

**TOWN OF HANOVER**  
**AFFORDABLE HOUSING TRUST FUND**

Basic Financial Statements  
For the Year Ended June 30, 2020

(With Independent Accountants' Report Thereon)

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## INDEPENDENT AUDITORS' REPORT

To the Trustees  
Town of Hanover Affordable Housing Trust Fund

### Report on the Financial Statements

We have audited the accompanying balance sheet and statement of revenues and expenditures of the Town of Hanover Affordable Housing Trust Fund (a trust fund of the Town of Hanover, Massachusetts) as of and for the year ended June 30, 2020. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audit.

### Management's Responsibility for the Financial Statements

The Town's 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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

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reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements of the Town of Hanover Affordable Housing Trust fund present fairly, in all material respects, the financial position as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

The financial statements present only the Affordable Housing Trust fund and do not purport to, and do not, present fairly the financial position of the Town of Hanover, Massachusetts as of June 30, 2020, the changes in its financial position, where applicable, its cash flows for the year then ended or a Management's Discussion and Analysis in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Andover, Massachusetts  
July 8, 2021

## **TOWN OF HANOVER AFFORDABLE HOUSING TRUST FUND**

Balance Sheet  
June 30, 2020

### **Assets**

Cash held by Town	\$ 799,364
Accounts receivable	<u>295,999</u>
Total Assets	1,095,363

### **Liabilities**

Due to Town of Hanover	<u>80,030</u>
Total Liabilities	<u>80,030</u>

### **Fund Balance**

Restricted fund balance	\$ <u><u>1,015,333</u></u>
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See accompanying notes to the financial statements.

**TOWN OF HANOVER AFFORDABLE HOUSING TRUST FUND**

Statement of Revenues, Expenditures, and Changes in Fund Balance  
For the Year Ended June 30, 2020

**Revenues**

Donations	\$ 16,154
Interest income	<u>9,169</u>
Total revenues	25,323

**Expenditures**

Audit fees	1,600
Total expenses	<u>1,600</u>
Excess of revenues over (under) expenses	23,723
Fund Balance, beginning of year	<u>991,610</u>
Fund Balance, end of year	<u><u>\$ 1,015,333</u></u>

See accompanying notes to the financial statements.

## TOWN OF HANOVER AFFORDABLE HOUSING TRUST FUND

### Notes to Financial Statements

#### 1. Organization

The Hanover Affordable Housing Trust was authorized by approval of Article 69 of the May 11, 2009 Town of Hanover, Massachusetts Town Meeting to accept Chapter 44, Section 55C of the Massachusetts General laws.

The purpose of the Trust is to provide for the creation and preservation of affordable housing in the Town of Hanover for low- and moderate-income households. As used in this act, the term “low or moderate income housing” shall mean “low income housing” or “moderate income housing” as defined in Massachusetts General Laws Chapter 44B, Section 2.

#### 2. Summary of Significant Accounting Policies

The following is a summary of significant accounting policies of the Trust used in preparing and presenting the accompanying financial statements.

##### ***Basis of Accounting***

The Affordable Housing Trust fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred.

##### ***Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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. Accordingly, actual results could differ from those estimates.

#### 3. Cash held by Town

##### ***Custodial Credit Risk - Deposits***

Custodial credit risk is the risk that in the event of a bank failure, the Trust’s deposits may not be returned. Massachusetts General Law Chapter 44, Section 55, limits the Trust’s deposits “in a bank or trust company or banking company to an amount not exceeding

60% of the capital and surplus of such bank or trust company or banking company, unless satisfactory security is given to it by such bank or trust company or banking company for such excess.” The Trust does not have a deposit policy for custodial credit risk.

As of June 30, 2020, none of the Trust’s bank balance of \$799,364 was exposed to custodial credit risk as uninsured and/or uncollateralized.

#### **4. Accounts Receivable**

The accounts receivable of \$295,999 is in connection with an agreement between the Affordable Housing Trust and Kennedy Building LLC signed April 2013 and amended May 2017. Total expected loan is \$296,000 with the remaining balance of loan to be dispersed to the Trust after specific permits have been issued. As of the date of the financial statements, the repayment schedule has not been finalized.

#### **5. Subsequent Events**

Management has evaluated subsequent events through July 8, 2021, which is the date the financial statements were available to be issued.