formation of the MHIC-CDEs, legal and professional services required to close loans to or investments in qualifying businesses, and asset management services to monitor business and compliance aspects of MHIC-CDEs' loans and investments.

During the years ended December 31, 2013 and 2012, MHIC earned total fees for services to the MHIC-CDEs of $4,082,863 and $4,078,248, respectively. Amounts receivable in connection with these fees totaled $437,862 and $706,001 at December 31, 2013 and 2012, respectively.

6. *Low Income Housing Tax Credit Program Revenue (LIHTC)*

MHIC has entered into agreements with the various LIHTC Partnerships to provide investment and management services to the partnerships. The fees for these services were determined by MHIC. These services include underwriting and administrative support in connection with syndicating investments, legal and professional services required to close loans to or investments in qualifying businesses and long term asset management services to monitor business and compliance aspects of the portfolio of investments.

During the years ended December 31, 2013 and 2012, MHIC earned total fees for services to the LIHTC Partnerships of $5,096,801 and $4,421,533, respectively. Amounts receivable in connection with these fees totaled $1,574,532 and $3,250,482 at December 31, 2013 and 2012, respectively.

7. *Program Related Loans*

Program related loans are loans made to low-income housing and community development projects and are offered in conjunction with financing provided by affiliates of MHIC. MHIC typically provides the predevelopment or high loan-to-value component of the financing for a given transaction. Project loans earn interest at either fixed or variable rates that range from 4.25% to 7% and are secured, in a subordinated position, by the underlying real estate.

At December 31, 2013 and 2012 the outstanding project loan balances were as follows:

	2013	*2012*
Beginning balance	$ 7,868,593	$ 8,123,958
Loan disbursements	1,361,968	6,860,062
Loan repayments	(5,381,862)	(7,115,427)
Ending balance	$ 3,848,699	$ 7,868,593

Project loans consist of the following:

Loan category	*2013*	*2012*
Construction	$ 3,057,044	$ 6,817,974
Line of credit	791,655	1,050,619
Total	$ 3,848,699	$ 7,868,593

At December 31, 2013, contract maturities of the above loans are scheduled to occur in 2014.

The following tables present informative data by class of financing receivable regarding their age and interest accrual status at December 31, 2013 and 2012:

		Past Due				Status of Interest Accruals	
December 31, 2013	Current	30-59 Days	60-89 Days	90 + days	Total Financing Receivables	Total Financing Receivables on Non- Accrual Status	Financing Receivables Past Days +90 still Accruing interest
Construction	$ 2,996,767	$ -	$ -	$ 60,277	$ 3,057,044	$ 60,277	$ -
Line of Credit	791,655	-	-	-	791,655	-	-
Total	$ 3,788,422	$ -	$ -	$ 60,277	$ 3,848,699	$ 60,277	$ -

7. ***Program Related Loans*** - *continued*

		Past Due				Status of Interest Accruals	
December 31, 2012	Current	30-59 Days	60-89 Days	90 + days	Total Financing Receivables	Total Financing Receivables on Non- Accrual Status	Financing Receivables Past Days +90 still Accruing interest
Construction	$ 6,753,985	$ -	$ -	$ 63,989	$ 6,817,974	$ 63,989	$ -
Line of Credit	1,050,619	-	-	-	1,050,619	-	-
Total	$ 7,804,604	$ -	$ -	$ 63,989	$ 7,868,593	$ 63,989	$ -

Program related loans do not include loans made under the NSP1, NSP2 and HCRG programs. Such loans made for the acquisition and rehabilitation of foreclosed properties require deeded affordability restrictions and provide for the forgiveness of outstanding loan balances based on compliance with those restrictions. NSP and HCRG loan funds of $3,759,744 and $14,209,703 were disbursed and recorded as grant expense in 2013 and 2012, respectively. Program regulations require that the recovery of loan funds, if any, be recorded as program income when received. As of December 31, 2013 and 2012, program income of $1,488,270 and $629,582, respectively, was earned and recorded as grant income on the Consolidated Statements of Activities.

8. ***Loans to Affiliates***

MHIC provides loans to affiliates to help affiliates bridge timing-related financing funding gaps.

Loan activity for the years ended December 31, 2013 and 2012 was as follows:

	2013	*2012*
Beginning balance	$ 5,988,242	$ 8,488,242
Loan disbursements	2,750,000	-
Loan repayments	-	(2,500,000)
Ending balance	$ 8,738,242	$ 5,988,242

Loans to affiliates are callable upon demand and the proceeds for a given transaction are typically outstanding for less than one year. Loans to affiliates earn a variable rate of interest (that ranges from 1% to 3%) and are unsecured.

9. Investments in Marketable Securities

Investments in marketable securities consist of Ginnie Mae pass-through securities.

The Ginnie Mae securities were purchased as collateral for certain borrowing transactions with the Federal Home Loan Bank of Boston. There is an active secondary market for these securities and management considers them held "for-sale". The underlying assets consist of mortgage loans that are insured by the federal government.

At December 31, 2013 and 2012, the securities were valued at $1,320,253 and $2,533,053, respectively, with $1,278,728 and $2,447,785, respectively representing outstanding principal on the underlying mortgages and $41,525 and $85,268, respectively representing unamortized premium. During 2013 MHIC recorded realized losses and unrealized gains on investment of $68,694 and $26,518, respectively. During 2012 MHIC recorded an unrealized loss on investment of $25,392.

All investment assets have been valued using the market approach. There have been no changes in the methodologies used at December 31, 2013 and 2012.

Investments in Marketable Securities
The Ginnie Mae's securities are backed by U.S. Government securities and estimated based on quoted market prices for securities of similar maturity in markets that are not active. (Level 2)

10. Notes Payable

MHIC has borrowed $6,000,000 from Bank of America at 3% which also represents a pass-through receivable due from the LLC in connection with an accelerated plan of redemption for $8,000,000 of Bank of America's investment in the LLC. The proceeds have been used by the LLC, to provide loans for the development of affordable housing in targeted areas. The loan bears interest at a fixed rate of 3% and quarterly payments of interest only are due until the loan matures on October 15, 2016. At December 31, 2013 and 2012, the outstanding principal due was $4,500,000 and $5,250,000, respectively.

NLSF has borrowed $1,000,000 from the Hyams Foundation, Inc, a Massachusetts not-for-profit corporation. The loan bears interest at 2% simple and matures April 9, 2014. Payment of interest is due on a monthly basis. The loan was paid in full during 2013. At December 31, 2012 the outstanding balance was $1,000,000.

10. Notes Payable - *continued*

NLSF has borrowed $1,000,000 from the Department of Housing and Community Development under the Affordable Housing Trust Fund Statute. The loan bears no interest and, the entire amount shall be payable in full on April 9, 2014. At December 31, 2013 and 2012 the outstanding balance was $1,000,000.

NLSF has borrowed $2,000,000 from the Boston Foundation, Inc, a Massachusetts not-for-profit corporation. The loan bears interest at 2% simple and matures April 9, 2014. Payment of interest is due on a monthly basis. The loan was paid in full during 2013. At December 31, 2012 the outstanding balance was $2,000,000.

NLSF has borrowed $1,000,000 from the Living Cities Catalyst Fund LLC, a Delaware limited liability company. The loan bears interest at 5% simple and matures April 9, 2014. Payment of interest is due on a monthly basis. The loan was paid in full during 2013. At December 31, 2012 the outstanding balance was $1,000,000.

During 2013 and 2012, pursuant to an agreement with the Massachusetts Housing Partnership, NSLF had available an $8,500,000 line of credit. At December 31, 2013 and 2012, there were no amounts outstanding.

As of December 31, 2013 and 2012, pursuant to an agreement with the LLC, NSLF had available an $8,500,000 line of credit, of which $3,000,000 and $3,291,789, respectively, was outstanding at those dates.

Interest expense of $291,113 and $379,975 was reported in the accompanying consolidated statements of activities for the years ended December 31, 2013 and 2012, respectively.

Scheduled payments of principal are due as follows:

2014	$ 5,500,000
2015	1,500,000
2016	1,500,000
Total	$ 8,500,000

11. MHEF Fee Receivable and Unearned Fees

MHEF fee receivable represents cash payments that will be received by MHIC from the Partnerships for asset management and other services it will provide to the Partnerships, as specified in the Partnership Agreements.

11. MHEF Fee Receivable and Unearned Fees - *continued*

Unearned equity fees reflect MHIC's obligation to provide future services to the Partnerships as consideration for the aforementioned fees receivable. These services include underwriting investments, long-term asset management and Partnership administration. This obligation is reduced as services are provided, according to the revenue recognition methodology associated with the particular service (see Note 1).

At December 31, 2013 and 2012, unearned fees were $3,465,287 and $4,182,425, respectively.

12. Cash

At December 31, 2013, cash balances are held at financial institutions with federal insured limits of up to $250,000 for each financial institution. Balances held at these institutions during the year can exceed this limit. MHIC has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risk on its cash.

13. Leases

MHIC leases its facilities and certain furniture and equipment under operating leases that expire over future periods and require various minimum rental payments.

Future minimum payments, by year and in aggregate, under these noncancelable operating leases consist of the following at December 31, 2013:

2014	$	257,770
2015		257,770
2016		257,770
2017		193,328
Total	$	966,638

MHIC incurred lease expenses associated with office space and equipment of $280,006 and $312,756 for the years ended December 31, 2013 and 2012, respectively. During 2012 MHIC extended its current office lease through September 30, 2017.

14. Employee Benefit Plan

As a tax-exempt 501(c)(3) corporation, MHIC established a noncontributory, defined contribution plan under Section 401(a) of the Internal Revenue Code covering all full-time employees. The employer contribution is based upon a percentage of employee salary. In July 1999, MHIC amended the Plan to include a 100% match of employee contributions up to 3% of a given employee's salary. MHIC contributed and charged to expense $382,082 and $443,304 for the years ended December 31, 2013 and 2012, respectively. These amounts are reflected in salaries and employee benefits in the accompanying consolidated statements of activities.

In addition, during 2013 MHIC established a rabbi-trust to supplement the retirement plan of its President and CEO, which includes annual contributions of $100,000 through 2017.

15. Guarantees Provided for Borrowing Facilities of Affiliates

As of December 31, 2013, MHIC is the guarantor on several borrowing facilities of its affiliates, for which there is no outstanding balance. These credit facilities are primarily secured by pledges of first mortgage loans, unconditional investor notes, or partnership interests. In the event that the borrowings of the affiliates cannot be repaid as scheduled and the above mentioned primary collateral is not sufficient to cover the outstanding balance, MHIC would assure the obligation. MHIC has not recognized any obligations relative to the guarantees.

16. Fixed Assets

Property and equipment consists of the following:

	2013	*2012*
Furniture	$ 221,694	$ 218,269
Equipment	513,064	460,320
Leasehold improvements	490,182	490,182
Total fixed assets	1,224,940	1,168,771
Accumulated depreciation	(1,157,204)	(1,087,035)
Total	$ 67,736	$ 81,736

17. Loans from Affiliates

During 2013, MHEF borrowed $1,486,179 from the LLC in order to finance their investment in GPALP. The loan bears interest at 4% per annum and matures March 31, 2014. All outstanding principal and accrued interest will be due and payable on the maturity date. The outstanding balance at December 31, 2013 was $1,486,179.

18. Temporarily Restricted Net Assets.

As of December 31, 2013 MHIC held temporarily restricted contributions to support their HCRG program. The purchase use restrictions of these contributions were not fully satisfied as of year-end and therefore the unused portion has been classified as temporarily restricted net assets. Temporarily restricted net assets at December 31, 2013 were $214,000.

19. Subsequent Events

MHIC has performed an evaluation of subsequent events through April 3, 2014, which is the date MHIC's financial statements were available to be issued. No material subsequent events have occurred since December 31, 2013 that requires recognition or disclosure in these financial statements.

Supplemental Schedules

Massachusetts Housing Investment Corporation
Supplemental Consolidating Schedule of Financial Position
December 31, 2013

	MHIC	Subsidiaries	Elimination	Consolidated
Assets:				
Cash	$ 9,266,559	$ 1,073,237	$ -	$ 10,339,796
Investment in marketable securities	1,320,253	-	-	1,320,253
Grant income receivable	526,936	-	-	526,936
Program related loans	60,277	3,788,422	-	3,848,699
Loans to affiliates	8,738,242	-	-	8,738,242
Due from affiliates	694,135	-	(18,295)	675,840
Investment in subsidiaries	3,815,748	-	(3,815,748)	-
Program related investments	934,054	1,486,179	-	2,420,233
Fee receivable - MHEF partnerships	1,574,532	-	-	1,574,532
Amounts receivable and other assets	333,907	581,171	-	915,078
Due from parent	-	2,402,385	(2,402,385)	-
Furniture, equipment and leasehold improvements, net of accumulated depreciation	67,736	-	-	67,736
Total assets	$ 27,332,379	$ 9,331,394	$ (6,236,428)	$ 30,427,345
Liabilities and Net Assets:				
Liabilities:				
Notes payable	$ 4,500,000	$ 4,000,000	$ -	$ 8,500,000
Loans from affiliates	-	1,486,179	-	1,486,179
Due to subsidiary	2,402,385	-	(2,402,385)	-
Unearned fees	3,465,287	-	-	3,465,287
Accrued interest and other liabilities	2,399,208	29,467	(18,295)	2,410,380
Total liabilities	12,766,880	5,515,646	(2,420,680)	15,861,846
Net assets:				
Unrestricted	14,351,499	3,815,748	(3,815,748)	14,351,499
Temporarily restricted	214,000	-	-	214,000
Total net assets	14,565,499	3,815,748	(3,815,748)	14,565,499
Total liabilities and net assets	$ 27,332,379	$ 9,331,394	$ (6,236,428)	$ 30,427,345

Massachusetts Housing Investment Corporation
Supplemental Consolidating Schedule of Activities
For the year Ended December 31, 2013

	MHIC	*Subsidiaries*	*Elimination*	*Consolidated*
Revenues				
Interest revenue:				
Interest on deposits	$ 113,558	$ 958	$ -	$ 114,516
Interest on program related loans	32,321	165,029	-	197,350
Realized loss on investments	(68,694)	-	-	(68,694)
Unrealized gain on investments	26,518	-	-	26,518
Loan program revenue	1,070,972	-	-	1,070,972
NMTC program revenue	4,082,863	-	-	4,082,863
LIHTC program revenue	5,096,801	-	-	5,096,801
Other program revenue	263,162	-	(41,973)	221,189
Grant income	5,214,051	-	-	5,214,051
Gain from investment in subsidiaries	111,258	-	(111,258)	-
Total revenues	15,942,810	165,987	(153,231)	15,955,566
Expenses				
Salaries and employee benefits	5,899,547	-	-	5,899,547
Occupancy, equipment and furniture	280,006	-	-	280,006
Professional services	1,229,435	54,729	(41,973)	1,242,191
Depreciation	70,169	-	-	70,169
Grant expenses	4,247,343	-	-	4,247,343
Other expenses	835,752	-	-	835,752
Total expenses	12,562,252	54,729	(41,973)	12,575,008
Change in net assets	3,380,558	111,258	(111,258)	3,380,558
Net assets at beginning of year	11,184,941	3,704,490	(3,704,490)	11,184,941
Net assets at end of year	$ 14,565,499	$ 3,815,748	$ (3,815,748)	$ 14,565,499

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND RELATED NOTES

Massachusetts Housing Investment Corporation
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2013

Federal Grantor/ Pass-Through Grantor/ Program Title/Project	**Federal CFDA Number**	**Expenditures**
U.S. Department of Housing and Urban Development Programs:		
Direct Program:		
ARRA Contracts:		
Neighborhood Stabilization Program (Recovery Act Funded)	14.256	$ 2,319,533
Pass-through program:		
Commonwealth of Massachusetts Department of Housing and Community Development		
Community Development Block Grants/Entitlement Grants Agency pass-through number: CT OSD SCOD324210590110000	14.218	449,035
Total Federal Expenditures		$ 2,768,568

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Massachusetts Housing Investment Corporation (MHIC) under programs of the Federal government for the year ended December 31, 2013. The information in this schedule is presented in accordance with the requirements of U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of MHIC, it is not intended to and does not present the financial position, changes in net assets or cash flows of MHIC.

2. Significant Accounting Policy

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

REPORT ON COMPLIANCE AND INTERNAL CONTROLS IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

D&C°
Daniel Dennis & Company LLP
Certified Public Accountants

Independent Auditors' Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance With Government Auditing Standards

To the Board of Directors
Massachusetts Housing Investment Corporation

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 consolidated financial statements of Massachusetts Housing Investment Corporation (a nonprofit corporation) and subsidiaries (the Corporation), which comprise the consolidated statement of financial position as of December 31 2013, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated April 3, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Corporation'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation'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 Corporation's consolidated 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.

Dedham Executive Center, 990 Washington Street, Suite 308A, Dedham, Massachusetts 02026 (617) 262-9898 Fax (617) 437-9937

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's consolidated 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 consolidated 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 Corporation'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 Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Daniel Dennis & Company LLP

April 3, 2014

REPORT ON COMPLIANCE AND INTERNAL CONTROL IN ACCORDANCE WITH OMB CIRCULAR A-133

D&Co

Daniel Dennis & Company LLP

Certified Public Accountants

Independent Auditors' Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133

To the Board of Directors
Massachusetts Housing Investment Corporation

Report on Compliance for Each Major Federal Program

We have audited Massachusetts Housing Investment Corporation's (the Corporation) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Corporation's major federal programs for the year ended December 31, 2013. The Corporation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Corporation'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 the major federal programs. However, our audit does not provide a legal determination of the Corporation's compliance.

Opinion on the Major Federal Program

In our opinion, Massachusetts Housing Investment Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended December 31, 2013.

Report on Internal Control Over Compliance

Management of the Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal programs and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 the Corporation's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Daniel Dennis & Company LLP

April 3, 2014

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Massachusetts Housing Investment Corporation
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2013

SECTION I – Summary of Auditors' Results

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	____ yes __X__ no
Significant deficiencies identified that are not considered to be material weaknesses?	____ yes __X__ none reported
Noncompliance material to financial statements noted?	____ yes __X__ no

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	____ yes __X__ no
Significant deficiencies identified that are not considered to be material weaknesses?	____ yes __X__ none reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	____ yes __X__ no

Identification of major programs:

CFDA Number	Name of Program or Cluster
14.256	*Neighborhood Stabilization Program (Recovery Act Funded)*
14.218	*Community Development Block Grants/Entitlement Grants*

Dollar threshold used to distinguish between type A and type B programs:	$ 300,000
Auditee qualified as low-risk auditee?	__X__ yes ____ no

Massachusetts Housing Investment Corporation
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2013

Section II – Financial Statement Findings:

No matters were reported.

Section III – Federal Award Findings and Questioned Costs:

No matters were reported.

Section IV – Status of Prior Year Audit Findings

No findings were identified in the prior audit.