

**LINCOLN APARTMENTS, LLC
(A COMPONENT UNIT OF THE TOWN OF
HINGHAM, MASSACHUSETTS)
HUD PROJECT NO. MA06-H058-103**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2024 AND 2023



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LINCOLN APARTMENTS, LLC
(A COMPONENT UNIT OF THE TOWN OF HINGHAM, MASSACHUSETTS)
HUD PROJECT NO. MA06-H058-103
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**LINCOLN APARTMENTS, LLC
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HUD PROJECT NO. MA06-H058-103
AUDITOR DISCLOSURE INFORMATION
YEARS ENDED DECEMBER 31, 2024 AND 2023**

FIRM	<u>CLA (CliftonLarsonAllen LLP)</u>
AUDIT PRINCIPAL	<u>James Piotrowski, CPA</u>
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INDEPENDENT AUDITORS' REPORT

Board of Managers
Lincoln Apartments, LLC
Hingham, Massachusetts

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Lincoln Apartments, LLC, a Component Unit of the Town of Hingham, Massachusetts, HUD Project No MA06-H058-103 (the Project), which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of income and changes in members' equity and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Project as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Project and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Project's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Project's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Project's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplementary Information is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Board of Managers
Lincoln Apartments, LLC

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2025, on our consideration of the Project'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 results of that testing, and not to provide an opinion on the effectiveness on the Project'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 the Project's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Andover, Massachusetts
March 25, 2025

LINCOLN APARTMENTS, LLC
(A COMPONENT UNIT OF THE TOWN OF HINGHAM, MASSACHUSETTS)
HUD PROJECT NO. MA06-H058-103
BALANCE SHEETS
DECEMBER 31, 2024 AND 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 539,553	\$ 510,627
Prepaid Expenses	52,708	32,412
Total Current Assets	592,261	543,039
RESTRICTED DEPOSITS AND FUNDED RESERVES		
Tenant Security Deposits	35,475	33,187
Reserve for Replacements	1,338,295	821,161
Total Restricted Deposits and Funded Reserves	1,373,770	854,348
LEASE ASSET		
Right-of-Use Lease Asset	9,429,166	9,408,824
Less: Accumulated Amortization	(1,052,518)	(680,658)
Net Right-of-Use Lease Asset	8,376,648	8,728,166
PROPERTY AND EQUIPMENT		
Property and Equipment	1,342,061	1,206,993
Less: Accumulated Depreciation	(856,091)	(737,545)
Net Property and Equipment	485,970	469,448
Total Assets	\$ 10,828,649	\$ 10,595,001
LIABILITIES AND MEMBERS' EQUITY		
CURRENT LIABILITIES		
Accounts Payable	\$ 18,722	\$ 87,774
Due to Town of Hingham	51,992	59,920
Accrued Expenses	57,918	38,501
Unearned Revenue	2,067	1,921
Short-Term Lease Liability	371,860	371,860
Total Current Liabilities	502,559	559,976
LONG-TERM LIABILITY		
Long-Term Lease Liability	4,782,712	5,154,572
OTHER LIABILITIES		
Tenant Security Deposits	32,868	32,998
Total Liabilities	5,318,139	5,747,546
MEMBERS' EQUITY		
Total Liabilities and Members' Equity	\$ 10,828,649	\$ 10,595,001

See accompanying Notes to Financial Statements.

LINCOLN APARTMENTS, LLC
(A COMPONENT UNIT OF THE TOWN OF HINGHAM, MASSACHUSETTS)
HUD PROJECT NO. MA06-H058-103
STATEMENTS OF INCOME AND CHANGES IN MEMBERS' EQUITY
YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
REVENUES		
Rental Revenue, Net Vacancies of \$3,013 and \$17,371, Respectively	\$ 1,900,472	\$ 1,776,761
Interest Revenue	84	189
Other Revenue	6,896	6,105
Total Revenues	1,907,452	1,783,055
EXPENSES		
Administrative Expenses	195,630	179,509
Utilities Expenses	113,796	89,727
Operating and Maintenance Expenses	257,321	302,992
Tax and Insurance Expenses	187,244	178,925
Rent Expenses	371,860	176,546
Total Expenses	1,125,851	927,699
INCOME BEFORE DEPRECIATION	781,601	855,356
Depreciation	118,546	62,276
NET INCOME	663,055	793,080
Members' Equity - Beginning of Year	4,847,455	4,054,375
MEMBERS' EQUITY - END OF YEAR	\$ 5,510,510	\$ 4,847,455

See accompanying Notes to Financial Statements.

LINCOLN APARTMENTS, LLC
(A COMPONENT UNIT OF THE TOWN OF HINGHAM, MASSACHUSETTS)
HUD PROJECT NO. MA06-H058-103
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Member Capital	\$ 663,055	\$ 793,080
Adjustments to Reconciled Change in Members' Equity to Net Cash Provided (Used) by Operating Activities:		
Depreciation	118,546	62,276
Amortization	371,860	371,860
(Increase) Decrease in:		
Accounts Receivable	-	949
Prepaid Expenses	(20,296)	455
Tenant Security Deposits	(130)	1,945
Increase (Decrease) in:		
Accounts Payable	(69,052)	85,581
Accrued Expenses	19,417	(347)
Due to the Town of Hingham	(7,928)	(203,600)
Unearned Revenue	146	1,528
Lease Liability	(392,202)	(407,251)
Net Cash Provided by Operating Activities	683,416	706,476
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(135,068)	(408,352)
NET INCREASE IN CASH	548,348	298,124
Cash - Beginning of Year	1,364,975	1,066,851
CASH - END OF YEAR	\$ 1,913,323	\$ 1,364,975
RECONCILIATION OF CASH TO CASH AND CASH EQUIVALENTS		
Cash - End of Year	\$ 1,913,323	\$ 1,364,975
Adjustments to Reconcile Cash to Cash and Cash Equivalents:		
Restricted Deposits and Funded Reserves:		
Tenant Security Deposits	(35,475)	(33,187)
Reserve for Replacements	(1,338,295)	(821,161)
Total Restricted Deposits and Funded Reserves	(1,373,770)	(854,348)
Net Cash and Cash Equivalents	\$ 539,553	\$ 510,627
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITIES		
Right-to-Use Lease Asset	\$ (20,342)	\$ (1,044,390)

See accompanying Notes to Financial Statements.

LINCOLN APARTMENTS, LLC
(A COMPONENT UNIT OF THE TOWN OF HINGHAM, MASSACHUSETTS)
HUD PROJECT NO. MA06-H058-103
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Operations

Lincoln Apartments, LLC a for-profit Limited Liability Company (the Company), was formed in December 2008 as a Massachusetts Limited Liability Company (LLC) owned through its sole member, the Town of Hingham, Massachusetts through its Hingham Affordable Housing Trust (HAHT). The purpose of the Company is to provide housing facilities and services to elderly and handicapped persons. The Company presently leases a 60-unit affordable housing development known as Lincoln School Apartments (LSA) from the Town under a 30-year ground lease agreement dated January 30, 2009. The affordable housing program is subsidized by the U.S. Department of Housing and Urban Development (HUD).

The Town of Hingham, Massachusetts previously held a right of first refusal to acquire the Lincoln School Apartments from the former owners and they exercised this right and purchased the property in January 2009.

The Company operated on a calendar year basis and is considered a Component Unit of the Town of Hingham, Massachusetts.

Use of Estimates in Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted 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.

Cash and Cash Equivalents

The Company considers all cash balances and highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Project places its cash and cash equivalents in bank accounts with quality financial institutions.

The Company maintains its cash balances in one financial institution located in Providence, Rhode Island. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2024, the Company's uninsured cash balances total \$1,694,362.

Restricted Cash and Cash Equivalents

Reserve for Replacements

The Company is required by the ground lease agreement to establish and maintain a reserve for replacements account for use in funding maintenance and replacement costs of the 60-unit affordable housing development.

LINCOLN APARTMENTS, LLC
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DECEMBER 31, 2024 AND 2023

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Tenant Security Deposits

In accordance with HUD requirements, funds received as tenant security deposits are held until lease expiration, when the funds are refunded to the tenant provided all lease arrangements have been met.

Property and Equipment

Property and equipment are carried at cost. Expenditures for major renewals and betterments, which substantially increase the useful lives of existing assets, are capitalized. Maintenance and repairs are charged to operating expenses as incurred. Depreciation of property and equipment is computed using straight-line method over five years.

Income Taxes

The Company has been organized as a limited liability company and is not taxed as a separate entity from its member. The Company's taxable income or loss is passed through to the HAHT, which is part of the Town of Hingham, a tax-exempt entity. Therefore, no provision for income taxes is included in these financial statements.

Revenue Recognition

Revenue from lease payments is recognized under the accrual method on a monthly basis over the terms of the tenant lease agreements, and other revenues are recognized when earned. Lease payments include subsidy payments and are included in income as rents become due. Lease payments received in advance are deferred until earned. All leases between the Company and the tenants of the property are considered operating leases for financial reporting purposes.

Leases

The Company determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets – operating and lease liability – operating, and finance leases are included in right-of-use (ROU) assets – financing and lease liability – financing in the statements of financial position.

The ROU asset represents the Company's right to use an underlying asset for the lease term and lease liability represents the Company's obligation to make lease payments arising from the lease. The ROU asset and liability are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term.

The Company has elected to apply the practical expedient, which does not require contracts to be separated between lease and nonlease components.

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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Advertising

The Project expenses advertising costs as incurred. Advertising expense was \$521 and \$600 for the years ended December 31, 2024 and 2023, respectively.

Subsequent Events

Management, in preparing the financial statements and notes thereto, has considered subsequent events through March 25, 2025, which is the date the financial statements were available to be issued.

NOTE 2 PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of December 31:

	2024	2023
Leasehold Improvements	\$ 726,296	\$ 591,228
Furniture and Fixtures	615,765	615,765
Total	1,342,061	1,206,993
Less: Accumulated Depreciation	(856,091)	(737,545)
Total Property and Equipment	\$ 485,970	\$ 469,448

Substantially all of the property and equipment serves as underlying assets for operating leases.

NOTE 3 OPERATING LEASE – TOWN OF HINGHAM

In January 2009, the Company and the Town of Hingham entered into a lease agreement to operate affordable housing for Hingham residents at the Lincoln School Apartments. Under the terms of the 29-year and 9-month lease agreement the Company will pay the Town an annual base rent equal to the annual debt service on the bonds used by the Town to finance the premises plus “Cash Flow Rent” and “Additional Rent” as defined in the Agreement. During the term of the lease, the Company is responsible for all repairs, maintenance, and operating costs.

In 2013, the Town of Hingham advanced the Company \$200,000 to replenish its Reserve for Replacement account in anticipation of certain capital related projects. This amount will be repaid to the Town as additional rent over the term of the lease. Interest on this debt is refinanced each year by the Town of Hingham and as such has a variable interest rate. Future minimum payments have been calculated based on most recent years variable rate projected onto future years.

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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 3 OPERATING LEASE – TOWN OF HINGHAM (CONTINUED)

In 2021, the Town of Hingham and the Company amended the lease agreement to direct funds previously held by the Company to be transferred to the Town of Hingham. Funds transferred to the Town totaled \$521,951 and represented the available cash flow held by the Company in an interest-bearing reserve account under the direction of the Town in accordance with the original lease agreement. The amendment to the lease agreement also required the Company to contribute \$122,233 from its operating account to the replacement reserve account in 2021.

In 2023, door and window replacement construction supplementally funded by the Town of Hingham was completed at the Project. The costs incurred by the Town will be charged to the Company as additional rent in the amount of \$1,009,000; in the form of ten (10) equal annual payments commencing in 2028. The residual costs incurred by the Company to complete the project resulted in the Town and the Company amending the lease agreement in 2024 and 2025 to forgive the additional rents due to the Town from the net cash flow increases in 2023 and 2024.

For the years ended December 31, 2024 and 2023, the Company's rental expense totaled \$371,860 and \$176,546, respectively. A maturity analysis of annual undiscounted cash flows for the lease liability as of December 31, 2024 is as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2025	\$ 374,645
2026	360,404
2027	251,272
2028	113,106
2029	112,856
Thereafter	834,693
Total	<u>\$ 2,046,976</u>

As described above, the minimum rental payments are based on the debt service requirements of the Town of Hingham bonds that were used to acquire the property as follows:

<u>Town of Hingham Debt Service by Fiscal Year</u>				<u>Outstanding Principal</u>
				<u>\$ 1,360,814</u>
<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal Balance</u>
2025	\$ 345,547	\$ 28,943	\$ 374,490	\$ 1,015,267
2026	345,547	16,849	362,396	669,720
2027	338,422	10,010	348,432	331,298
2028	331,298	3,313	334,611	-
Total	<u>\$ 1,360,814</u>	<u>\$ 59,115</u>	<u>\$ 1,419,929</u>	

**LINCOLN APARTMENTS, LLC
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 3 OPERATING LEASE – TOWN OF HINGHAM (CONTINUED)

In addition to the debt service requirements of the bonds, the Town of Hingham advanced Lincoln Apartments \$200,000 to replenish its Replacement Reserve Account in 2013. This amount is being repaid as additional rent as follows:

<u>Year Ending December 31,</u>	<u>Annual Payment</u>
2025	\$ 13,111
2026	12,861
2027	12,611
2028	12,361
2029	12,111
2030	11,861
2031	11,611
2032	11,363
Total	<u>\$ 97,890</u>

NOTE 4 RENTAL REVENUE

Leasing operations consist of operating leases of residential real estate expiring in various years in which the Company is the lessor. Certain leases provide for renewal options. Lease contracts do not include variable lease payments.

Tenants' rents are being subsidized by the U.S. Department of Housing and Urban Development (HUD) under its Section 8 Housing Assistance Payments (HAP) program. This program restricts assistance to those tenants who qualify by meeting certain HUD established criteria, including maximum income limitations. In October 2010, HUD provided a new HAP agreement dated October 9, 2010 that will continue for an additional 20 years. The current contract expires on October 10, 2030.

Contract rents and other terms of the renewal agreement are subject to review on each fifth anniversary of the agreement. During the first four years of each cycle, tenants will receive operating cost adjustment factor increases on their anniversary date. On the fifth year, a rent computation survey will be performed and rents are adjusted to coincide with the market.

Rent subsidies totaled approximately \$1,477,000 and \$1,386,000 in 2024 and 2023, respectively, which represent approximately 78% of rent revenue for both years.

LINCOLN APARTMENTS, LLC
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 5 PROPERTY MANAGEMENT

The Project is managed by Corcoran Management Company under a Management Agreement effective through December 31, 2024. The Management Agreement includes two one-year renewal options at the sole discretion of the Project which would extend the current agreement through December 31, 2026.

Management fees charged to income under the management agreements amounted to \$55,000 and \$51,107 for the years ended December 31, 2024 and 2023, respectively.

LINCOLN APARTMENTS, LLC
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HUD PROJECT NO. MA06-H058-103
DECEMBER 31, 2024

HUD BALANCE SHEET DATA

Account Number		ASSETS
	CURRENT ASSETS	
1120	Cash - Operations	\$ 539,553
1130	Tenant Accounts Receivable	-
1200	Prepaid Expenses	52,708
1100 T	Total Current Assets	<u>592,261</u>
	DEPOSITS HELD IN TRUST - FUNDED	
1191	Tenant/Patient Deposits Held in Trust	35,475
1320	Replacement Reserve	1,338,295
1300T	Total Deposits	<u>1,338,295</u>
	PROPERTY AND EQUIPMENT	
1420	Buildings	726,296
1460	Furnishings	615,765
1400T	Total Fixed Assets	<u>1,342,061</u>
1495	Accumulated Depreciation	(856,091)
1400N	Net Fixed Assets	<u>485,970</u>
	OTHER ASSETS	
1590	Miscellaneous Other Assets	8,376,648
1500T	Total Other Assets	<u>8,376,648</u>
1000T	Total Assets	<u><u>\$ 10,828,649</u></u>
	LIABILITIES AND MEMBER'S CAPITAL	
	CURRENT LIABILITIES	
2110	Accounts Payable - Operations	\$ 18,722
2125	Accrued Lease Payments Payable	423,852
2190	Miscellaneous Current Liabilities	57,918
2210	Prepaid Revenue	2,067
2122T	Total Current Liabilities	<u>502,559</u>
	LONG-TERM LIABILITIES	
2390	Other Long-Term Liabilities	4,782,712
	DEPOSITS HELD IN TRUST	
2191	Tenant/Patient Deposits Held In Trust (Contra)	<u>32,868</u>
2000T	Total Liabilities	5,318,139
	MEMBER'S CAPITAL	
3130	Total Equity	<u>5,510,510</u>
2033T	Total Liabilities and Member's Capital	<u><u>\$ 10,828,649</u></u>

LINCOLN APARTMENTS, LLC
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HUD PROJECT NO. MA06-H058-103
YEAR ENDED DECEMBER 31, 2024

HUD PROFIT AND LOSS DATA

Account Number		
	REVENUE	
5120	Rent Revenue - Gross Potential	\$ 426,540
5121	Tenant Assistance Payments	1,476,945
5100T	Total Rent Revenue	1,903,485
	VACANCIES	
5220	Apartments	(3,013)
5152N	Net Rental Revenue (Rent Revenue Less Vacancies)	1,900,472
	FINANCIAL REVENUE	
5410	Financial Revenue - Project Operations	84
	OTHER REVENUE	
5910	Laundry and Vending	6,846
5920	Tenant Charges	50
5900T	Total Other Revenue	6,896
5000T	Total Revenue	\$ 1,907,452
	ADMINISTRATIVE EXPENSES	
6210	Advertising and Marketing	\$ 521
6250	Other Renting Expenses	761
6310	Office Salaries	80,416
6311	Office Expenses	21,110
6320	Management Fee	55,000
6340	Legal Expense - Project	249
6350	Audit Expense	18,528
6351	Bookkeeping Fees/Accounting Services	4,068
6390	Miscellaneous Administrative Expenses	386,837
6263T	Total Administrative Expenses	567,490
	UTILITIES EXPENSES	
6450	Electricity	16,787
6451	Water	16,157
6452	Gas	53,004
6453	Sewer	27,848
6400T	Total Utilities Expenses	113,796

**LINCOLN APARTMENTS, LLC
(A COMPONENT UNIT OF THE TOWN OF HINGHAM, MASSACHUSETTS)
HUD PROJECT NO. MA06-H058-103
YEAR ENDED DECEMBER 31, 2024**

HUD PROFIT AND LOSS DATA (CONTINUED)

Account
Number

OPERATING AND MAINTENANCE EXPENSES		
6510	Payroll	\$ 84,077
6515	Supplies	54,376
6520	Contracts	68,487
6525	Garbage and Trash Removal	25,167
6546	Heating/Cooling Repairs and Maintenance	6,682
6548	Snow Removal	4,635
6590	Miscellaneous Operating and Maintenance Expenses	13,897
6500T	Total Operating and Maintenance Expenses	<u>257,321</u>

TAXES AND INSURANCE		
6710	Real Estate Taxes	82,723
6711	Payroll Taxes (Project's Share)	40,254
6720	Property and Liability Insurance (Hazard)	64,267
6700T	Total Taxes and Insurance	<u>187,244</u>

OPERATING RESULTS		
6000T	Total Cost of Operations before Depreciation	<u>1,125,851</u>
5060T	Profit Before Depreciation	781,601
6600	Depreciation Expenses	<u>118,546</u>
5060N	Operating Profit	<u><u>\$ 663,055</u></u>

HUD EQUITY DATA

S1100-010	Beginning of Year Balance	\$ 4,847,455
3250	Net Profit	663,055
3130	End of Year Equity	<u><u>\$ 5,510,510</u></u>

LINCOLN APARTMENTS, LLC
(A COMPONENT UNIT OF THE TOWN OF HINGHAM, MASSACHUSETTS)
HUD PROJECT NO. MA06-H058-103
YEAR ENDED DECEMBER 31, 2024

HUD STATEMENT OF CASH FLOWS DATA

Account Number		
	CASH FLOWS FROM OPERATING ACTIVITIES	
S1200-010	Rental Receipts	\$ 1,898,200
S1200-020	Interest Receipts	84
S1200-030	Other Operating Receipts	<u>6,896</u>
S1200-040	Total Receipts	1,905,180
S1200-050	Administrative	(45,237)
S1200-070	Management Fee	(55,000)
S1200-090	Utilities	(113,796)
S1200-100	Salaries and Wages	(204,747)
S1200-110	Operating and Maintenance	(193,540)
S1200-120	Real Estate Taxes	(82,723)
S1200-140	Property Insurance	(64,267)
S1200-170	Other Operating Expenses	<u>(464,742)</u>
S1200-230	Total Disbursements	<u>(1,224,052)</u>
S1200-240	Net Cash Provided by Operating Activities	681,128
	CASH FLOWS FROM INVESTING ACTIVITIES	
S1200-250	Net Deposits to the Reserve for Replacement account	(517,134)
S1200-330	Net Purchase of Fixed Assets	<u>(135,068)</u>
S1200-350	Net Cash Used by Investing Activities	<u>(652,202)</u>
S1200-470	NET INCREASE IN CASH AND CASH EQUIVALENTS	28,926
S1200-480	Cash and Cash Equivalents - Beginning of Period	<u>510,627</u>
S1200T	CASH AND CASH EQUIVALENTS - END OF PERIOD	<u><u>\$ 539,553</u></u>
	RECONCILIATION OF NET PROFIT TO NET CASH USED BY OPERATING ACTIVITIES	
3250	Net Profit	\$ 663,055
	Adjustments to Reconcile Net Profit to Net Cash Provided by Operating Activities:	
6600	Depreciation Expenses	118,546
S1200-520	(Increase) Decrease in Prepaid Expenses	(20,296)
S1200-530	(Increase) Decrease in Cash Restricted for Tenant Security Deposits	(2,288)
S1200-600	(Increase) Decrease in Other Asset Accounts	351,518
S1200-540	Increase (Decrease) in Accounts Payable	(69,052)
S1200-560	Increase (Decrease) in Accrued Liabilities	19,417
S1200-570	Increase (Decrease) in Accrued Lease	(379,788)
S1200-580	Increase (Decrease) in Tenant Security Deposits Held in Trust	(130)
S1200-590	Increase (Decrease) in Prepaid Revenue	<u>146</u>
S1200-610	Net Cash Provided by Operating Activities	<u><u>\$ 681,128</u></u>

LINCOLN APARTMENTS, LLC
(A COMPONENT UNIT OF THE TOWN OF HINGHAM, MASSACHUSETTS)
HUD PROJECT NO. MA06-H058-103
DECEMBER 31, 2024

SCHEDULE OF SURPLUS CASH AND CHANGES IN PROPERTY AND EQUIPMENT

Account Number	Surplus Cash, Distributions, and Residual Receipts (Annual)	December 31, 2024
S1300-010	Cash	\$ 575,028
S1300-075	Accounts Payable - 30 Days	18,722
S1300-100	Accrued Expenses [Not Escrowed]	481,770
2210	Prepaid Revenue	2,067
2191	Tenant/Patient Deposits Held in Trust (Contra)	32,868
S1300-140	Total Current Obligations	535,427
S1300-150	Surplus Cash (Deficiency)	\$ 39,601
S1300-200	Amount Available for Distribution During Next Fiscal Period	\$ 39,601
S1300-210	Deposit Due Residual Receipts	\$ -
<u>Schedule of Changes in Fixed Asset Accounts</u>		
1420P	Beginning Balance for 1420	\$ 591,228
1420AT	Additions for 1420	135,068
1420DT	Deductions for 1420	-
1420	Buildings	726,296
1460P	Beginning Balance for 1460	615,765
1460AT	Additions for 1460	-
1460DT	Deductions for 1460	-
1460	Furnishings	615,765
1490PT	Total Beginning Balance for 1490	-
1490AT	Additions for 1490	-
1490DT	Deductions for 1490	-
1490T	Miscellaneous Fixed Assets	-
1400PT	Total Beginning Balance for Fixed Assets	1,206,993
1400AT	Total Assets Additions	135,068
1400DT	Total Assets Deductions	-
1400T	Total Fixed Assets	1,342,061
1495P	Beginning Balance for 1495	737,545
6600	Total Provisions	118,546
1400ADT	Total Accumulated Depreciation from Disposed Assets	-
1495	Ending Balance for Accumulated Depreciation	856,091
1400N	Total Net Book Value	\$ 485,970

LINCOLN APARTMENTS, LLC
(A COMPONENT UNIT OF THE TOWN OF HINGHAM, MASSACHUSETTS)
HUD PROJECT NO. MA06-H058-103
DECEMBER 31, 2024

OTHER ACCOUNT DETAIL

<u>Account Number</u>		
Account 1420 Detail	Beginning Balance	\$ 591,228
	Item Purchased - Air Handler Project	124,538
	Item Purchased - Outside Lighting Enhancements	6,400
	Item Purchased - Window Replacement Project	4,130
	Total Line 1420	<u>\$ 726,296</u>
Account 1590 Detail	Right-of-Use Lease Asset	<u>8,376,648</u>
	Total Line 1590	<u>\$ 8,376,648</u>
Account 2190 Detail	Accrued Audit Fees	\$ 18,528
	Accrued Utility Expenses	33,039
	Accrued Management Expenses	6,351
	Total Line 2190	<u>\$ 57,918</u>
Account 2390 Detail	Long-Term Lease Liability	\$ 4,782,712
	Total Line 2390	<u>\$ 4,782,712</u>
Account 6390 Detail	Lease Expense to Town of Hingham	\$ 371,860
	Professional Services	1,916
	Miscellaneous Administrative and Training Expense	12,856
	Employment Costs	205
	Total Line 6390	<u>\$ 386,837</u>
Account 6590 Detail	Recreation Activities	\$ 10,231
	Resident Services and Maintenance	3,666
	Total Line 6590	<u>\$ 13,897</u>



**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 Managers
Lincoln Apartments, LLC
Hingham, Massachusetts

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 Lincoln Apartments, LLC, U.S. Department of Housing and Urban Development (HUD) Project No. MA06-H058-103 (the Project), which comprise the balance sheet as of December 31, 2024, and the related statement of income and changes in members' equity and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 25, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Project's internal control over financial reporting (internal control) as a basis for designing 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 the Project's internal control. Accordingly, we do not express an opinion on the effectiveness of the Project'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 or significant deficiencies may exist that were not identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Project’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Project’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 Project’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Andover, Massachusetts
March 25, 2025



INDEPENDENT AUDITORS’ REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON THE MAJOR HUD PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE CONSOLIDATED AUDIT GUIDE FOR AUDITS OF HUD PROGRAMS

Board of Managers
Lincoln Apartments, LLC
Hingham, Massachusetts

Report on Compliance

Opinion on Compliance for the Major HUD Program

We have audited Lincoln Apartments, LLC, U.S. Department of Housing and Urban Development (HUD) Project No. MA06-H058-103 (the Project), compliance with the specific program requirements described in the *Consolidated Audit Guide for Audits of HUD Programs* (the audit guide) that could have a direct and material effect on each of the Project’s major HUD programs for the year ended December 31, 2024. The Project’s major HUD programs and the related direct and material compliance requirements are as follows:

Name of Major HUD Program	Direct and Material Compliance Requirements
Section 8 Housing Assistance Payments	Federal financial reports; fair housing and nondiscrimination; distributions to owners; equity skimming; cash receipts; cash disbursements; tenant application, eligibility, and recertification; units leased to extremely low-income families; tenant security deposits; management functions.

In our opinion, Lincoln Apartments, LLC complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major HUD program for the year ended December 31, 2024.

Basis for Opinion on the Major HUD Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit guide. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Project and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major HUD program. Our audit does not provide a legal determination of the Project’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Project's HUD programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Project's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the audit guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Project's compliance with the requirements of the Major HUD program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the audit guide, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Project's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Project's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the audit guide, but not for the purpose of expressing an opinion on the effectiveness of the Project's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 HUD program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a 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 HUD 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 HUD 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 the audit guide. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Andover, Massachusetts
March 25, 2025

**LINCOLN APARTMENTS, LLC
(A COMPONENT UNIT OF THE TOWN OF HINGHAM, MASSACHUSETTS)
HUD PROJECT NO. MA06-H058-103
SCHEDULE OF FINDINGS, QUESTIONED COSTS, AND RECOMMENDATIONS
DECEMBER 31, 2024**

CURRENT YEAR FINDINGS FOR THE MAJOR PROGRAM:

Our audit disclosed no findings that are required to be reported herein under the HUD Consolidated Audit Guide.

PRIOR YEAR FINDINGS FOR THE MAJOR PROGRAM:

The prior year audit disclosed no findings that were required to be reported herein under the HUD Consolidated Audit Guide.

There were no reports issued by HUD OIG or other federal agencies or contract administrators during the period covered by this audit.

**LINCOLN APARTMENTS, LLC
(A COMPONENT UNIT OF THE TOWN OF HINGHAM, MASSACHUSETTS)
HUD PROJECT NO. MA06-H058-103
CERTIFICATION OF MEMBER AND MANAGEMENT AGENT
DECEMBER 31, 2024**

MEMBER'S CERTIFICATION

I hereby certify that I have examined the accompanying financial statements and supplementary information of Lincoln Apartments, LLC HUD Project No. MA06-H058-103 and, to the best of my knowledge and belief, the same is complete and accurate as of March 25, 2025.



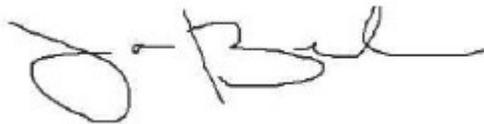
By: _____
Matthew Dillis, Chair, Board of Managers

26-3806985
Corporation's Employer Identification Number

MANAGEMENT AGENT'S CERTIFICATION

I hereby certify that I have examined the accompanying financial statements and supplementary information of Lincoln Apartments, LLC HUD Project No. MA06-H058-103 and, to the best of my knowledge and belief, the same is complete and accurate as of March 25, 2025.

Managing Agent: Corcoran Management Company



By: _____
Jamie Beaulieu, Portfolio Manager

04-2661810
Management Agent's Employer Identification Number



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