

**Metro Community Development, Inc.**

**Single Audit Report**

**June 30, 2015**

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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**

To the Board of Directors of  
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. as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Metro Community Development, Inc.'s basic financial statements, and have issued our report thereon dated September 9, 2015.

**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 to determine the 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 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 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 9, 2015

**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 OMB Circular A-133**

**Independent Auditors' Report**

To the Board of Directors of  
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 Circular A-133 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, 2015. 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditors' 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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, 2015.

### **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 OMB Circular A-133, 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

## Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of Metro Community Development, Inc. as of and for the year ended June 30, 2015, and have issued our report thereon dated September 9, 2015, 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 OMB Circular A-133 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 expenditure 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 9, 2015

**Metro Community Development, Inc.**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2015**

Federal Grantor Pass-Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Amount	Accrued (Deferred) Revenue July 1, 2014	Current Year Receipts	Current Year Expenditures	Accrued (Deferred) Revenue June 30, 2015
U.S. Department of Housing and Urban Development - Direct:						
MI-0144B5F051104 Continuum of Care	14.267	\$ 124,287	\$ -	\$ 119,644	\$ 119,644	\$ -
MI-0343B5F051000 Continuum of Care	14.267	281,821	-	36,909	46,248	9,339
MI-0344B5F051000 Continuum of Care	14.267	381,556	7,582	124,633	127,322	10,271
MI-0373B5F051100 Continuum of Care	14.267	322,871	23,298	65,052	80,425	38,671
MI-0363L5F051101 Continuum of Care	14.267	76,683	-	16,665	16,665	-
MI-0292L5F051204 Continuum of Care	14.267	21,711	-	740	740	-
MI-0143L5F051205 Continuum of Care	14.267	267,834	36,712	47,165	10,453	-
MI-0152L5F051204 Continuum of Care	14.267	25,220	6,294	7,118	824	-
MI-0150L5F051205 Continuum of Care	14.267	66,359	-	5,524	5,524	-
MI-0157L5F051205 Continuum of Care	14.267	235,355	3,288	38,598	35,310	-
MI-0314L5F051201 Continuum of Care	14.267	117,557	10,424	60,620	50,196	-
MI-0149L5F051204 Continuum of Care	14.267	372,137	118,364	171,394	53,030	-
MI-0156L5F051205 Continuum of Care	14.267	62,690	-	47,327	47,327	-
MI-0146L5F051205 Continuum of Care	14.267	89,577	-	29,150	29,150	-
MI-0144L5F051205 Continuum of Care	14.267	126,654	-	6,753	6,753	-
MI-0143L5F051306 Continuum of Care	14.267	267,834	-	244,882	244,882	-
MI-0151L5F051305 Continuum of Care	14.267	65,049	-	61,520	89,555	28,035
MI-0150L5F051305 Continuum of Care	14.267	66,359	-	63,746	63,746	-
MI-0153L5F051306 Continuum of Care	14.267	202,659	-	186,703	202,659	15,956
MI-0147L5F051305 Continuum of Care	14.267	107,217	-	107,217	107,217	-
MI-0152L5F051305 Continuum of Care	14.267	25,220	-	25,220	25,220	-
MI-0363L5F051303 Continuum of Care	14.267	78,144	-	39,311	39,311	-
MI-0144L5F051306 Continuum of Care	14.267	126,654	-	126,654	126,654	-
MI-0427L5F051300 Continuum of Care	14.267	42,069	-	11,500	11,500	-
MI-0146L5F051306 Continuum of Care	14.267	89,577	-	89,577	89,577	-
MI-0156L5F051306 Continuum of Care	14.267	62,690	-	18,977	18,977	-
MI-0149L5F051305 Continuum of Care	14.267	372,137	-	253,388	253,388	-
MI-0157L5F051306 Continuum of Care	14.267	235,355	-	110,250	125,923	15,673
MI-0314L5F051302 Continuum of Care	14.267	117,557	-	58,123	69,018	10,895
			205,962	2,174,360	2,097,238	128,840

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, 2015**

Federal Grantor Pass-Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Amount	Accrued (Deferred) Revenue July 1, 2014	Current Year Receipts	Current Year Expenditures	Accrued (Deferred) Revenue June 30, 2015
Passed through Housing Partnership Network: Housing counseling	14.169	63,370	-	63,370	63,370	-
Passed through Local Initiatives Support Corporation (LISC): HUD Section 4 - 40923-0023	14.252	46,000	-	21,508	21,508	-
HUD Section 4 - 40923-0022/24	14.252	71,000	-	58,364	58,364	-
Total HUD Section 4			-	79,872	79,872	-
Passed through MSHDA: Emergency Solutions Grant - HML-2013-0568	14.231	260,482	58,932	143,929	84,997	-
Emergency Solutions Grant - HML-2014-568ESF	14.231	261,996	-	-	179,339	179,339
Passed through City of Flint: Emergency Solutions Grant - 2014-15 HESG	14.231	32,100	-	32,100	32,100	-
Emergency Solutions Grant - 2013-14 HESG	14.231	29,000	-	20,469	9,469	-
Passed through Genesee County Emergency Solutions Grant - 14-285	14.231	7,113	-	7,113	7,113	-
Emergency Solutions Grant - 14-158	14.231	12,099	-	12,099	12,099	-
Total Emergency Solutions Grant			58,932	215,710	325,117	179,339
Total U.S. Department of Housing and Urban Development			264,894	2,511,804	2,565,597	308,179
U.S. Department of Justice Passed through Center for the Study of Social Policy: Building Neighborhood Capacity Program	16.595	225,000	(104,851)	-	72,651	(32,200)
U.S. Department of Labor - Direct: Youthbuild	17.274	1,084,460	-	360,447	360,447	-

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, 2015**

Federal Grantor Pass-Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Amount	Accrued (Deferred) Revenue July 1, 2013	Current Year Receipts	Current Year Expenditures	Accrued (Deferred) Revenue June 30, 2014
U.S. Department of Treasury - Direct: Community Development Financial Institutions Program	21.020	1,500,000	(24,873)	1,000,000	807,718	(217,155)
US Small Business Administration (SBA) - Direct:						
Microloan Program - Technical Assistance 14	59.046	50,000	-	35,520	35,520	-
Microloan Program - Technical Assistance 15	59.046	50,000	-	24,228	44,316	20,088
Microloan Program - Loan Balances	59.046	500,000	-	-	274,569	-
Total Microloan Program			-	59,748	354,405	20,088
US Department of Education: Passed through Michigan Department of Education Public Charter Schools	84.282	99,980	(16,000)	-	-	(16,000)
Total federal awards			\$ 119,170	\$ 3,931,999	\$ 4,160,818	\$ 62,912

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, 2015**

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1. The Schedule of Expenditures of Federal Awards was prepared using the accrual basis of accounting.
2. Expenditures include all accrual basis federal expenditures that result in the receipt of federal monies associated with the project. Any applicable state or city matching funds and expenditures are not included on this schedule.
3. Grant funds of \$ 1,848,760 were passed through to sub-recipients for the Continuum of Care Program, CFDA 14.267. Grant funds of \$ 228,348 were passed through to sub-recipients for the Emergency Solutions Program, CFDA 14.231.
4. The following reconciles the federal revenues reported in the June 30, 2015 Financial Statements to the expenditures of the entity's administered Federal programs reported on the Schedule of Expenditures of Federal Awards:

Revenues from federal sources per financial statements	\$ 3,886,249
Add: Small Business Administration loan balance	<u>274,569</u>
Federal expenditures per schedule of expenditures of federal awards.	<u><u>\$ 4,160,818</u></u>

**Metro Community Development, Inc.**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2015**

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**Section I - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?

\_\_\_ Yes    X No

- Significant deficiency(ies) identified that are not considered to be material weaknesses?

\_\_\_ Yes    X No

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 weaknesses

\_\_\_ Yes    X No

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

\_\_\_ Yes    X No

**Metro Community Development, Inc.**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2015**

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Identification of major programs:

*CFDA Number(s)*

14.231  
14.267  
59.046

*Name of Federal Program or Cluster*

Emergency Solutions Grant Program  
Continuum of Care (CoC) Program  
Microloan Program

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

\$ 300,000

Auditee qualified as a low-risk auditee?

☐ Yes ☒ No

**Metro Community Development, Inc.**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2015**

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**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, 2015.

**Section III – Federal Awards Findings and Questioned Costs**

There were no findings or questioned costs for Federal Awards for the year ended June 30, 2015.

**Metro Community Development, Inc.**  
**Summary Schedule of Prior Year Audit Findings**  
**For the Year Ended June 30, 2015**

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**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, 2014.

**Federal Awards Findings**

There were no findings or questioned costs for Federal Awards for the year ended June 30, 2014.