



Massachusetts Housing Finance Agency  
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## Minutes of the Meeting of the MassHousing Investment & Audit Committee held on September 9, 2025

A meeting of the MassHousing Investment and Audit Committee (the Committee) was held on September 9, 2025. In accordance with Section 20 of An Act Extending Certain COVID-19 Measures Adopted During the State of Emergency, 2021 Mass. Acts 20, as amended, the meeting was conducted remotely through a publicly accessible Zoom meeting.

Participating remotely were the Members of the Investment & Audit Committee (by roll call):

Committee Member	Present	Absent
Jeanne Pinado, Chair*	X	
Carolina Avellaneda**	X	
Herby Duvern�	X	
Bran Shim***	X	

\* *Chair of MassHousing*

\*\* *Vice Chair of MassHousing*

\*\*\* *Ex Officio member as representative of the Executive Office for Administration & Finance*

In attendance were also the following staff members:

MassHousing Staff		PricewaterhouseCoopers (PwC) Staff
Rachel Madden	Colin McNiece	Nipa Patel
Sandra Bakaysa	Amy Quimby	Michael Stankus
Nancy Slaney	Cynthia Fernandes	Shannon Quon
Waseem Arshad	Hayden Smith	
Paul Scola	Simone Ward	
Belmira Fallon		
Laurie Bennett		

*Ms. Pinado called the meeting to order, and the meeting began at 1:03 p.m.*

Upon a motion duly made and seconded, it was, by roll call, vote of all the members present (Bran Shim had not yet joined).

**VOTED:** That the minutes of the Meeting held on June 10, 2025 are hereby approved and placed on record.

*Bran Shim joined the meeting.*

Following such approval, Ms. Fernandes reviewed the Investment and Audit Committee Report for the fourth quarter (Q4) of Fiscal Year 2025 (FY25). Ms. Fernandes noted that all engagements were completed for the Fiscal Year. She then reviewed the audits completed in the quarter; both engagements received an effective opinion. She discussed the details of the moderate risk level finding identified through the Legal and Underwriting engagement, noting that while loans were closed appropriately procedures supporting the points of intersection between Legal and Underwriting were not well documented.

Ms. Avellaneda inquired whether procedures were not clear in Legal or Underwriting or both. Ms. Fernandes responded that both areas required refinement.

Ms. Fernandes then noted that no instances of fraud were reported via the hotline in the quarter. She then reviewed the assurance activities performed by outside providers noting that no issues were identified for the fiscal year. She highlighted that the state auditors conducted a pre-exit meeting with MassHousing staff, and it is anticipated that the audit be completed by the next Investment and Audit Committee meeting in December. Ms. Fernandes reviewed the status of open issues, noting that issues remain open until Internal Audit can perform sufficient retesting of control activities.

Ms. Pinado inquired whether the state audit noted any concerns in their pre-exit meeting.

Ms. Fernandes noted that concerns were raised regarding the 3% Priority Program and the MassHousing team did not agree with the state auditors' interpretation and preliminary conclusion; as a result, MassHousing provided additional support and believes that the finding, as presented at that time, is unfounded.

Ms. Avellaneda asked when a response should be expected. Ms. Fernandes stated that the MassHousing team meets with the State Auditors weekly and she expects a response within the month.

Mr. Duvern  inquired regarding the nature of the potential findings that were identified. Ms. Fernandes stated that there was a mischaracterization of MassHousing’s role in the 3% Priority Program. She noted that MassHousing has a Memorandum of Understanding established among the Agencies participating in the 3% Priority Program, and she believes that the State Auditors misunderstood MassHousing’s role as “point of contact” in the program. MassHousing responded by providing additional information on MassHousing’s role and proof of performance to meet those obligations.

Hearing no further questions, Ms. Patel, along with Mr. Stankus, proceeded to present the status of the 2025 Financial Statements Audit. Ms. Patel started the presentation by noting that FY25 is her final year as Principal on the Audit and that she will be succeeded by Shannon Quon. PwC has implemented plans to board Mr. Quon and ensure the transition is smooth. She referred to slide fifteen (15) of the Presentation of the FY25 Audit Results and highlighted that there were no significant changes to the audit plan and the risk remained the same. She highlighted that the engagement went smoothly and is ahead of schedule despite turnover occurring in key positions within MassHousing’s finance team. She then presented the audit report findings, highlighting that a material instance of non-compliance was identified around communication compliance with a HUD requirement. She noted that in prior years, there was a similar finding, but the current issues do not pertain to the same requirement. She affirmed that PwC is working with Internal Audit and management to identify an appropriate path to remediation and that this information will be highlighted in the final audit report. She concluded by noting that there are some items PwC needs to complete but are on track to issue a final opinion by next Friday September 19<sup>th</sup>, 2025.

Mr. Stankus presented the results of the audit work noting there were no instances of material misstatements identified as a result of the audit procedures. He reviewed the other required communications and stated there was nothing to report on independence, fraud, non-compliance, going concern, and disagreements with management with the exception of the HUD finding that Ms. Patel previously noted. He concluded by stating that, in his opinion, it was a very clean audit cycle despite the transition of the management team. Ms. Patel then informed the Committee of the additional items in the appendix for their review.

Ms. Pinado expressed her appreciation to Ms. Bakaysa and the finance team for their work. There were no questions about this section of presentation.

Ms. Bakaysa reviewed highlights from MassHousing’s Financial Statements noting that there were no major changes. She mentioned that there was a MassHousing lease amendment extending MassHousing’s building lease to 2046, which has an impact on the Financial Statements. She then highlighted the biggest high-level activity was an increase in Operating Revenue which includes grant activity. She noted that the grant activity was consistent from prior year and highlighted the recognition of Momentum Fund grant income. She stated that Operating Expenses offset the Revenues and increased from prior year. She mentioned that the Loan Loss reserves were reduced and that the overall reserve was lower than prior years due to positive improvements in Net Operating Income.

Ms. Bakaysa highlighted that the total change in net position increased from prior year and stated that Cash and equivalents was consistent with the prior year. She noted that the total assets increased in the loan portfolio, as well as the net position. Ms. Bakaysa concluded that the Net Pension, though in a liability position, is still appropriately funded and that OPEB remained in an Asset position.

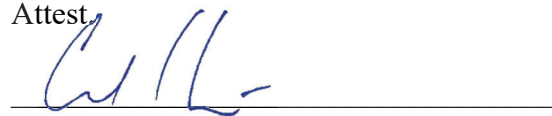
Ms. Pinado inquired regarding the amount that will be contributed to the Opportunity Fund. Ms. Madden stated that the contributions to the Opportunity Fund are higher than what was budgeted and she stated that she will be providing the Board with Financial and Budget highlights during the October Board meeting.

There were no further questions or comments.

*At approximately 1:33 p.m. MassHousing staff left the meeting so the Committee could speak independently with PwC, after which the meeting concluded at approximately 1:51 p.m.*

A true record.

Attest,



Colin M. McNiece  
Secretary

*Meeting Materials:*

- Draft of the June 10, 2025 Meeting Minutes
- Internal Audit Update and Open Issues Report
- PwC – Presentation of the FY25 Audit Status
- Draft of MassHousing’s FY2025 Annual Report