
St. Martha's Senior Housing Corporation d/b/a The
Village of St. Martha's

(a not-for-profit corporation)

HUD Project No. 044-EE104

Financial Report
with Supplemental Information
June 30, 2020

**St. Martha's Senior Housing Corporation d/b/a The Village of St. Martha's
HUD Project No. 044-EE104**

Certificate of Officers

We certify that we have examined the attached financial statements and supplemental information of HUD Project No. 044-EE104, St. Martha's Senior Housing Corporation d/b/a The Village of St. Martha's, and to the best of our knowledge and belief, the same is a true statement of the financial condition as of June 30, 2020.

E. Kern Tomlin
President

September 17, 2020
Date

Angy Webb
Vice President

September 17, 2020
Date

ID# 20-8088875
Employer Identification Number

**St. Martha's Senior Housing Corporation d/b/a The Village of St. Martha's
HUD Project No. 044-EE104**

Management Agent's Certification

We certify that we have examined the attached financial statements and supplemental information of HUD Project No. 044-EE104, St. Martha's Senior Housing Corporation d/b/a The Village of St. Martha's, and to the best of our knowledge and belief, the same is a true statement of the financial condition as of June 30, 2020.

Cheryl Carney
Management Agent Representative

September 17, 2020
Date

(248) 281-2020
Telephone Number

ID# 38-1387145
Management Company Employer Identification
Number

Andrea Felice
Property Manager

St. Martha's Senior Housing Corporation d/b/a The Village of St. Martha's HUD Project No. 044-EE104

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Independent Auditor's Report

To the Board of Directors
St. Martha's Senior Housing Corporation
d/b/a The Village of St. Martha's

Report on the Financial Statements

We have audited the accompanying financial statements of St. Martha's Senior Housing Corporation d/b/a The Village of St. Martha's (the "Organization"), which comprise the balance sheet as of June 30, 2020 and 2019 and the related statements of activities, changes in deficiency in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of St. Martha's Senior Housing Corporation d/b/a The Village of St. Martha's as of June 30, 2020 and 2019 and the results of its operations, changes in deficiency in net assets, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors
St. Martha's Senior Housing Corporation
d/b/a The Village of St. Martha's

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2020 on our consideration of St. Martha's Senior Housing Corporation d/b/a The Village of St. Martha's' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 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 St. Martha's Senior Housing Corporation d/b/a The Village of St. Martha's' internal control over financial reporting and compliance.

Plante & Moran, PLLC

September 17, 2020

By: Linda A. Yudasz, CPA
Engagement Partner
2601 Cambridge Court, Suite 500
Auburn Hills, MI 48326
Federal ID Number: 38-1357951
Phone Number: (248) 375-7100

**St. Martha's Senior Housing Corporation d/b/a The Village of St. Martha's
HUD Project No. 044-EE104**

Balance Sheet

June 30, 2020 and 2019

	2020	2019
Assets		
Current Assets		
Cash - Operations	\$ 14,616	\$ 23,296
Tenant accounts receivable	1,122	2,345
Accounts and notes receivable - Operations	1,237	-
Prepaid expenses	10,320	8,737
Total current assets	27,295	34,378
Deposits - Held in Trust		
Tenant deposits held in trust	14,448	13,887
Deposits - Funded		
Escrow deposits	2,211	2,210
Replacement reserve	186,482	181,341
Residual receipts reserve	11,263	43,040
Total deposits - Funded	199,956	226,591
Fixed Assets		
Land and land improvements	166,635	166,635
Buildings and building improvements	5,269,878	5,269,878
Office furniture and equipment	82,725	82,725
Maintenance equipment	26,409	19,074
Miscellaneous fixed assets	77,823	77,823
Total fixed assets	5,623,470	5,616,135
Accumulated depreciation	(1,529,900)	(1,383,524)
Net fixed assets	4,093,570	4,232,611
Total assets	\$ 4,335,269	\$ 4,507,467

**St. Martha's Senior Housing Corporation d/b/a The Village of St. Martha's
HUD Project No. 044-EE104**

Balance Sheet (Continued)

June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Liabilities and Deficiency in Net Assets		
Current Liabilities		
Accounts payable - Operations (Note 4)	\$ 18,983	\$ 21,592
Accrued wages payable	6,090	6,085
Accrued payroll taxes payable	206	189
Residual receipts liability	11,263	43,040
Prepaid revenue	142	508
	<u>36,684</u>	<u>71,414</u>
Deposits - Held in Trust (Contra)		
Tenant deposits held in trust (contra)	12,671	12,199
Long-term Liabilities		
Capital advance (Note 3)	<u>5,175,900</u>	<u>5,175,900</u>
	5,225,255	5,259,513
Deficiency in Net Assets		
Without donor restrictions	<u>(889,986)</u>	<u>(752,046)</u>
	(889,986)	(752,046)
	<u><u>\$ 4,335,269</u></u>	<u><u>\$ 4,507,467</u></u>

**St. Martha's Senior Housing Corporation d/b/a The Village of St. Martha's
HUD Project No. 044-EE104**

Statement of Activities

Years Ended June 30, 2020 and 2019

	2020	2019
Rent Revenue		
Rent revenue - Gross potential	\$ 160,103	\$ 143,571
Tenant assistance payments	260,408	290,361
Residual receipts adjustment	31,777	-
Total rent revenue (potential at 100% occupancy)	452,288	433,932
Vacancies		
Apartments	(12,660)	(13,099)
Residual receipts adjustment	-	(9)
Total vacancies	(12,660)	(13,108)
Net rent revenue (rent revenue less vacancies)	439,628	420,824
Financial Revenue		
Project operations	8	7
Investments - Residual receipts	4	9
Investments - Replacement reserve	186	185
Total financial revenue	198	201
Other Revenue		
Laundry and vending revenue	1,994	1,653
Tenant charges	1,264	2,772
Miscellaneous revenue	15,217	83,817
Total other revenue	18,475	88,242
Total revenue	458,301	509,267
Administrative Expenses		
Conventions and meetings	-	133
Management consultants	11,075	20,578
Advertising and marketing	-	364
Other renting expenses	771	269
Office salaries	36,099	20,074
Office expenses	23,868	23,363
Management fee (Note 4)	24,155	24,288
Manager or superintendent salaries	53,296	57,840
Legal expenses	590	398
Auditing expenses	7,547	6,800
Bookkeeping fees/Accounting services (Note 4)	5,520	5,520
Bad debts	2,183	34
Miscellaneous administrative expenses	4,055	33,624
Total administrative expenses	169,159	193,285

**St. Martha's Senior Housing Corporation d/b/a The Village of St. Martha's
HUD Project No. 044-EE104**

Statement of Activities (Continued)

Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Utilities Expenses		
Electricity	\$ 25,690	\$ 24,707
Water	6,885	5,576
Gas	9,964	14,083
Sewer	<u>18,561</u>	<u>19,735</u>
Total utilities expenses	61,100	64,101
Operating and Maintenance Expenses		
Payroll	1,541	25,514
Supplies	9,583	11,172
Contracts	69,489	71,750
Garbage and trash removal	1,703	1,594
Security payroll/Contract	67,313	49,261
Heating/Cooling repairs and maintenance	5,169	4,600
Snow removal	7,470	8,095
Miscellaneous operating and maintenance expenses	<u>8,346</u>	<u>6,063</u>
Total operating and maintenance expenses	170,614	178,049
Taxes and Insurance		
Payroll taxes (FICA)	11,917	7,431
Property and liability insurance (hazard)	25,881	22,346
Workers' compensation	1,534	1,529
Health insurance and other employee benefits	<u>9,625</u>	<u>8,851</u>
Total taxes and insurance	48,957	40,157
Financial Expenses		
Miscellaneous financial expenses	<u>35</u>	<u>24</u>
Total financial expenses	<u>35</u>	<u>24</u>
Total costs of operations before depreciation	<u>449,865</u>	<u>475,616</u>
Change in Net Assets before Depreciation	8,436	33,651
Depreciation Expense	<u>146,376</u>	<u>149,277</u>
Change in Total Net Assets	<u><u>\$ (137,940)</u></u>	<u><u>\$ (115,626)</u></u>

**St. Martha's Senior Housing Corporation d/b/a The Village of St. Martha's
HUD Project No. 044-EE104**

Statement of Changes in Deficiency in Net Assets

Years Ended June 30, 2020 and 2019

Deficiency in Net Assets - July 1, 2018	\$ (636,420)
Increase in deficiency in net assets	<u>(115,626)</u>
Deficiency in Net Assets - June 30, 2019	(752,046)
Increase in deficiency in net assets	<u>(137,940)</u>
Deficiency in Net Assets - June 30, 2020	<u><u>\$ (889,986)</u></u>

**St. Martha's Senior Housing Corporation d/b/a The Village of St. Martha's
HUD Project No. 044-EE104**

Statement of Cash Flows

Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities		
Receipts:		
Rental	\$ 405,288	\$ 420,469
Interest	198	201
Other cash receipts	<u>18,475</u>	<u>88,242</u>
Total receipts	423,961	508,912
Disbursements:		
Administrative	(54,426)	(64,798)
Management fee	(24,155)	(24,288)
Utilities	(61,453)	(64,830)
Salaries and wages	(90,936)	(103,428)
Operating and maintenance	(170,056)	(154,672)
Property insurance	(26,014)	(22,629)
Miscellaneous taxes and insurance	(24,777)	(18,179)
Tenant security deposits	472	97
Miscellaneous financial	<u>(35)</u>	<u>(24)</u>
Total disbursements	<u>(451,380)</u>	<u>(452,751)</u>
Net cash and restricted cash (used in) provided by operating activities	(27,419)	56,161
Cash Flows Used in Investing Activities - Net purchase of capital assets	<u>(7,335)</u>	<u>(68,687)</u>
Net Decrease in Cash and Restricted Cash	(34,754)	(12,526)
Cash and Restricted Cash - Beginning of year	<u>263,774</u>	<u>276,300</u>
Cash and Restricted Cash - End of year	<u><u>\$ 229,020</u></u>	<u><u>\$ 263,774</u></u>

**St. Martha's Senior Housing Corporation d/b/a The Village of St. Martha's
HUD Project No. 044-EE104**

Statement of Cash Flows (Continued)

Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Reconciliation of Change in Deficiency in Net Assets to Net Cash and Restricted Cash (Used in) Provided by Operating Activities		
Change in deficiency in net assets	\$ (137,940)	\$ (115,626)
Adjustments to reconcile change in deficiency in net assets to net cash and restricted cash from operating activities:		
Depreciation	146,376	149,277
(Increase) decrease in assets:		
Tenant accounts receivable	(960)	(2,311)
Accounts receivable - Other	(1,237)	1,506
Prepaid expenses	(1,583)	(142)
(Decrease) increase in liabilities:		
Accounts payable - Operations	(2,609)	(5,743)
Accrued liabilities	22	(1,486)
Tenant security deposits held in trust	472	97
Prepaid revenue	(366)	441
Other changes to reconcile change in deficiency in net assets to net cash and restricted cash (used in) provided by operating activities	<u>(29,594)</u>	<u>30,148</u>
Net cash and restricted cash (used in) provided by operating activities	<u>\$ (27,419)</u>	<u>\$ 56,161</u>
Classification of Cash and Restricted Cash		
Cash - Operations	\$ 14,616	\$ 23,296
Tenant deposits held in trust	14,448	13,887
Deposits - Funded	<u>199,956</u>	<u>226,591</u>
Total cash and restricted cash	<u>\$ 229,020</u>	<u>\$ 263,774</u>

June 30, 2020 and 2019

Note 1 - Nature of Business

St. Martha's Senior Housing Corporation d/b/a The Village of St. Martha's (the "Organization") is a not-for-profit corporation that owns and operates a 46-unit affordable housing rental project for elderly persons (the "Project"). The Project, located in Detroit, Michigan, is operating under HUD Section 202 of the National Housing Act and is regulated by the U.S. Department of Housing and Urban Development (HUD) with respect to rental charges and operating methods.

The Organization is sponsored by Presbyterian Villages of Michigan (PVM). PVM is a comprehensive, diverse, and faith-based organization serving seniors in multiple settings since 1945. Its mission, guided by its Christian heritage, is to serve seniors of all faiths and to create new possibilities for quality living. PVM's tradition of social accountability and servant leadership is further reflected in its statement of beliefs and values and its various operational philosophies and practices. Canterbury Healthcare, Inc. d/b/a Canterbury on the Lake is a member of PVM.

Note 2 - Significant Accounting Policies

Basis of Accounting

The Organization maintains its accounting records and prepares its financial statements on an accrual basis, which is in accordance with accounting principles generally accepted in the United States of America.

The accompanying schedule of expenditures of federal awards includes the federal grant activity of St. Martha's Senior Housing Corporation d/b/a The Village of St. Martha's and is presented on the same basis of accounting as the financial statements. The information in this schedule is presented in accordance with the requirements of *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Deposits Funded

The funds controlled by the Organization represent restricted funds for a replacement reserve, a residual receipts reserve, and an insurance escrow. The insurance escrow consists of deposits by the Organization to offset insurance expenses. The replacement reserve consists of deposits by the Organization to offset specific expenses and to replace structural elements and mechanical equipment upon consent of HUD. Future monthly commitments for the funding of the replacement reserve account total \$1,900. The residual receipts reserve consists of surplus funds calculated based on a HUD-prescribed formula and can be disbursed only at HUD's discretion. Excess residual receipts are required to be remitted to HUD upon termination of the PRAC contract. Excess residual receipts that are deemed probable to be paid to or recaptured by HUD are recorded as a liability. The excess residual receipts liability was \$11,263 and \$43,040 at June 30, 2020 and 2019, respectively, and is included in current liabilities on the balance sheet. Each year, the liability is adjusted to reflect current year activity to the residual receipts, including required deposits, earned interest, approved withdrawals, and any adjustments to the amounts deemed probable to be paid to or recaptured by HUD.

Deposits Held in Trust

In accordance with the Regulatory Agreement with HUD, the Organization is required to maintain a tenant security deposit trust account. The amount must at all times be equal to or exceed the aggregate of all outstanding obligations to tenants for refundable security deposits. The tenant security deposits fund consists of cash.

June 30, 2020 and 2019

Note 2 - Significant Accounting Policies (Continued)

Regulatory Agreement

A Regulatory Agreement with HUD was signed in connection with the capital advance. No violations of this agreement were noted for the years ended June 30, 2020 and 2019.

Classification of Net Assets

Deficiencies in net assets of the Organization are classified as net assets with donor restrictions or net assets without donor restrictions depending on the presence and characteristics of donor-imposed restrictions limiting the Organization's ability to use or dispose of contributed assets or the economic benefits embodied in those assets. All net assets of the Organization at June 30, 2020 and 2019 are considered net assets without donor restrictions.

Income Taxes

No provision for income taxes has been included in the financial statements since the Organization is exempt from such taxes under Section 501(c)(3) of the Internal Revenue Code.

Tenant Accounts Receivable

Accounts receivable represent amounts due from tenants and are stated at net rent amounts. Tenant accounts generally are collectible as long as the tenant is occupying the unit. When the tenant vacates the unit, any unpaid balance remaining after application of the security deposit is charged to bad debt expense. There was no allowance for bad debts at June 30, 2020 and 2019.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Fixed Assets

Land, buildings, equipment, furnishings, and furniture are recorded at cost when purchased or appraised value if donated. Depreciation is computed principally on a straight-line basis over the estimated useful lives of the assets, which range from 5 to 40 years.

Maintenance, repairs, and renewals that do not involve any substantial betterments are charged to expense when incurred. Expenditures that increase the useful life of the property are capitalized.

Rental Income

Units that are designated for occupancy by eligible low-income tenants under a Section 202 project rental assistance contract require tenants to contribute a portion of the contract rent based on formulas prescribed by the U.S. Department of Housing and Urban Development. Housing assistance payments are received for the balance of contract rent from HUD. The current contract expires on August 31, 2021. It is management's intent to renew the contract prior to the expiration date.

Impairment or Disposal of Long-lived Assets

The Organization recognizes impairment of long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. No impairment of the Organization's rental property has occurred.

June 30, 2020 and 2019

Note 2 - Significant Accounting Policies (Continued)

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including September 17, 2020, which is the date the financial statements were available to be issued.

Change in Accounting Principle

As of July 1, 2019, the Organization adopted new guidance related to the presentation of restricted cash on the statement of cash flows. Under the new guidance, which was applied retrospectively to all years presented, transfers between restricted cash and unrestricted cash are no longer presented on the statement of cash flows. Additionally, the beginning and ending balances of cash on the statement of cash flows now include restricted cash balances.

Note 3 - Capital Advance

The Organization obtained a capital advance from HUD, which was used to assist in financing the construction of the Project in accordance with the provisions of Section 202 of the Housing Act of 1959. The capital advance at June 30, 2020 and 2019 is \$5,175,900, bears no interest, and is not required to be repaid as long as the housing remains available to very low-income households and the aged and/or handicapped for a period of 40 years, ending in March 2048. In addition, the Organization is subject to the additional requirements of the HUD Section 202 program. If default occurs, then HUD, at its option, may accelerate the entire principal balance and charge interest. It is the Organization's intent to comply with the time requirement and Section 202. Based on the time and provision requirements, the advance is recorded as long-term liability. The capital advance is collateralized by the land and building of the Organization.

Note 4 - Related Party Transactions

Director appointments are approved by Presbyterian Villages of Michigan and Canterbury Healthcare, Inc. d/b/a Canterbury on the Lake. PVM is a related not-for-profit organization that is also the HUD-approved management agent.

As of June 30, 2020 and 2019, \$1,237 and \$0, respectively, is due from PVM for payment of expenditures and is included in accounts receivable.

The property management agreement provides that a management fee in the amount of 5.91 percent and 5.89 percent of gross rents collected be paid to PVM, limited to \$46 per unit per month, for the years ended June 30, 2020 and 2019. In addition, the Organization pays accounting service fees to PVM, which are included in the annual budget. The Organization incurred management fees of \$24,155 and \$24,288 for the years ended June 30, 2020 and 2019, respectively. In addition, accounting service fees of \$5,520 were incurred to PVM for the years ended June 30, 2020 and 2019.

Note 5 - Current Vulnerability Due to Certain Concentrations

The Organization's sole asset is St. Martha's Senior Housing Corporation d/b/a The Village of St. Martha's. The Project's operations are concentrated in the senior housing market. In addition, the Project operates in a heavily regulated environment. The operations of the Project are subject to the administrative directives, rules, and regulations of federal, state, and local regulatory agencies, including, but not limited to, HUD. Such administrative directives, rules, and regulations are subject to change by an Act of Congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including additional administrative burden, to comply with a change.

**St. Martha's Senior Housing Corporation d/b/a The Village of St. Martha's
HUD Project No. 044-EE104**

Notes to Financial Statements

June 30, 2020 and 2019

Note 6 - Functional Expenses

For the year ended June 30, 2020, expenses are functionally allocated as follows:

	Program	Management and General	Total
Administrative expenses:			
Salaries and wages	\$ 42,637	\$ 10,659	\$ 53,296
Management fees	-	24,155	24,155
Other administrative expenses	68,816	22,892	91,708
Total administrative expenses	111,453	57,706	169,159
Utilities, operating, and maintenance	225,772	5,942	231,714
Taxes and insurance	45,266	3,691	48,957
Financial expenses	35	-	35
Depreciation	145,405	971	146,376
Total	<u>\$ 527,931</u>	<u>\$ 68,310</u>	<u>\$ 596,241</u>

For the year ended June 30, 2019, expenses are functionally allocated as follows:

	Program	Management and General	Total
Administrative expenses:			
Salaries and wages	\$ 46,272	\$ 11,568	\$ 57,840
Management fees	-	24,288	24,288
Other administrative expenses	89,681	21,476	111,157
Total administrative expenses	135,953	57,332	193,285
Utilities, operating, and maintenance	237,238	4,912	242,150
Taxes and insurance	36,445	3,712	40,157
Financial expenses	24	-	24
Depreciation	148,278	999	149,277
Total	<u>\$ 557,938</u>	<u>\$ 66,955</u>	<u>\$ 624,893</u>

Costs have been allocated between program services and management and general on several bases and estimates, including time and effort and square footage. Although the methods of allocation are considered appropriate, other methods could be used that would produce different amounts. There were no fundraising expenses during 2020 and 2019.

Note 7 - Liquidity and Availability of Resources

The Organization has \$16,975 and \$25,641 of financial assets available within one year of June 30, 2020 and 2019 to meet cash needs for general expenditure consisting of cash of \$14,616 and \$23,296 and accounts receivable of \$2,359 and \$2,345, respectively. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date.

The Organization manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due. The Organization maintains financial assets on hand to meet 30 days of normal operating expenses. In addition, the Organization maintains funds in a reserve for replacement and a residual receipts reserve. These funds are used for the benefit of the tenants and/or the Project and are required by HUD. The funds may be withdrawn only with the approval of HUD.

Supplemental Information

Independent Auditor's Report on Supplemental Information

To the Board of Directors
St. Martha's Senior Housing Corporation
d/b/a The Village of St. Martha's

We have audited the financial statements of St. Martha's Senior Housing Corporation d/b/a The Village of St. Martha's as of and for the year ended June 30, 2020 and have issued our report thereon dated September 17, 2020, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information, including the schedule of expenditures of federal awards, is presented for the purpose of additional analysis required by HUD and the Uniform Guidance, and is not a required part of the financial statements. For the purpose of electronic submission to the U.S. Department of Housing and Urban Development, Real Estate Assessment Center (REAC), the supplemental information is also deemed to include the financial data template information presented in the balance sheet and the statements of activities, changes in deficiency in net assets, and cash flows. 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Plante & Moran, PLLC

September 17, 2020

**St. Martha's Senior Housing Corporation d/b/a The Village of St. Martha's
HUD Project No. 044-EE104**

Balance Sheet Data

June 30, 2020

Assets		
Current Assets		
1120	Cash - Operations	\$ 14,616
1130	Tenant accounts receivable	1,122
1140	Accounts and notes receivable - Operations	1,237
1200	Prepaid expenses	<u>10,320</u>
1100T	Total current assets	27,295
Deposits - Held in Trust		
1191	Tenant deposits held in trust	14,448
Deposits - Funded		
1310	Escrow deposits	2,211
1320	Replacement reserve	186,482
1340	Residual receipts reserve	<u>11,263</u>
1300T	Total deposits - Funded	199,956
Fixed Assets		
1410	Land and land improvements	166,635
1420	Buildings and building improvements	5,269,878
1465	Office furniture and equipment	82,725
1470	Maintenance equipment	26,409
1490	Miscellaneous fixed assets	<u>77,823</u>
1400T	Total fixed assets	5,623,470
1495	Accumulated depreciation	<u>(1,529,900)</u>
1400N	Net fixed assets	<u>4,093,570</u>
1000T	Total assets	<u>\$ 4,335,269</u>

**St. Martha's Senior Housing Corporation d/b/a The Village of St. Martha's
HUD Project No. 044-EE104**

Balance Sheet Data (Continued)

June 30, 2020

Liabilities and Deficiency in Net Assets		
Current Liabilities		
2110	Accounts payable - Operations	\$ 18,983
2120	Accrued wages payable	6,090
2121	Accrued payroll taxes payable	206
2190	Residual receipts liability	11,263
2210	Prepaid revenue	<u>142</u>
2122T	Total current liabilities	36,684
Deposits - Held in Trust (Contra)		
2191	Tenant deposits held in trust (contra)	12,671
Long-term Liabilities		
2310	Capital advance	5,175,900
2300T	Total long-term liabilities	<u>5,175,900</u>
2000T	Total liabilities	5,225,255
Deficiency in Net Assets		
3131	Without donor restrictions	<u>(889,986)</u>
3130	Total deficiency in net assets	<u>(889,986)</u>
2033T	Total liabilities and deficiency in net assets	<u><u>\$ 4,335,269</u></u>

**St. Martha's Senior Housing Corporation d/b/a The Village of St. Martha's
HUD Project No. 044-EE104**

Statement of Activities Data

Year Ended June 30, 2020

	Rent Revenue		
5120	Rent revenue - Gross potential	\$	160,103
5121	Tenant assistance payments		260,408
5190	Residual receipts adjustment		<u>31,777</u>
5100T	Total rent revenue (potential at 100% occupancy)		452,288
	Vacancies		
5220	Apartments		<u>(12,660)</u>
5200T	Total vacancies		<u>(12,660)</u>
5152N	Net rent revenue (rent revenue less vacancies)		439,628
	Financial Revenue		
5410	Project operations		8
5430	Investments - Residual receipts		4
5440	Investments - Replacement reserve		<u>186</u>
5400T	Total financial revenue		198
	Other Revenue		
5910	Laundry and vending revenue		1,994
5920	Tenant charges		1,264
5990	Miscellaneous revenue		<u>15,217</u>
5900T	Total other revenue		<u>18,475</u>
5000T	Total revenue		458,301
	Administrative Expenses		
6204	Management consultants		11,075
6250	Other renting expenses		771
6310	Office salaries		36,099
6311	Office expenses		23,868
6320	Management fee		24,155
6330	Manager or superintendent salaries		53,296
6340	Legal expenses		590
6350	Auditing expenses		7,547
6351	Bookkeeping fees/Accounting services		5,520
6370	Bad debts		2,183
6390	Miscellaneous administrative expenses		<u>4,055</u>
6263T	Total administrative expenses		169,159
	Utilities Expenses		
6450	Electricity		25,690
6451	Water		6,885
6452	Gas		9,964
6453	Sewer		<u>18,561</u>
6400T	Total utilities expenses		61,100

**St. Martha's Senior Housing Corporation d/b/a The Village of St. Martha's
HUD Project No. 044-EE104**

Statement of Activities Data (Continued)

Year Ended June 30, 2020

	Operating and Maintenance Expenses	
6510	Payroll	\$ 1,541
6515	Supplies	9,583
6520	Contracts	69,489
6525	Garbage and trash removal	1,703
6530	Security payroll/Contract	67,313
6546	Heating/Cooling repairs and maintenance	5,169
6548	Snow removal	7,470
6590	Miscellaneous operating and maintenance expenses	<u>8,346</u>
6500T	Total operating and maintenance expenses	170,614
	Taxes and Insurance	
6711	Payroll taxes (FICA)	11,917
6720	Property and liability insurance (hazard)	25,881
6722	Workers' compensation	1,534
6723	Health insurance and other employee benefits	<u>9,625</u>
6700T	Total taxes and insurance	48,957
	Financial Expenses	
6890	Miscellaneous financial expenses	<u>35</u>
6800T	Total financial expenses	<u>35</u>
6000T	Total costs of operations before depreciation	<u>449,865</u>
5060T	Change in Net Assets before Depreciation	8,436
6600	Depreciation Expense	<u>146,376</u>
3250	Change in Total Net Assets	<u><u>\$ (137,940)</u></u>

**St. Martha's Senior Housing Corporation d/b/a The Village of St. Martha's
HUD Project No. 044-EE104**

Statement of Activities Data (Continued)

**Supplemental Information
Year Ended June 30, 2020**

S1000-010	1	Total principal required under the mortgage, even if payments under a workout agreement are less or more than those required under the mortgage	\$	0
S1000-020	2	Replacement reserve deposits required by the Regulatory Agreement or amendments thereto, even if payments may be temporarily suspended or waived		22,795
S1000-030	3	Replacement reserve or residual receipt releases that are included as expense items on this profit and loss statement		10,445
S1000-040	4	Project improvement reserve releases under the flexible subsidy program that are included as expense items on this profit and loss statement		0

**St. Martha's Senior Housing Corporation d/b/a The Village of St. Martha's
HUD Project No. 044-EE104**

Statement of Changes in Deficiency in Net Assets Data

Year Ended June 30, 2020

S1100-050	Deficiency in Net Assets - July 1, 2019	\$ (752,046)
3250	Increase in deficiency in net assets	<u>(137,940)</u>
3130	Deficiency in Net Assets - June 30, 2020	<u><u>\$ (889,986)</u></u>

**St. Martha's Senior Housing Corporation d/b/a The Village of St. Martha's
HUD Project No. 044-EE104**

Statement of Cash Flows Data

Year Ended June 30, 2020

Cash Flows from Operating Activities		
	Receipts:	
S1200-010	Rental	\$ 405,288
S1200-020	Interest	198
S1200-030	Other cash receipts	<u>18,475</u>
S1200-040	Total receipts	423,961
	Disbursements:	
S1200-050	Administrative	(54,426)
S1200-070	Management fee	(24,155)
S1200-090	Utilities	(61,453)
S1200-100	Salaries and wages	(90,936)
S1200-110	Operating and maintenance	(170,056)
S1200-140	Property insurance	(26,014)
S1200-150	Miscellaneous taxes and insurance	(24,777)
S1200-160	Tenant security deposits	(89)
S1200-220	Miscellaneous financial	<u>(35)</u>
S1200-230	Total disbursements	<u>(451,941)</u>
S1200-240	Net cash used in operating activities	(27,980)
	Cash Flows from Investing Activities	
S1200-245	Net deposit to the mortgage escrow account	(1)
S1200-250	Net deposit to from the reserve for replacement account	(5,141)
S1200-260	Net withdrawal from the residual receipts account	31,777
S1200-330	Net purchase of fixed assets	<u>(7,335)</u>
S1200-350	Net cash provided by investing activities	<u>19,300</u>
S1200-470	Net Decrease in Cash	(8,680)
S1200-480	Cash - Beginning of year	<u>23,296</u>
S1200T	Cash - End of year	<u><u>\$ 14,616</u></u>

**St. Martha's Senior Housing Corporation d/b/a The Village of St. Martha's
HUD Project No. 044-EE104**

Statement of Cash Flows Data (Continued)

Year Ended June 30, 2020

Reconciliation of Change in Deficiency in Net Assets to Net Cash Used in Operating Activities		
3250	Change in deficiency in net assets	\$ (137,940)
	Adjustments to reconcile change in deficiency in net assets to net cash from operating activities:	
6600	Depreciation	146,376
	(Increase) decrease in assets:	
S1200-490	Tenant accounts receivable	(960)
S1200-500	Accounts receivable - Other	(1,237)
S1200-520	Prepaid expenses	(1,583)
S1200-530	Cash restricted for tenant security deposits	(561)
	(Decrease) increase in liabilities:	
S1200-540	Accounts payable - Operations	(2,609)
S1200-560	Accrued liabilities	22
S1200-580	Tenant security deposits held in trust	472
S1200-590	Prepaid revenue	(366)
S1200-600	Other changes to reconcile change in deficiency in net assets to net cash used in operating activities	<u>(29,594)</u>
S1200-610	Net cash used in operating activities	<u>\$ (27,980)</u>

**St. Martha's Senior Housing Corporation d/b/a The Village of St. Martha's
HUD Project No. 044-EE104**

Supplemental Information

Year Ended June 30, 2020

1. Schedule of Reserve for Replacements

In accordance with the provisions of the Regulatory Agreement, restricted cash is held by Huntington Bank to be used for replacement of property with the approval of HUD as follows:

1320P	Balance - July 1, 2019	\$ 181,341
1320DT	Monthly deposits (\$1,899.58 x 12)	22,795
1320INT	Interest	186
1320WT	Approved withdrawals	(17,780)
1320OWT	Other withdrawals - Bank service charges	(60)
1320	Balance - June 30, 2020	<u><u>\$ 186,482</u></u>

2. Schedule of Residual Receipts

In accordance with the provisions of the Regulatory Agreement, surplus cash is calculated per the HUD formula and deposited into the residual receipts account. Restricted cash is held by Huntington Bank to be used for any project purpose with the approval of HUD as follows:

1340P	Balance - July 1, 2019	\$ 43,040
1340INT	Interest	4
1340WT	Approved withdrawals	(31,781)
1340	Balance - June 30, 2020	<u><u>\$ 11,263</u></u>

3. Computation of Surplus Cash - Form HUD 93486 - See attached

4. Schedule of Changes in Fixed Asset Accounts - See attached

5. Schedule of 5300 Accounts - N/A

6. Schedule of 6900 Accounts - N/A

7. Nursing Home Data - N/A

8. Detail of Accounts:

1140	Related party receivable - Due from PVM	<u><u>\$ 1,237</u></u>
2190	Residual receipts liability	<u><u>\$ 11,263</u></u>
5990	Cable/Satellite TV Miscellaneous revenue	\$ 12,937 2,280
	Total	<u><u>\$ 15,217</u></u>

**St. Martha's Senior Housing Corporation d/b/a The Village of St. Martha's
HUD Project No. 044-EE104**

Supplemental Information (Continued)

Year Ended June 30, 2020

8. Detail of Accounts (Continued):

6890	Interest on tenant security deposits	<u>\$</u>	<u>35</u>
S1200-600	Residual receipts liability adjustment	\$	(31,777)
	Bad debt expense		<u>2,183</u>
	Total	<u>\$</u>	<u>(29,594)</u>
1320OWT	Bank charges	<u>\$</u>	<u>(60)</u>

**St. Martha's Senior Housing Corporation d/b/a The Village of St. Martha's
HUD Project No. 044-EE104**

Schedule of Changes in Fixed Asset Accounts

Year Ended June 30, 2020

	Assets			Accumulated Depreciation			Net Book Value June 30, 2020		
	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020	Balance July 1, 2019	Current Provision		Deductions	Balance June 30, 2020
	1410 Land and land improvements	\$ 166,635	\$ -	\$ -	\$ 166,635	\$ 3,505		\$ 1,792	\$ -
1420 Buildings and building improvements	5,269,878	-	-	5,269,878	1,239,996	132,607	-	1,372,603	3,897,275
1465 Office furniture and equipment	82,725	-	-	82,725	69,125	4,946	-	74,071	8,654
1470 Maintenance equipment	19,074	7,335	-	26,409	11,465	1,792	-	13,257	13,152
1490 Miscellaneous fixed assets	77,823	-	-	77,823	59,433	5,239	-	64,672	13,151
Total	\$ 5,616,135	\$ 7,335	\$ -	\$ 5,623,470	\$ 1,383,524	\$ 146,376	\$ -	\$ 1,529,900	\$ 4,093,570

Fixed Asset Addition Detail:

Maintenance equipment:	
Boiler valves	\$ 1,615
HVAC system	5,720
Total	\$ 7,335

**St. Martha's Senior Housing Corporation d/b/a The Village of St. Martha's
HUD Project No. 044-EE104**

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2020

<u>Federal Agency/Pass-through Agency/Program Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development - Supportive Housing for the Elderly:		
Capital Advance	14.157	\$ 5,175,900
Project Rental Assistance Contract	14.157	<u>260,408</u>
Total federal awards		<u><u>\$ 5,436,308</u></u>

**St. Martha's Senior Housing Corporation d/b/a The Village of St. Martha's
HUD Project No. 044-EE104**

Computation of Surplus Cash

		June 30, 2020
S1300-010	Cash	\$ 29,064
S1300-040	Total cash	29,064
Current Obligations		
S1300-075	Accounts payable - 30 days	18,983
S1300-100	Accrued expenses (not escrowed)	6,296
2210	Prepaid revenue	142
2191	Tenant/Patient deposits held in trust (contra)	12,671
S1300-140	Total current obligations	38,092
S1300-150	Surplus cash (deficiency)	\$ (9,028)

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*

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 Auditor's Report

To Management and the Board of Directors
St. Martha's Senior Housing Corporation
d/b/a The Village of St. Martha's

We have audited, in accordance with 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 St. Martha's Senior Housing Corporation d/b/a The Village of St. Martha's (the "Organization"), which comprise the balance sheet as of June 30, 2020 and the related statements of activities, changes in deficiency in net assets, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated September 17, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) 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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 Organization'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. We consider the deficiency, described in the accompanying schedule of findings and questioned costs, as Finding 2020-001 to be a material weakness.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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*.

The Organization's Response to Finding

The Organization's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on it.

To Management and the Board of Directors
St. Martha's Senior Housing Corporation
d/b/a The Village of St. Martha's

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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

September 17, 2020

Report on Compliance for Each Major Federal
Program and Report on Internal Control Over
Compliance Required by the Uniform Guidance

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required
by the Uniform Guidance

Independent Auditor's Report

To the Board of Directors
St. Martha's Senior Housing Corporation
d/b/a The Village of St. Martha's

Report on Compliance for Each Major Federal Program

We have audited St. Martha's Senior Housing Corporation d/b/a The Village of St. Martha's (the "Organization") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on the Organization's major federal program for the year ended June 30, 2020. The Organization's major federal program is identified in the summary of auditor's 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 program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization'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* (the "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 the Organization'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 the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the Organization 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 the Organization'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 the Organization's internal control over compliance.

To the Board of Directors
St. Martha's Senior Housing Corporation
d/b/a The Village of St. Martha's

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 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 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.

Plante & Moran, PLLC

September 17, 2020

Schedule of Findings and Questioned Costs

**St. Martha's Senior Housing Corporation d/b/a The Village of St. Martha's
HUD Project No. 044-EE104**

Schedule of Findings and Questioned Costs

Year Ended June 30, 2020

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? X Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes X None reported

Noncompliance material to financial statements noted? Yes X None reported

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 None reported

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? Yes X No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster	Opinion
14.157	Supportive Housing for the Elderly - Project Rental Assistance Contract and Capital Advance	Unmodified

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes No

**St. Martha's Senior Housing Corporation d/b/a The Village of St. Martha's
HUD Project No. 044-EE104**

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2020

Section II - Financial Statement Audit Findings

Reference Number	Finding	Questioned Costs
2020-001	<p>Finding Type - Material weakness in internal control over financial reporting</p> <p>Title - Segregation of duties</p> <p>Finding Resolution Status - Resolved</p> <p>Information on Universe and Population Size - N/A</p> <p>Sample Size Information - N/A</p> <p>Criteria - Adequate segregation of duties surrounding the online banking, cash disbursement, and journal entry processes is necessary to prevent the risk of material misstatement of the financial statements and/or misappropriation of assets.</p> <p>Statement of Condition - The Organization does not have the appropriate segregation of duties surrounding its online banking, check disbursement, and journal entry processes.</p> <p>Cause - In November 2019, the departure of the vice president of finance led to the shifting of responsibilities to other finance department staff and the lack of segregation of duties relative to the online banking, check disbursement, and journal entry processes.</p> <p>Effect or Potential Effect - The Organization is at greater risk for a material misstatement of its financial statements and/or misappropriation of assets.</p> <p>Auditor Noncompliance Code - S - Internal control deficiency</p> <p>Reporting Views of Responsible Officials - Management agrees with the finding and has put preventive controls in place starting in March 2020 to mitigate the risks identified in this finding. As a result, management does not believe this will be a finding going forward.</p> <p>Context - While dual approval is in place for initiating and approving wire transfers and ACH transactions, every individual within the Organization who was designated as an administrator on the bank profile, prior to March 2020, had the ability to add and modify user rights without dual approval. This allowed for potential circumvention of the dual authorization control.</p> <p>Certain users within the finance department had incompatible rights within the accounting system prior to March 2020. Those rights included modifying user security rights, posting journal entries, modifying vendor information, and printing checks with an electronic signature. The member of management performing the review of all check runs prior to disbursement had unlimited access to the financial system.</p> <p>Recommendation - The Organization should improve the preventive controls surrounding segregation of duties related to online banking, financial system access, and the check disbursement process.</p> <p>Response Indicator - Agree</p>	None

**St. Martha's Senior Housing Corporation d/b/a The Village of St. Martha's
HUD Project No. 044-EE104**

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2020

Section II - Financial Statement Audit Findings (Continued)

<u>Reference Number</u>	<u>Finding</u>	<u>Questioned Costs</u>
2020-001 (Cont.)	Completion Date - July 16, 2020	

Section III - Federal Program Audit Findings

<u>Reference Number</u>	<u>Finding</u>	<u>Questioned Costs</u>
Current Year	None	