

BALTIMORE REGIONAL HOUSING PARTNERSHIP, INC.
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019



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BALTIMORE REGIONAL HOUSING PARTNERSHIP, INC.
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Baltimore Regional Housing Partnership, Inc.
Baltimore, Maryland

We have audited the accompanying financial statements of Baltimore Regional Housing Partnership, Inc. (BRHP), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, cash flows and functional expenses for the years 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 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 auditors' 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.

Board of Directors
Baltimore Regional Housing Partnership, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BRHP as of December 31, 2020 and 2019, 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 13, 2021, on our consideration of BRHP's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of BRHP's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering BRHP's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Baltimore, Maryland
July 13, 2021

BALTIMORE REGIONAL HOUSING PARTNERSHIP, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 5,792,387	\$ 3,389,483
Accounts Receivable	167,475	31,994
Security Deposit Receivable - Office	17,033	17,033
Security Deposits Receivable - Tenants	1,544,535	1,639,412
Allowance for Doubtful Accounts	(864,046)	(885,118)
Prepaid Housing Assistance Payments (HAP)	6,071,063	5,887,504
Other Current Assets	7,875	7,875
Total Current Assets	12,736,322	10,088,183
PROPERTY AND EQUIPMENT, NET	48,711	16,315
Total Assets	\$ 12,785,033	\$ 10,104,498
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 100,384	\$ 91,104
Accrued Payroll Payable	93,094	101,126
Deferred Revenue - CARES Funding	758,995	-
Total Current Liabilities	952,473	192,230
LONG-TERM LIABILITIES		
Refundable Advance - PPP Proceeds	632,500	-
Deferred Rent	48,391	77,832
Total Long-Term Liabilities	680,891	77,832
Total Liabilities	1,633,364	270,062
NET ASSETS		
With Donor Restrictions	11,784,169	9,834,436
Without Donor Restrictions	(632,500)	-
Total Net Assets	11,151,669	9,834,436
Total Liabilities and Net Assets	\$ 12,785,033	\$ 10,104,498

See accompanying Notes to Financial Statements.

BALTIMORE REGIONAL HOUSING PARTNERSHIP, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE & SUPPORT						
Partial Consent Decree (PCD) Homeownership						
Housing Assistance Payments (HAP)	\$ 277,000	\$ -	\$ 277,000	\$ 305,193	\$ 5,078	\$ 310,271
PCD Voucher HAP	29,833,258	2,013,250	31,846,508	27,746,092	1,758,419	29,504,511
Remedial HAP	44,205,265	-	44,205,265	44,692,268	325,896	45,018,164
Urban Revitalization Development Funding	-	93,175	93,175	-	540,471	540,471
Security Deposit HAP Income	213,407	-	213,407	544,776	-	544,776
Mobility Counseling Reimbursement	1,278,825	-	1,278,825	1,478,711	6,804	1,485,515
Administrative Fees	3,836,198	-	3,836,198	2,742,360	625,838	3,368,198
Other Income	198,638	47,854	246,492	69,743	-	69,743
Kresge Foundation Contribution	-	-	-	-	100,000	100,000
Donations	-	34,004	34,004	-	8,703	8,703
	<u>79,842,591</u>	<u>2,188,283</u>	<u>82,030,874</u>	<u>77,579,143</u>	<u>3,371,209</u>	<u>80,950,352</u>
Net Assets Released from Restrictions	180,781	(180,781)	-	530,901	(530,901)	-
Total Revenue and Support	<u>80,023,372</u>	<u>2,007,502</u>	<u>82,030,874</u>	<u>78,110,044</u>	<u>2,840,308</u>	<u>80,950,352</u>
OPERATING EXPENSES						
Program Services	79,335,058	-	79,335,058	76,816,701	-	76,816,701
Supporting Services:						
Management and General	1,320,814	-	1,320,814	1,293,343	-	1,293,343
Total Operating Expenses	<u>80,655,872</u>	<u>-</u>	<u>80,655,872</u>	<u>78,110,044</u>	<u>-</u>	<u>78,110,044</u>
CHANGE IN NET ASSETS BEFORE NONOPERATING REVENUE	(632,500)	2,007,502	1,375,002	-	2,840,308	2,840,308
NONOPERATING (EXPENSE) REVENUE						
Bad Debt (Expense) Recovery	-	(57,769)	(57,769)	-	142,866	142,866
CHANGE IN NET ASSETS	(632,500)	1,949,733	1,317,233	-	2,983,174	2,983,174
Net Assets - Beginning of Year	-	9,834,436	9,834,436	-	6,851,262	6,851,262
NET ASSETS - END OF YEAR	<u>\$ (632,500)</u>	<u>\$ 11,784,169</u>	<u>\$ 11,151,669</u>	<u>\$ -</u>	<u>\$ 9,834,436</u>	<u>\$ 9,834,436</u>

See accompanying Notes to Financial Statements.

BALTIMORE REGIONAL HOUSING PARTNERSHIP, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 1,317,233	\$ 2,983,174
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By Operating Activities:		
Depreciation	10,851	6,530
Bad Debt Expense (Recovery)	57,769	(142,866)
Effects of Changes in Operating Assets and Liabilities:		
Accounts Receivable	(135,481)	6,645
Security Deposit Receivable - Tenants	16,036	34,976
Prepaid HAP	(183,559)	(136,394)
Other Current Assets	-	-
Accounts Payable and Accrued Expenses	9,280	55,296
Deferred Revenue	758,995	-
Deferred Rent	(29,441)	(16,585)
Accrued Payroll Payable	(8,032)	9,295
Net Cash Provided By Operating Activities	1,813,651	2,800,071
CASH FLOWS FROM FINANCING ACTIVITIES		
Refundable Advance - PPP	632,500	-
Purchase of Capital Assets	(43,247)	-
Line of Credit	-	(1,982,772)
Net Cash Provided (Used) By Financing Activities	589,253	(1,982,772)
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,402,904	817,299
Cash and Cash Equivalents - Beginning of Year	3,389,483	2,572,184
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 5,792,387	\$ 3,389,483
SUPPLEMENTAL DISCLOSURE		
Cash Paid for Interest	\$ 7,629	\$ 19,172

See accompanying Notes to Financial Statements.

BALTIMORE REGIONAL HOUSING PARTNERSHIP, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
DECEMBER 31, 2020 AND 2019

	2020			2019		
	Program Services	Management and General	Total	Program Services	Management and General	Total
HAP Program and Other Assistance	\$ 76,342,184	\$ -	\$ 76,342,184	\$ 73,823,037	\$ -	\$ 73,823,037
Salaries and Wages	1,847,999	793,045	2,641,044	1,822,522	779,078	2,601,600
Retirement Contributions	24,206	25,742	49,948	26,574	18,046	44,620
Other Employee Benefits	242,995	107,863	350,858	255,243	99,016	354,259
Payroll Taxes	156,268	62,683	218,951	162,725	62,453	225,178
Management Fee	-	17,533	17,533	-	55,903	55,903
Legal Fee	2,183	-	2,183	6,169	-	6,169
Accounting Fee	-	25,907	25,907	-	24,735	24,735
Other Miscellaneous Expenses	20,238	33,875	54,113	12,849	46,318	59,167
Office Expenses	172,773	42,387	215,160	174,961	33,326	208,287
Information Technology	226,754	55,630	282,384	213,147	40,599	253,746
Storage Fees	23,591	5,787	29,378	8,128	1,548	9,676
Occupancy	176,658	43,340	219,998	168,706	32,135	200,841
Travel	56,109	13,765	69,874	100,382	19,121	119,503
Meetings	7,127	1,748	8,875	9,313	1,774	11,087
Depreciation	-	10,851	10,851	-	6,530	6,530
Insurance	-	13,639	13,639	-	11,273	11,273
Professional Development	18,763	810	19,573	16,363	6,456	22,819
Bank Fees	7,629	63,858	71,487	12,669	54,287	66,956
Dues and Subscriptions	9,581	2,351	11,932	3,913	745	4,658
Subtotal Before Recoveries	<u>\$ 79,335,058</u>	<u>\$ 1,320,814</u>	<u>\$ 80,655,872</u>	<u>\$ 76,816,701</u>	<u>\$ 1,293,343</u>	<u>\$ 78,110,044</u>
Bad Debt Recovery	57,769	-	57,769	(142,866)	-	(142,866)
Total	<u><u>\$ 79,392,827</u></u>	<u><u>\$ 1,320,814</u></u>	<u><u>\$ 80,713,641</u></u>	<u><u>\$ 76,673,835</u></u>	<u><u>\$ 1,293,343</u></u>	<u><u>\$ 77,967,178</u></u>

BALTIMORE REGIONAL HOUSING PARTNERSHIP, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Baltimore Regional Housing Partnership, Inc. (BRHP) is a Maryland non-stock corporation established on August 30, 2012. BRHP was organized to serve as the Regional Administrator for the Baltimore Housing Mobility program and assist in the implementation of the settlement approved by the U.S. District Court for the District of Maryland on November 20, 2012 in Thompson v. U.S. Department of Housing & Urban Development (HUD), No. MJG-95-309 (D. Md.). As the Regional Administrator, BRHP's primary function is to administer Partial Consent Decree and Remedial Housing Choice Vouchers as well as a Homeownership program and an affordable housing development program. In connection with this role, BRHP provides housing-related services to help families who choose to relocate from public housing and areas of concentrated poverty to non-impacted areas throughout the Baltimore region and to support the family's transition to their new neighborhood. A critical component of the services that BRHP offers to participating families is high-quality mobility counseling both pre- and post-placement. Approximately 98% of BRHP's funding is from the U.S. Department of Housing and Urban Development through the Housing Authority of Baltimore City (HABC).

Basis of Presentation

BRHP's financial statement presentation is in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), Topic 958, *Not-for-Profit Entities*.

Use of Estimates

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

Material estimates that are particularly susceptible to significant change in the near term include the allowance for doubtful accounts.

Cash and Cash Equivalents

BRHP considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

BRHP maintains its cash in bank deposit accounts, which at times may exceed federally insured limits, which are internally insured by the Bank themselves. BRHP believes it is not exposed to any significant credit risk on cash and cash equivalents.

Accounts and Security Deposits Receivable

Accounts and security deposits receivable consist of amounts owed to BRHP from HABC, landlords leasing units to Housing Choice Voucher (HCV) participants and HCV participants.

BALTIMORE REGIONAL HOUSING PARTNERSHIP, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Doubtful Accounts

Management estimates an allowance for uncollectible accounts, security deposits and program receivable based on historical collection experience. Management believes amounts due from federal, state and local governments are fully collectible.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. BRHP's policy is to capitalize property and equipment expenditures in excess of \$2,000 and a useful life in excess of one year. Lesser amounts are expensed. The following represents the estimated useful lives:

<u>Category</u>	<u>Years</u>
Computer equipment	3-7
File storage system	3-7

Impairment of Long-Lived Assets

BRHP reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured as the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount of fair value less costs to sell.

Prepaid Housing Assistance Payments (HAP)

Prepaid HAP consists of HAP payments made in advance of the period in which associated rents are due.

Net Assets

Net Assets Without Donor Restrictions include those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by contract or by Board designation.

Net Assets With Donor Restrictions include those resources subject to donor-imposed restrictions that will be satisfied by actions of the BRHP, passage of time, or maintained permanently by BRHP.

Expenditures which meet the specific purposes of the net assets with donor restrictions are first applied to net assets with donor restrictions prior to net assets without donor restrictions. Restrictions received and met in the same year are represented in net assets without donor restrictions.

BALTIMORE REGIONAL HOUSING PARTNERSHIP, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue

Unconditional promises to give cash and other assets to BRHP are reported at fair value at the date that the promise is received.

Conditional promises to give cash and other assets to BRHP are reported at fair value at the date the conditions are substantially met and the promise becomes unconditional.

Contributions and grants received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence and nature of any donor restrictions. Support that is not restricted by the donor is reported as an increase in net assets without donor restrictions. All other donor restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions. Net assets with donor restrictions revenues where the restrictions are met in the year received are recorded as net assets without donor restrictions.

Income Taxes

BRHP is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The IRC provides for taxation of unrelated business income under certain circumstances. BRHP has properly disclosed any unrelated business income in its' Form 990 *Return of Organization Exempt from Income Tax*.

Compensated Absences

BRHP implemented an Annual Leave Policy in 2015 for annual leave to be computed on a calendar year basis. Two weeks of accrued annual leave may be carried over to the next year, with a maximum carryover balance of 21 days. Annual leave in excess of the allowable carryover will be lost as of December 31st of each year. Employees leaving BRHP will be paid prorated hours/days based on the ending date of employment. Leave is earned at the rate of 12.5 days per year for employees with 1-3 years of service and 15 days per year for employees with 4 or more years of service. Part time employees earn annual leave on a pro-rated basis.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributed to both the program and supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. All expenses besides salaries and wages and employee benefits on the Statements of Functional Expenses are allocated on the basis of full time equivalent. Salaries and wages and employee benefits are allocated on the basis of time and effort.

BALTIMORE REGIONAL HOUSING PARTNERSHIP, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 2 CASH AND CASH EQUIVALENTS

BRHP maintains cash balances at two financial institutions. Accounts at the institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. BRHP has not experienced any loss in such accounts. PNC internally insures BRHP deposits above the FDIC limit. As of December 31, 2020, PNC Bank insured an additional \$2,235,676 of BRHP's remaining deposits. The remaining \$2,603,988 is not collateralized. \$543,938 deposited with Harbor Bank was not insured or collateralized at December 31, 2020.

At December 31, 2020 and 2019, \$200,343 and \$182,529, respectively, was restricted for payment of security deposits.

NOTE 3 LIQUIDITY AND AVAILABILITY

The Organization's financial assets available within one year of the statement of financial position date are as follows:

	<u>2020</u>	<u>2019</u>
Cash	\$ 5,792,387	\$ 3,389,483
Accounts Receivable, Net	864,997	803,321
Prepaid HAP and Other Prepaids	<u>6,078,938</u>	<u>5,895,379</u>
	12,736,322	10,088,183
Less: Net Assets with Donor Restrictions	<u>(11,784,169)</u>	<u>(9,834,436)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures within the One Year	<u>\$ 952,153</u>	<u>\$ 253,747</u>

Prepaid expenses are included in the calculation above as many of the net assets with donor restrictions are related to HAP payments and it is noted that approximately \$6.1 million and \$5.9 million, respectively, has been prepaid as of December 31, 2020 and 2019.

BRHP's goal is generally to maintain financial assets to meet 60 days of operating expenses. As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts. BRHP has a \$6,350,000 line of credit available to meet cash flow needs (see Note 10 for more information).

NOTE 4 REFUNDABLE ADVANCE – PPP PROCEEDS

In May 2020, BRPH received proceeds in the amount of \$632,500 to fund payroll, rent, and utilities through the Paycheck Protection Program (the PPP Loan). The PPP Loan may be forgiven by the U.S. Small Business Administration (SBA) subject to certain performance barriers, as outlined in the loan agreement and the CARES Act. Therefore, BRHP has classified this loan as deferred revenue for accounting purposes. BRHP recognized no income related to this agreement during the year ended December 31, 2020, as no portion of the PPP Loan has met the performance barriers. As of December 31, 2020, the entire amount of the loan is presented on the balance sheet as Refundable Advance – PPP Proceeds. The SBA has not formally forgiven any portion of BRHP's obligation under this PPP Loan and the application for forgiveness was not submitted as of December 31, 2020.

BALTIMORE REGIONAL HOUSING PARTNERSHIP, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 4 REFUNDABLE ADVANCE – PPP PROCEEDS (COTINUED)

Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if BRHP fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. If the SBA determines that a portion of the PPP Loan proceeds will not be forgiven, BRHP would be obligated to repay those funds to the SBA at an interest rate of 1% over a period of 2 years with payments deferred for up to six months. Once payments commence, principal and interest payments will be required to be made through the maturity date in May 2022.

NOTE 5 PROPERTY AND EQUIPMENT

At December 31, 2020 and 2019, property and equipment consisted of the following:

	<u>2020</u>	<u>2019</u>
Computer Equipment	\$ 73,247	\$ 30,000
File Storage System	45,700	45,700
Less Accumulated Depreciation	(70,236)	(59,385)
Total	<u>\$ 48,711</u>	<u>\$ 16,315</u>

Depreciation expense for the years ended December 31, 2020 and 2019 totaled \$10,851 and \$6,531, respectively.

NOTE 6 NET ASSETS

Net assets with donor restrictions as of December 31, 2020 and 2019 are donor restricted as to purpose. Net assets released from restriction during the year represent assets where the time and purpose restrictions have expired.

Net assets with donor restrictions consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
Subject to Expenditure for a Specific Purpose:		
Funding Received from HABC - Restricted for HAP	\$ 10,350,034	\$ 8,340,066
Funding Received from HABC - Restricted for HOPE VI Program	15,949	12,832
Funding Received from Abell Foundation and HABC - Restricted for Sec. Dep. Assistance	876,362	934,131
Funding Received from HABC - Restricted for Baltimore Housing Mobility Program	486,813	439,266
Funding Received from Kresge Foundation - Restricted for Healthy Children Demonstration; Baltimore, MD Project	23,111	100,000
Charitable Contributions - Restricted for Client Assistance	31,900	8,141
Total Net Assets with Donor Restrictions	<u>\$ 11,784,169</u>	<u>\$ 9,834,436</u>

BALTIMORE REGIONAL HOUSING PARTNERSHIP, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 7 NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets were released from restrictions by incurring expenses satisfying restricted purposes as follows for the years ended December 31:

	<u>2020</u>	<u>2019</u>
Purpose Restrictions Accomplished:		
Restricted for Kresge Foundation Grant	\$ 76,889	\$ -
Restricted for Baltimore Housing Mobility Program	307	-
Restricted for HOPE VI Program	93,340	527,639
Restricted for Client Assistance	10,245	3,262
Total Net Assets Released from Restriction	<u>\$ 180,781</u>	<u>\$ 530,901</u>

NOTE 8 SETTLEMENT FUNDING

BRHP receives settlement funding that is subject to specific terms as defined in the agreements. Under certain agreements, HABC may reduce the amount of funding if BRHP does not meet certain leasing benchmarks. All leasing benchmarks regarding the MTW Voucher Program have been met as of December 31, 2020.

NOTE 9 UNCERTAINTY IN INCOME TAXES

BRHP has adopted the FASB's requirements for accounting for uncertain tax positions. BRHP determined that they were not required to record a liability related to uncertain tax positions.

NOTE 10 OPERATING LEASES

BRHP leases office space under an operating lease. Future minimum lease payments under these leases are as follows for the years ending December 31:

<u>Year Ending December 31,</u>	<u>Amount</u>
2021	\$ 226,138
2022	56,949
Total	<u>\$ 283,087</u>

Total lease expense utilizing the straight-line method for the years ending December 31, 2020 and 2019 was \$191,583 and \$200,841 respectively. The deferred rent liability for the difference between straight-line and cash method of accounting was \$48,391 and \$77,832 as of December 31, 2020 and 2019, respectively.

BALTIMORE REGIONAL HOUSING PARTNERSHIP, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 11 LINE OF CREDIT

On January 26, 2015, BRHP entered into a Line of Credit Note with PNC Bank where BRHP may borrow up to \$3 million. Amounts outstanding under the Note bear interest at an annual rate 2.64% as of December 31, 2020. The line of credit was subsequently increased to \$6.35 million and the maturity date was January 25, 2022 as of December 31, 2020. The balance of the line of credit totaled \$-0- at December 31, 2020 and 2019. With respect to BRHP's obligations to PNC Bank, PNC Bank has a security interest and contractual right of offset against BRHP's deposits held by PNC Bank. BRHP also entered into a collateral agreement with PNC Bank to collateralize the bank accounts.

NOTE 12 RETIREMENT PLAN

During the year ended December 31, 2017 BRHP began offering its employees a 403(b) tax-deferred annuity plan administered by Principal Financial Group (PFG). Each employee may voluntarily contribute a portion of their earnings, either pre-tax or post-tax (Roth), and invest it in any of the financial options available to them. Total employer and employee contributions for the year ended December 31, 2020 and 2019 were \$49,948 and \$44,620, respectively.

PFG held no securities of BRHP or of other related parties during the year or as of the close of the fiscal years ended December 31, 2020 and 2019. Additional information regarding the plan may be obtained by contacting Principal Financial Group at 711 High Street, Des Moines, IA or by calling 800-986-3343.

NOTE 13 SUBSEQUENT EVENTS

Management evaluated subsequent events through July 13, 2021, the date the financial statements were available to be issued. Events or transactions occurring after December 31, 2020, but prior to July 13, 2021 that provided additional evidence about conditions that existed at December 31, 2020, have been recognized in the financial statements for the year ended December 31, 2020. Events or transactions that provided evidence about conditions that did not exist at December 31, 2020, but arose before the financial statements were available to be issued, have not been recognized in the financial statements for the year ended December 31, 2020.



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

Board of Directors
Baltimore Regional Housing Partnership, Inc.
Baltimore, Maryland

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 Baltimore Regional Housing Partnership, Inc. (BRHP), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 13, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered BRHP'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of BRHP's internal control. Accordingly, we do not express an opinion on the effectiveness of BRHP'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 BRHP'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 result of that testing, and not to provide an opinion on the effectiveness of BRHP's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering BRHP's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Baltimore, Maryland
July 13, 2021