

Metro Community Development, Inc.

Single Audit Report

June 30, 2023



YEO & YEO

**BUSINESS SUCCESS
PARTNERS**

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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 financial statements of Metro Community Development, Inc., which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities, functional expenses, changes in net assets and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 3, 2023.

Report on 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 or significant deficiencies may exist that were not identified.

Report on 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
October 3, 2023



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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

Opinion on Each Major Federal Program

We have audited Metro Community Development, Inc.'s compliance with the types of compliance requirements identified as subject to audit 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, 2023. 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.

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, 2023.

Basis for Opinion on Each Major Federal 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 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Metro Community Development, Inc. 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 each major federal program. Our audit does not provide a legal determination of Metro Community Development, Inc.'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 agreements applicable to Metro Community Development, Inc.'s federal 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 Metro Community Development, Inc.'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 Uniform Guidance 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 Metro Community Development, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, 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 Metro Community Development, Inc.'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 Metro Community Development, Inc.'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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Metro Community Development, Inc.'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 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 Auditors' 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 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 financial statements of Metro Community Development, Inc. as of and for the year ended June 30, 2023, and have issued our report thereon dated October 3, 2023, 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
October 3, 2023

Metro Community Development, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Federal Grantor Pass-Through Grantor Program Title Grant Number	Federal AL Number	Approved Grant Amount	Accrued (Deferred) Revenue July 1, 2022	Current Year Receipts	Current Year Expenditures	Accrued (Deferred) Revenue June 30, 2023	Subrecipient Expenditures
U.S. Department of Housing and Urban Development - Direct:							
MI-0143L5F052013 Continuum of Care	14.267	\$ 285,341	\$ 23,510	\$ 24,438	\$ 928	\$ -	\$ -
MI-0143L5F052114 Continuum of Care	14.267	294,765	-	269,858	269,858	-	256,217
MI-0144L5F052013 Continuum of Care	14.267	126,654	19,528	21,538	2,010	-	2,009
MI-0144L5F052114 Continuum of Care	14.267	126,654	-	109,094	109,094	-	102,127
MI-0146L5F052013 Continuum of Care	14.267	89,577	-	27,462	27,462	-	-
MI-0146L5F052114 Continuum of Care	14.267	89,577	-	41,308	47,509	6,201	-
MI-0147L5F052113 Continuum of Care	14.267	107,217	13,120	107,217	94,097	-	87,980
MI-0149L5F052012 Continuum of Care	14.267	375,019	23,143	46,818	23,675	-	23,013
MI-0149L5F052113 Continuum of Care	14.267	388,502	-	249,629	249,629	-	225,767
MI-0150L5F052013 Continuum of Care	14.267	69,281	7,363	7,363	-	-	-
MI-0150L5F052114 Continuum of Care	14.267	70,854	-	66,928	66,928	-	63,591
MI-0314L5F052009 Continuum of Care	14.267	126,918	9,662	17,842	8,180	-	7,805
MI-0314L5F052110 Continuum of Care	14.267	131,957	-	111,149	111,149	-	105,728
MI-0343L5F052107 Continuum of Care	14.267	107,211	8,832	88,150	80,564	1,246	77,196
MI-0344L5F052108 Continuum of Care	14.267	118,679	10,178	82,192	72,014	-	67,445
MI-0373L5F052007 Continuum of Care	14.267	119,086	9,704	18,219	8,515	-	8,515
MI-0373L5F052108 Continuum of Care	14.267	124,153	-	107,530	107,530	-	101,705
MI-0447L5F052006Continuum of Care	14.267	252,743	-	35,239	35,239	-	34,745
MI-0447L5F052107Continuum of Care	14.267	261,851	-	209,300	209,300	-	197,753
MI-0613L5F052002 Continuum of Care	14.267	124,374	70,206	70,206	-	-	-
MI-0613L5F052103 Continuum of Care	14.267	124,374	-	70,147	106,636	36,489	-
MI-0670L5F052001 Continuum of Care	14.267	193,313	27,678	86,084	58,406	-	49,654
MI-0670L5F052102 Continuum of Care	14.267	198,593	-	126,702	126,702	-	122,451
MI-0678L5F052000 Continuum of Care	14.267	139,685	-	53,736	53,736	-	-
MI-0711L5F052100 Continuum of Care	14.267	138,650	-	71,555	80,554	8,999	-
MI-0712L5F052100 Continuum of Care	14.267	244,517	-	1,337	1,337	-	-
			<u>222,924</u>	<u>2,121,041</u>	<u>1,951,052</u>	<u>52,935</u>	<u>1,533,702</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, 2023

Federal Grantor Pass-Through Grantor Program Title Grant Number	Federal AL Number	Approved Grant Amount	Accrued (Deferred) Revenue July 1, 2022	Current Year Receipts	Current Year Expenditures	Accrued (Deferred) Revenue June 30, 2023	Subrecipient Expenditures
Passed through Housing Partnership Network:							
Housing counseling - 2021/2022 Grant #21-9	14.169	25,500	-	2,959	2,959	-	-
Housing counseling - 2022/2023 Grant #22-9	14.169	21,000	-	13,857	13,857	-	-
Total housing counseling			-	16,816	16,816	-	-
Passed through Genesee County							
Tenant Based Rental Assistance - HOME 2021	14.239	73,340	13,442	40,007	26,565	-	-
Tenant Based Rental Assistance - HOME 2022	14.239	70,232	-	23,518	47,631	24,113	-
Total Tenant Based Rental Assistance			13,442	63,525	74,196	24,113	-
HMIS	14.231	7,859	-	7,859	7,859	-	-
Passed through MSHDA:							
FSS Counseling-2021/2022	14.896	57,000	4,560	4,560	-	-	-
FSS Counseling-2022/2023	14.896	53,000	-	52,680	52,680	-	-
Total FSS counseling			4,560	57,240	52,680	-	-
Total U.S. Department of Housing and Urban Development			240,926	2,266,481	2,102,603	77,048	1,533,702
U.S. Department of Treasury - Direct:							
NeighborWorks America Network Expendable	21.000	215,000	(75,000)	-	43,183	(31,817)	-
NeighborWorks America Network Expendable	21.000	229,000	-	229,000	154,000	(75,000)	-
Neighborworks America Supplemental	21.000	25,000	(25,000)	-	-	(25,000)	-
NeighborWorks America Supplemental	21.000	11,000	-	11,000	11,000	-	11,000
NeighborWorks America Supplemental	21.000	5,000	-	5,000	4,871	(129)	-
Total NeighborWorks America			(100,000)	245,000	213,054	(131,946)	11,000
Community Development Financial Institutions							
Rapid Response Program - 21RRP057614	21.024	1,050,000	(125,000)	525,000	325,000	(325,000)	-
Small Dollar Loan Program - 22-DL060678							
Loan Loss Reserves	21.025	24,567	-	24,567	-	(24,567)	-
Technical Assistance	21.025	70,191	-	70,191	35,096	(35,095)	-
Total Small Dollar Loan Program			-	94,758	35,096	(59,662)	-
Total U.S. Department of Treasury			(225,000)	864,758	573,150	(516,608)	11,000

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, 2023

Federal Grantor Pass-Through Grantor Program Title Grant Number	Federal AL Number	Approved Grant Amount	Accrued (Deferred) Revenue July 1, 2022	Current Year Receipts	Current Year Expenditures	Accrued (Deferred) Revenue June 30, 2023	Subrecipient Expenditures
US Small Business Administration (SBA) - Direct:							
Microloan Program - Technical Assistance - Micro 2022-01	59.046	323,411	129,323	129,323	-	-	-
Microloan Program - Technical Assistance - Micro 2023-01	59.046	356,904	-	255,236	356,904	101,668	-
			129,323	384,559	356,904	101,668	-
Microloan Program - Beginning Loan Balance	59.046	1,950,000	-	-	1,265,461	-	-
Microloan Program - New Loans	59.046	800,000	-	-	500,000	-	-
			-	-	1,765,461	-	-
Total US Small Business Administration			129,323	384,559	2,122,365	101,668	-
Total federal awards			<u>\$ 145,249</u>	<u>\$ 3,515,798</u>	<u>\$ 4,798,118</u>	<u>\$ (337,892)</u>	<u>\$ 1,544,702</u>

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, 2023

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, 2023. 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

Assistance listing number 59.046 has a loan balance of \$ 1,574,759 at June 30, 2023.

Note 4 - Reconciliation to the Financial Statements

The following reconciles the federal revenues reported in the June 30, 2023 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	\$	2,879,265
Less: CDFI Program restricted expenses		(59,662)
Add: Small Business Administration beginning loan balance and new loans		1,765,461
Add: NeighborWorks America grant expenditures		213,054
Federal expenditures per schedule of expenditures of federal awards.	\$	4,798,118

Metro Community Development, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

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, 2023

Identification of major programs:

AL 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?

 X yes no

Metro Community Development, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

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, 2023.

Section III – Federal Awards Findings and Questioned Costs

There were no findings or questioned costs for Federal Awards for the year ended June 30, 2023.

Metro Community Development, Inc.
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2023

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, 2022.

Federal Awards Findings

There were no findings or questioned costs for Federal Awards for the year ended June 30, 2022.