

Metro Community Development, Inc.

Single Audit Report

June 30, 2021



Table of Contents

	Page
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1
Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	3
Schedule of Expenditures of Federal Awards	6
Notes to Schedule of Expenditures of Federal Awards	9
Schedule of Findings and Questioned Costs	10
Summary Schedule of Prior Year Audit Findings	13



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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*

Independent Auditors' Report

Management and the Board of Directors
Metro Community Development, Inc.
Flint, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Metro Community Development, Inc., which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated September 28, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Metro Community Development, Inc'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Metro Community Development, Inc's internal control. Accordingly, we do not express an opinion on the effectiveness of Metro Community Development, Inc'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 Metro Community Development, Inc.'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 financial statements. 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Yeo & Yeo, P.C.

Lansing, Michigan
September 28, 2021



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Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditors' Report

Management and the Board of Directors
Metro Community Development, Inc.
Flint, Michigan

Report on Compliance for Each Major Federal Program

We have audited Metro Community Development, Inc.'s compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Metro Community Development, Inc.'s major federal programs for the year ended June 30, 2021. Metro Community Development, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Metro Community Development, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Metro Community Development, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Metro Community Development, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Metro Community Development, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of Metro Community Development, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Metro Community Development, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Metro Community Development, Inc.'s internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the consolidated financial statements of Metro Community Development, Inc and subsidiaries as of and for the year ended June 30, 2021, and have issued our report thereon dated September 28, 2021 which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 audit 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 auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Yeo & Yeo, P.C.

Lansing, Michigan
September 28, 2021

Metro Community Development, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Federal Grantor Pass-Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Amount	Accrued (Deferred) Revenue July 1, 2020	Current Year Receipts	Current Year Expenditures	Accrued (Deferred) Revenue June 30, 2021	Subrecipient Expenditures
U.S. Department of Housing and Urban Development - Direct:							
MI-0143L5F051811 Continuum of Care	14.267	\$ 278,092	\$ 18,391	\$ 18,391	\$ -	\$ -	\$ -
MI-0143L5F051912 Continuum of Care	14.267	278,092	-	240,011	266,469	26,458	252,296
MI-0144L5F051811 Continuum of Care	14.267	126,654	-	3,630	3,630	-	-
MI-0144L5F051912 Continuum of Care	14.267	126,654	-	114,714	125,583	10,869	118,369
MI-0146L5F051811 Continuum of Care	14.267	89,577	12,913	17,148	4,235	-	-
MI-0146L5F051912 Continuum of Care	14.267	89,577	-	19,944	42,465	22,521	-
MI-0147L5F051810 Continuum of Care	14.267	107,217	4,554	4,554	-	-	-
MI-0147L5F051911 Continuum of Care	15.267	107,217	10,832	81,601	70,769	-	63,755
MI-0147L5F052012 Continuum of Care	16.267	107,217	-	-	18,843	18,843	17,799
MI-0149L5F051810 Continuum of Care	17.267	364,648	68,820	101,656	32,836	-	12,951
MI-0149L5F051911 Continuum of Care	14.267	364,648	-	213,115	263,034	49,919	237,473
MI-0150L5F051811 Continuum of Care	14.267	68,071	1,729	10,016	8,288	-	8,028
MI-0150L5F051912 Continuum of Care	14.267	68,071	-	57,018	67,544	10,526	64,972
MI-0314L5F051807 Continuum of Care	14.267	123,042	8,594	21,578	12,984	-	9,164
MI-0314L5F051908 Continuum of Care	14.267	123,042	-	99,585	110,969	11,384	106,263
MI-0343L5F051804 Continuum of Care	14.267	99,940	6,795	6,795	-	-	-
MI-0343L5F051905 Continuum of Care	14.267	99,940	6,717	79,695	72,978	-	68,674
MI-0343L5F052006 Continuum of Care	14.267	103,101	-	16,824	26,006	9,182	25,121
MI-0344L5F051906 Continuum of Care	14.267	146,056	7,847	85,513	77,666	-	74,149
MI-0344L5F052007 Continuum of Care	14.267	114,528	-	17,766	27,164	9,398	26,276
MI-0363L5F051808 Continuum of Care	14.267	41,800	-	41,800	41,800	-	38,000
MI-0373L5F051805 Continuum of Care	14.267	115,189	9,359	23,712	14,353	-	8,972
MI-0373L5F051906 Continuum of Care	14.267	115,189	-	93,780	105,981	12,202	99,597
MI-0447L5F051804 Continuum of Care	14.267	252,995	55,266	73,536	18,271	-	8,648
MI-0447L5F051905 Continuum of Care	14.267	246,503	-	149,235	183,657	34,422	169,362
MI-0613L5F051901 Continuum of Care	14.267	124,374	-	65,502	94,340	28,839	-
MI-0614L5F051800 Continuum of Care	14.267	107,000	37,332	64,250	26,919	-	26,919
MI-0649L5F051900 Continuum of Care	14.267	125,000	-	39,892	80,389	40,497	80,389
MI-0670L5F051900 Continuum of Care	14.267	188,537	-	108,354	122,144	13,790	-
			249,148	1,869,616	1,919,316	298,848	1,517,177

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

Metro Community Development, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Federal Grantor Pass-Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Amount	Accrued (Deferred) Revenue July 1, 2020	Current Year Receipts	Current Year Expenditures	Accrued (Deferred) Revenue June 30, 2021	Subrecipient Expenditures
Passed through Housing Partnership Network:							
Housing counseling - 2019/2020 Grant #18-09	14.169	28,400	10,081	10,081	-	-	-
Housing counseling - 2020/2021 Grant #20-8	14.169	34,267	-	28,467	34,267	5,800	-
			<u>10,081</u>	<u>38,548</u>	<u>34,267</u>	<u>5,800</u>	<u>-</u>
Passed through Local Initiatives Support Corporation (LISC):							
HUD Section 4 - 40923-0029	14.259	25,000	8,164	8,164	-	-	-
Passed through Genesee County							
Tenant Based Rental Assistance - HOME 2019	14.239	44,975	4,454	31,961	27,507	-	-
Tenant Based Rental Assistance - HOME 2020	14.239	47,439	-	31,043	43,786	12,743	-
2020 CDBG-CV Rental and Utility Assistance	14.239	116,554	-	58,523	80,378	21,855	-
Total Tenant Based Rental Assistance			<u>4,454</u>	<u>121,527</u>	<u>151,671</u>	<u>34,598</u>	<u>-</u>
Passed through MSHDA:							
FSS Counseling - 2020/2021	14.896	55,000	-	47,286	51,086	3,800	-
Total U.S. Department of Housing and Urban Development			<u>271,847</u>	<u>2,085,141</u>	<u>2,156,340</u>	<u>343,046</u>	<u>1,517,177</u>
U.S. Department of Treasury - Direct:							
NeighborWorks America 2015/2016	21.000	35,000	(35,000)	-	35,000	-	-
NeighborWorks America Supplemental	21.000	3,000	-	3,000	3,000	-	-
NeighborWorks America Supplemental	21.000	50,000	-	50,000	50,000	-	-
NeighborWorks America Supplemental	21.000	9,500	-	9,500	9,500	-	-
NeighborWorks America Network Expendable	21.000	215,000	-	215,000	140,000	(75,000)	-
NeighborWorks America Pandemic Recovery Initiatives	21.000	20,000	-	20,000	20,000	-	-
NeighborWorks America NAC	21.000	50,000	-	50,000	50,000	-	-
Total NeighborWorks America			<u>(35,000)</u>	<u>347,500</u>	<u>307,500</u>	<u>(75,000)</u>	<u>-</u>
Community Development Financial CDFI Cluster							
CDFI Program - 141FA013670	21.020	700,000	(481,436)	-	481,436	-	-
Total U.S. Department of Treasury			<u>(516,436)</u>	<u>347,500</u>	<u>788,936</u>	<u>(75,000)</u>	<u>-</u>

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

Metro Community Development, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Federal Grantor Pass-Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Amount	Accrued (Deferred) Revenue July 1, 2020	Current Year Receipts	Current Year Expenditures	Accrued (Deferred) Revenue June 30, 2021	Subrecipient Expenditures
US Small Business Administration (SBA) - Direct:							
Microloan Program - Technical Assistance - Micro 2020-01	59.007	118,524	-	32,701	32,701	-	-
Microloan Program - Technical Assistance - Micro 2020-02	59.007	181,278	-	74,978	164,561	89,583	-
			-	107,679	197,262	89,583	-
Microloan Program - Beginning Loan Balance	59.046	1,309,988	-	-	833,091	-	-
Microloan Program - New Loans	59.046	800,000	-	-	269,958	-	-
			-	-	1,103,049	-	-
Total US Small Business Administration			-	107,679	1,300,311	89,583	-
Total federal awards			\$ (244,589)	\$ 2,540,320	\$ 4,245,587	\$ 357,629	\$ 1,517,177

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

Metro Community Development, Inc.
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Metro Community Development, Inc. under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Metro Community Development, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Metro Community Development, Inc.

Note 2 - Summary of Significant Accounting Policies

Expenditures

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance where certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate

Metro Community Development, Inc. has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3 - Loans or Loan Guarantees

CFDA number 59.046 has a loan balance of \$ 986,898 at June 30, 2021.

Note 4 - Reconciliation to the Financial Statements

The following reconciles the federal revenues reported in the June 30, 2021 Financial Statements to the expenditures of the entity's administered Federal programs reported on the Schedule of Expenditures of Federal Awards:

Revenues from Federal Grants per financial statements	\$ 2,353,602
Add: CDFI Program restricted expenses	481,436
Add: Small Business Administration beginning loan balance and new loans	1,103,049
Add: NeighborWorks America grant expenditures	<u>307,500</u>
Federal expenditures per schedule of expenditures of federal awards.	<u><u>\$ 4,245,587</u></u>

Metro Community Development, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Section I - Summary of Auditor's Results

Financial Statements

Type of auditors' report issued on whether the financial statements were prepared in accordance with Generally Accepted Accounting Principles:
Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no

- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes X no

- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes X none reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with §200.516(a)? _____ yes X no

Metro Community Development, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

14.267

Continuum of Care

Dollar threshold used to distinguish
between type A and type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

yes no

Metro Community Development, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Section II – Government Auditing Standards

There were no findings related to the financial statements which were required to be reported in accordance with generally accepted government auditing standards for the year ended June 30, 2021.

Section III – Federal Awards Findings and Questioned Costs

There were no findings or questioned costs for Federal Awards for the year ended June 30, 2021.

Metro Community Development, Inc.
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2021

Section IV - Summary Schedule of Prior Audit Findings

Government Auditing Standards Findings

There were no findings related to the financial statements which were required to be reported in accordance with generally accepted government auditing standards for the year ended June 30, 2020.

Federal Awards Findings

There were no findings or questioned costs for Federal Awards for the year ended June 30, 2020.