
First Presbyterian Church Housing Corporation
d/b/a The Village of Warren Glenn
(a not-for-profit corporation)

HUD Project No. 44-EE044

Financial Report
with Supplemental Information
June 30, 2020

**First Presbyterian Church Housing Corporation d/b/a
The Village of Warren Glenn
HUD Project No. 44-EE044**

Certificate of Officers

I certify that I have examined the attached financial statements and supplemental information of HUD Project No. 44-EE044, First Presbyterian Church Housing Corporation d/b/a The Village of Warren Glenn, and to the best of my knowledge and belief, the same is a true statement of the financial condition as of June 30, 2020.

Malcolm K. McDougall
President

September 17, 2020
Date

ID# 38-3405663
Employer Identification Number

**First Presbyterian Church Housing Corporation d/b/a
The Village of Warren Glenn
HUD Project No. 44-EE044**

Management Agent's Certification

We certify that we have examined the attached financial statements and supplemental information of HUD Project No. 44-EE044, First Presbyterian Church Housing Corporation d/b/a The Village of Warren Glenn, 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

Anne Lilla
Property Manager

**First Presbyterian Church Housing Corporation d/b/a
The Village of Warren Glenn
HUD Project No. 44-EE044**

Contents

Independent Auditor's Report	1-2
Financial Statements	
Balance Sheet	3-4
Statement of Activities	5-6
Statement of Changes in Deficiency in Net Assets	7
Statement of Cash Flows	8-9
Notes to Financial Statements	10-14
Supplemental Information	15
Independent Auditor's Report on Supplemental Information	16
Balance Sheet Data	17-18
Statement of Activities Data	19-21
Statement of Changes in Deficiency in Net Assets Data	22
Statement of Cash Flows Data	23-24
Supplemental Information	25-26
Schedule of Changes in Fixed Asset Accounts	27
Schedule of Expenditures of Federal Awards	28
Computation of Surplus Cash	29
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	30-32
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	33-35
Schedule of Findings and Questioned Costs	36-41

Independent Auditor's Report

To the Board of Directors
First Presbyterian Church Housing Corporation
d/b/a The Village of Warren Glenn

Report on the Financial Statements

We have audited the accompanying financial statements of First Presbyterian Church Housing Corporation d/b/a The Village of Warren Glenn (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 First Presbyterian Church Housing Corporation d/b/a The Village of Warren Glenn 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
First Presbyterian Church Housing Corporation
d/b/a The Village of Warren Glenn

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 First Presbyterian Church Housing Corporation d/b/a The Village of Warren Glenn'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 First Presbyterian Church Housing Corporation d/b/a The Village of Warren Glenn'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

**First Presbyterian Church Housing Corporation d/b/a
The Village of Warren Glenn
HUD Project No. 44-EE044**

Balance Sheet

June 30, 2020 and 2019

	2020	2019
Assets		
Current Assets		
Cash - Operations	\$ 19,572	\$ 18,353
Tenant accounts receivable	421	262
Prepaid expenses	9,639	4,282
Total current assets	29,632	22,897
Deposits - Held in Trust		
Tenant deposits held in trust	26,305	24,953
Deposits - Funded		
Escrow deposits	11,143	11,137
Replacement reserve	113,497	129,079
Residual receipts reserve	12,677	22,566
Total deposits - Funded	137,317	162,782
Fixed Assets		
Land and land improvements	506,370	506,370
Buildings and building improvements	5,165,445	5,036,039
Building equipment (portable)	152,380	152,380
Furniture for project/tenant use	35,019	35,019
Furnishings	33,490	33,490
Maintenance equipment	8,321	8,321
Miscellaneous fixed assets	75,312	75,312
Total fixed assets	5,976,337	5,846,931
Accumulated depreciation	(3,286,095)	(3,126,338)
Net fixed assets	2,690,242	2,720,593
Other Assets		
Miscellaneous other assets	164,582	219,254
Total assets	\$ 3,048,078	\$ 3,150,479

**First Presbyterian Church Housing Corporation d/b/a
The Village of Warren Glenn
HUD Project No. 44-EE044**

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	\$ 15,106	\$ 12,591
Accrued wages payable	7,297	5,994
Accrued payroll taxes payable	288	203
Residual receipts liability	12,677	23,994
Prepaid revenue	114	440
	<u>35,482</u>	<u>43,222</u>
Total current liabilities		
Deposits - Held in Trust (Contra)		
Tenant deposits held in trust (contra)	24,140	22,650
Long-term Liabilities		
Capital advance (Note 3)	<u>5,322,100</u>	<u>5,322,100</u>
	5,381,722	5,387,972
Total liabilities		
Deficiency in Net Assets		
Without donor restrictions	<u>(2,333,644)</u>	<u>(2,237,493)</u>
	(2,333,644)	(2,237,493)
Total deficiency in net assets		
Total liabilities and deficiency in net assets	<u><u>\$ 3,048,078</u></u>	<u><u>\$ 3,150,479</u></u>

**First Presbyterian Church Housing Corporation d/b/a
The Village of Warren Glenn
HUD Project No. 44-EE044**

Statement of Activities

Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Rent Revenue		
Rent revenue - Gross potential	\$ 240,866	\$ 235,722
Tenant assistance payments	288,802	292,746
Residual receipts adjustment	11,314	7,491
Total rent revenue (potential at 100 percent occupancy)	540,982	535,959
Vacancies		
Apartments	(11,951)	(9,283)
Total vacancies	(11,951)	(9,283)
Net rent revenue (rent revenue less vacancies)	529,031	526,676
Financial Revenue		
Project operations	32	24
Investments - Residual receipts	3	6
Investments - Replacement reserve	121	154
Total financial revenue	156	184
Other Revenue		
Laundry and vending revenue	3,696	3,810
Tenant charges	100	942
Miscellaneous revenue	469	625
Total other revenue	4,265	5,377
Total revenue	533,452	532,237
Administrative Expenses		
Conventions and meetings	250	555
Management consultants	18,809	40,714
Advertising and marketing	159	255
Other renting expenses	927	1,211
Office salaries	39,294	15,926
Office expenses	12,812	15,270
Management fee (Note 4)	37,536	35,904
Manager or superintendent salaries	48,771	53,393
Legal expenses	4,044	272
Auditing expenses	7,547	6,800
Bookkeeping fees/Accounting services (Note 4)	8,160	8,160
Bad debts	189	-
Miscellaneous administrative expenses	3,613	4,370
Total administrative expenses	182,111	182,830

**First Presbyterian Church Housing Corporation d/b/a
The Village of Warren Glenn
HUD Project No. 44-EE044**

Statement of Activities (Continued)

Years Ended June 30, 2020 and 2019

	2020	2019
Utilities Expenses		
Electricity	\$ 30,974	\$ 27,441
Water	9,588	9,357
Gas	18,730	14,201
Sewer	9,462	9,416
Total utilities expenses	68,754	60,415
Operating and Maintenance Expenses		
Payroll	44,665	38,887
Supplies	23,039	35,023
Contracts	64,323	78,866
Garbage and trash removal	2,049	2,257
Heating/Cooling repairs and maintenance	7,390	7,621
Snow removal	10,985	11,485
Vehicle and maintenance equipment operation and repairs	2,298	1,552
Miscellaneous operating and maintenance expenses	8,975	10,672
Total operating and maintenance expenses	163,724	186,363
Taxes and Insurance		
Payroll taxes (FICA)	9,631	7,980
Property and liability insurance (hazard)	30,154	27,548
Workers' compensation	1,864	1,831
Health insurance and other employee benefits	11,650	10,286
Total taxes and insurance	53,299	47,645
Financial Expenses		
Miscellaneous financial expenses	58	123
Total financial expenses	58	123
Total costs of operations before depreciation and amortization	467,946	477,376
Change in Net Assets before Depreciation and Amortization	65,506	54,861
Depreciation Expense	159,757	156,342
Amortization Expense	1,900	1,900
Change in Total Net Assets	\$ (96,151)	\$ (103,381)

**First Presbyterian Church Housing Corporation d/b/a
The Village of Warren Glenn
HUD Project No. 44-EE044**

Statement of Changes in Deficiency in Net Assets

Years Ended June 30, 2020 and 2019

Deficiency in Net Assets - July 1, 2018	\$ (2,134,112)
Increase in deficiency in net assets	<u>(103,381)</u>
Deficiency in Net Assets - June 30, 2019	(2,237,493)
Increase in deficiency in net assets	<u>(96,151)</u>
Deficiency in Net Assets - June 30, 2020	<u><u>\$ (2,333,644)</u></u>

**First Presbyterian Church Housing Corporation d/b/a
The Village of Warren Glenn
HUD Project No. 44-EE044**

Statement of Cash Flows

Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities		
Receipts:		
Rental	\$ 517,040	\$ 518,601
Interest	156	184
Other cash receipts	4,265	5,377
	<u>521,461</u>	<u>524,162</u>
Total receipts		
Disbursements:		
Administrative	(53,962)	(77,554)
Management fee	(37,536)	(35,904)
Utilities	(68,410)	(60,261)
Salaries and wages	(132,730)	(108,206)
Operating and maintenance	(118,128)	(147,043)
Property insurance	(30,002)	(27,483)
Miscellaneous taxes and insurance	(28,385)	(20,829)
Tenant security deposits	1,490	308
Miscellaneous financial	(58)	(123)
	<u>(467,721)</u>	<u>(477,095)</u>
Total disbursements		
Net cash and restricted cash provided by operating activities	53,740	47,067
Cash Flows from Investing Activities		
Net purchase of fixed assets	(129,406)	(87,660)
Other investing activities	52,772	(72,700)
	<u>(76,634)</u>	<u>(160,360)</u>
Net cash and restricted cash used in investing activities		
Net Decrease in Cash and Restricted Cash	(22,894)	(113,293)
Cash and Restricted Cash - Beginning of year	<u>206,088</u>	<u>319,381</u>
Cash and Restricted Cash - End of year	<u><u>\$ 183,194</u></u>	<u><u>\$ 206,088</u></u>

**First Presbyterian Church Housing Corporation d/b/a
The Village of Warren Glenn
HUD Project No. 44-EE044**

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 Provided by Operating Activities		
Change in deficiency in net assets	\$ (96,151)	\$ (103,381)
Adjustments to reconcile change in deficiency in net assets to net cash and cash restricted from operating activities:		
Depreciation	159,757	156,342
Amortization	1,900	1,900
Increase in assets:		
Tenant accounts receivable	(348)	(258)
Prepaid expenses	(5,357)	(780)
Increase (decrease) in liabilities:		
Accounts payable - Operations	2,515	1,156
Accrued liabilities	1,388	(403)
Tenant security deposits held in trust	1,490	308
Prepaid revenue	(326)	(326)
Other changes to reconcile change in deficiency in net assets to net cash and restricted cash provided by operating activities	<u>(11,128)</u>	<u>(7,491)</u>
Net cash and restricted cash provided by operating activities	<u>\$ 53,740</u>	<u>\$ 47,067</u>
Classification of Cash and Restricted Cash		
Cash - Operations	\$ 19,572	\$ 18,353
Tenant deposits held in trust	26,305	24,953
Deposits - Funded	<u>137,317</u>	<u>162,782</u>
Total cash and restricted cash	<u>\$ 183,194</u>	<u>\$ 206,088</u>

June 30, 2020 and 2019

Note 1 - Nature of Business

First Presbyterian Church Housing Corporation d/b/a The Village of Warren Glenn (the "Organization") is a not-for-profit corporation that owns and operates a 68-unit affordable housing rental project for elderly persons (the "Project"). The Project, located in Warren, 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.

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 the Organization 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.

Tenant Accounts Receivable

Accounts receivable represent amounts due from tenants. 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.

Deposits Funded

The funds controlled by the Organization represent restricted funds for a replacement reserve, a residual receipts reserve, and an insurance and painting escrow. The insurance and painting escrow consists of deposits by the Organization to offset painting and 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 \$5,833. 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 \$12,677 and \$23,994 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.

June 30, 2020 and 2019

Note 2 - Significant Accounting Policies (Continued)

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.

Fixed Assets

Land, buildings, equipment, furniture, and furnishings 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.

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.

Land Lease

The Organization entered into a land lease agreement with First Presbyterian Church of Warren for \$181,000, all of which was prepaid at the inception of the Project. The transaction is recorded as an operating lease and is reported within miscellaneous other assets. The operating lease is being amortized over the term of the lease agreement of 99 years, which ends in 2099. At June 30, 2020 and 2019, the remaining balance of the prepaid lease was \$144,654 and \$146,554, respectively, net of accumulated amortization of \$36,346 and \$34,446, respectively. Amortization expense for the years ended June 30, 2020 and 2019 was \$1,900.

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

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no tax provision is recorded in the financial statements.

Rental Income

Units that are designated for occupancy by eligible low-income tenants under a HUD 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 September 30, 2020. Management intends to renew the contract prior to the expiration date.

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.

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.

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 \$5,322,100, 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 April 2039. 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, a related not-for-profit organization that is also the HUD-approved management agent.

The property management agreement provides that a management fee in the amount of 7.15 percent of gross rents collected be paid to PVM for the years ended June 30, 2020 and 2019. For the year ended June 30, 2020, the management fee is limited to \$46 per unit. In addition, the Organization pays accounting service fees to PVM, which are included in the annual budget. The Organization incurred management fees of \$37,536 and \$35,904 for the years ended June 30, 2020 and 2019, respectively. In addition, accounting service fees of \$8,160 were incurred to PVM for the years ended June 30, 2020 and 2019.

**First Presbyterian Church Housing Corporation d/b/a
The Village of Warren Glenn
HUD Project No. 44-EE044**

Notes to Financial Statements

June 30, 2020 and 2019

Note 4 - Related Party Transactions (Continued)

In previous periods, PVM provided funding to the Organization to cover operational advances and development cost overruns totaling \$34,392.

Note 5 - Current Vulnerability Due to Certain Concentrations

The Organization's sole asset is First Presbyterian Church Housing Corporation d/b/a The Village of Warren Glenn (the "Project"). 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.

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	\$ 39,017	\$ 9,754	\$ 48,771
Management fees	-	37,536	37,536
Other administrative expenses	69,528	26,276	95,804
Total administrative expenses	108,545	73,566	182,111
Utilities, operating, and maintenance	228,627	3,851	232,478
Taxes and insurance	48,471	4,828	53,299
Financial expenses	58	-	58
Depreciation	158,700	1,057	159,757
Amortization	1,900	-	1,900
Total	<u>\$ 546,301</u>	<u>\$ 83,302</u>	<u>\$ 629,603</u>

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

	Program	Management and General	Total
Administrative expenses:			
Salaries and wages	\$ 42,715	\$ 10,678	\$ 53,393
Management fees	-	35,904	35,904
Other administrative expenses	70,623	22,910	93,533
Total administrative expenses	113,338	69,492	182,830
Utilities, operating, and maintenance	242,951	3,827	246,778
Taxes and insurance	43,443	4,202	47,645
Financial expenses	123	-	123
Depreciation	155,307	1,035	156,342
Amortization	1,900	-	1,900
Total	<u>\$ 557,062</u>	<u>\$ 78,556</u>	<u>\$ 635,618</u>

Notes to Financial Statements

June 30, 2020 and 2019

Note 6 - Functional Expenses (Continued)

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 \$19,993 and \$18,615 of financial assets available within one year of June 30, 2020 and 2019 to meet cash needs for general expenditure consisting of cash of \$19,572 and \$18,353 and accounts receivable of \$421 and \$262, 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
First Presbyterian Church Housing Corporation
d/b/a The Village of Warren Glenn

We have audited the financial statements of First Presbyterian Church Housing Corporation d/b/a The Village of Warren Glenn 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 of First Presbyterian Church Housing Corporation d/b/a The Village of Warren Glenn taken as a whole. The accompanying supplemental information, including the schedule of expenditures of federal awards, is presented for the purpose of additional analysis, as 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 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

**First Presbyterian Church Housing Corporation d/b/a
The Village of Warren Glenn
HUD Project No. 44-EE044**

Balance Sheet Data

June 30, 2020

Assets		
Current Assets		
1120	Cash - Operations	\$ 19,572
1130	Tenant accounts receivable	421
1200	Prepaid expenses	<u>9,639</u>
1100T	Total current assets	29,632
Deposits - Held in Trust		
1191	Tenant deposits held in trust	26,305
Deposits - Funded		
1310	Escrow deposits	11,143
1320	Replacement reserve	113,497
1340	Residual receipts reserve	<u>12,677</u>
1300T	Total deposits - Funded	137,317
Fixed Assets		
1410	Land and land improvements	506,370
1420	Buildings and building improvements	5,165,445
1440	Building equipment (portable)	152,380
1450	Furniture for project/tenant use	35,019
1460	Furnishings	33,490
1470	Maintenance equipment	8,321
1490	Miscellaneous fixed assets	<u>75,312</u>
1400T	Total fixed assets	5,976,337
1495	Accumulated depreciation	<u>(3,286,095)</u>
1400N	Net fixed assets	2,690,242
Other Assets		
1590	Miscellaneous other assets	<u>164,582</u>
1000T	Total assets	<u><u>\$ 3,048,078</u></u>

**First Presbyterian Church Housing Corporation d/b/a
The Village of Warren Glenn
HUD Project No. 44-EE044**

Balance Sheet Data (Continued)

June 30, 2020

Liabilities and Deficiency in Net Assets		
Current Liabilities		
2110	Accounts payable - Operations	\$ 15,106
2120	Accrued wages payable	7,297
2121	Accrued payroll taxes payable	288
2190	Residual receipts liability	12,677
2210	Prepaid revenue	114
2122T	Total current liabilities	<u>35,482</u>
Deposits - Held in Trust (Contra)		
2191	Tenant deposits held in trust (contra)	24,140
Long-term Liabilities		
2310	Capital advance	5,322,100
2300T	Total long-term liabilities	<u>5,322,100</u>
2000T	Total liabilities	5,381,722
Deficiency in Net Assets		
3131	Without donor restrictions	<u>(2,333,644)</u>
3130	Total deficiency in net assets	<u>(2,333,644)</u>
2033T	Total liabilities and deficiency in net assets	<u>\$ 3,048,078</u>

**First Presbyterian Church Housing Corporation d/b/a
The Village of Warren Glenn
HUD Project No. 44-EE044**

Statement of Activities Data

Year Ended June 30, 2020

Rent Revenue		
5120	Rent revenue - Gross potential	\$ 240,866
5121	Tenant assistance payments	288,802
5190	Residual receipts adjustment	<u>11,314</u>
5100T	Total rent revenue (potential at 100 percent occupancy)	540,982
Vacancies		
5220	Apartments	<u>(11,951)</u>
5200T	Total vacancies	<u>(11,951)</u>
5152N	Net rent revenue (rent revenue less vacancies)	529,031
Financial Revenue		
5410	Project operations	32
5430	Investments - Residual receipts	3
5440	Investments - Replacement reserve	<u>121</u>
5400T	Total financial revenue	156
Other Revenue		
5910	Laundry and vending revenue	3,696
5920	Tenant charges	100
5990	Miscellaneous revenue	<u>469</u>
5900T	Total other revenue	<u>4,265</u>
5000T	Total revenue	533,452
Administrative Expenses		
6203	Conventions and meetings	250
6204	Management consultants	18,809
6210	Advertising and marketing	159
6250	Other renting expenses	927
6310	Office salaries	39,294
6311	Office expenses	12,812
6320	Management fee	37,536
6330	Manager or superintendent salaries	48,771
6340	Legal expenses	4,044
6350	Auditing expenses	7,547
6351	Bookkeeping fees/Accounting services	8,160
6370	Bad debts	189
6390	Miscellaneous administrative expenses	<u>3,613</u>
6263T	Total administrative expenses	182,111
Utilities Expenses		
6450	Electricity	30,974
6451	Water	9,588
6452	Gas	18,730
6453	Sewer	<u>9,462</u>
6400T	Total utilities expenses	68,754

**First Presbyterian Church Housing Corporation d/b/a
The Village of Warren Glenn
HUD Project No. 44-EE044**

Statement of Activities Data (Continued)

Year Ended June 30, 2020

	Operating and Maintenance Expenses	
6510	Payroll	\$ 44,665
6515	Supplies	23,039
6520	Contracts	64,323
6525	Garbage and trash removal	2,049
6546	Heating/Cooling repairs and maintenance	7,390
6548	Snow removal	10,985
6570	Vehicle and maintenance equipment operation and repairs	2,298
6590	Miscellaneous operating and maintenance expenses	<u>8,975</u>
6500T	Total operating and maintenance expenses	163,724
	Taxes and Insurance	
6711	Payroll taxes (FICA)	9,631
6720	Property and liability insurance (hazard)	30,154
6722	Workers' compensation	1,864
6723	Health insurance and other employee benefits	<u>11,650</u>
6700T	Total taxes and insurance	53,299
	Financial Expenses	
6890	Miscellaneous financial expenses	<u>58</u>
6800T	Total financial expenses	<u>58</u>
6000T	Total costs of operations before depreciation and amortization	<u>467,946</u>
5060T	Change in Net Assets before Depreciation and Amortization	65,506
6600	Depreciation Expense	159,757
6610	Amortization Expense	<u>1,900</u>
3250	Change in Total Net Assets	<u><u>\$ (96,151)</u></u>

**First Presbyterian Church Housing Corporation d/b/a
The Village of Warren Glenn
HUD Project No. 44-EE044**

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		70,000
S1000-030	3	Replacement reserve or residual receipt releases that are included as expense items on this profit and loss statement		28,938
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

**First Presbyterian Church Housing Corporation d/b/a
The Village of Warren Glenn
HUD Project No. 44-EE044**

Statement of Changes in Deficiency in Net Assets Data

Year Ended June 30, 2020

S1100-050	Deficiency in Net Assets - July 1, 2019	\$ (2,237,493)
3250	Increase in deficiency in net assets	<u>(96,151)</u>
3130	Deficiency in Net Assets - June 30, 2020	<u><u>\$ (2,333,644)</u></u>

**First Presbyterian Church Housing Corporation d/b/a
The Village of Warren Glenn
HUD Project No. 44-EE044**

Statement of Cash Flows Data

Year Ended June 30, 2020

Cash Flows from Operating Activities		
	Receipts:	
S1200-010	Rental	\$ 517,040
S1200-020	Interest	156
S1200-030	Other cash receipts	4,265
		<hr/>
S1200-040	Total receipts	521,461
	Disbursements:	
S1200-050	Administrative	(53,962)
S1200-070	Management fee	(37,536)
S1200-090	Utilities	(68,410)
S1200-100	Salaries and wages	(132,730)
S1200-110	Operating and maintenance	(118,128)
S1200-140	Property insurance	(30,002)
S1200-150	Miscellaneous taxes and insurance	(28,385)
S1200-160	Tenant security deposits	138
S1200-220	Miscellaneous financial	(58)
		<hr/>
S1200-230	Total disbursements	(469,073)
S1200-240	Net cash provided by operating activities	52,388
	Cash Flows from Investing Activities	
S1200-245	Net deposit to the mortgage escrow account	(6)
S1200-250	Net withdrawal from the reserve for replacement account	15,582
S1200-260	Net withdrawal from the residual receipts account	9,889
S1200-330	Net purchase of fixed assets	(129,406)
S1200-340	Other investing activities	52,772
		<hr/>
S1200-350	Net cash used in investing activities	(51,169)
S1200-470	Net Increase in Cash	1,219
S1200-480	Cash - Beginning of year	18,353
		<hr/>
S1200T	Cash - End of year	\$ 19,572
		<hr/> <hr/>

**First Presbyterian Church Housing Corporation d/b/a
The Village of Warren Glenn
HUD Project No. 44-EE044**

Statement of Cash Flows Data (Continued)

Year Ended June 30, 2020

Reconciliation of Change in Deficiency in Net Assets to Net Cash Provided by Operating Activities		
3250	Change in deficiency in net assets	\$ (96,151)
	Adjustments to reconcile change in deficiency in net assets to net cash from operating activities:	
6600	Depreciation	159,757
6610	Amortization	1,900
	Increase in assets:	
S1200-490	Tenant accounts receivable	(348)
S1200-520	Prepaid expenses	(5,357)
S1200-530	Cash restricted for tenant security deposits	(1,352)
	Increase (decrease) in liabilities:	
S1200-540	Accounts payable - Operations	2,515
S1200-560	Accrued liabilities	1,388
S1200-580	Tenant security deposits held in trust	1,490
S1200-590	Prepaid revenue	(326)
S1200-600	Other changes to reconcile change in deficiency in net assets to net cash provided by operating activities	<u>(11,128)</u>
S1200-610	Net cash provided by operating activities	<u><u>\$ 52,388</u></u>

**First Presbyterian Church Housing Corporation d/b/a
The Village of Warren Glenn
HUD Project No. 44-EE044**

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	\$	129,079
1320DT	Monthly deposits (\$5,833.33 x 12)		70,000
1320INT	Interest		121
1320WT	Approved withdrawals		(85,643)
1320OWT	Other withdrawals - Bank service charges		(60)
1320	Balance - June 30, 2020	\$	<u>113,497</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	\$	22,566
1340DT	Deposit of surplus cash		1,428
1340ODT	Other deposits		1,428
1340INT	Interest		3
1340WT	Approved withdrawals		(11,320)
1340OWT	Other withdrawals - Correction of duplicate deposit of surplus cash		(1,428)
1340	Balance - June 30, 2020	\$	<u>12,677</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:

1590	Prepaid land lease	\$	144,654
	Construction in progress		19,928
	Total	\$	<u>164,582</u>

**First Presbyterian Church Housing Corporation d/b/a
The Village of Warren Glenn
HUD Project No. 44-EE044**

Supplemental Information (Continued)

Year Ended June 30, 2020

8. Detail of Accounts (Continued):

2190	Residual receipts liability	<u>\$ 12,677</u>
5990	Miscellaneous tenant charges and other revenue	<u>\$ 469</u>
6890	Interest on tenant security deposits	<u>\$ 58</u>
S1200-340	Construction in progress placed into service	<u>\$ 52,772</u>
S1200-600	Residual receipts liability adjustment	\$ (11,317)
	Bad debt expense	<u>189</u>
	Total	<u>\$ (11,128)</u>
1320OWT	Bank charges	<u>\$ (60)</u>
1340ODT	Duplicate deposit of surplus cash	<u>\$ 1,428</u>
1340OWT	Other withdrawals - Correction of duplicate deposit of surplus cash	<u>\$ (1,428)</u>

**First Presbyterian Church Housing Corporation d/b/a
The Village of Warren Glenn
HUD Project No. 44-EE044**

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	
1410 Land and land improvements	\$ 506,370	\$ -	\$ -	\$ 506,370	\$ 403,151	\$ 16,025	\$ -	\$ 419,176	\$ 87,194
1420 Buildings and building improvements	5,036,039	129,406	-	5,165,445	2,437,755	135,112	-	2,572,867	2,592,578
1440 Building equipment (portable)	152,380	-	-	152,380	151,502	285	-	151,787	593
1450 Furniture for project/tenant use	35,019	-	-	35,019	26,680	1,734	-	28,414	6,605
1460 Furnishings	33,490	-	-	33,490	33,490	-	-	33,490	-
1470 Maintenance equipment	8,321	-	-	8,321	6,902	568	-	7,470	851
1490 Miscellaneous fixed assets	75,312	-	-	75,312	66,858	6,033	-	72,891	2,421
Total	\$ 5,846,931	\$ 129,406	\$ -	\$ 5,976,337	\$ 3,126,338	\$ 159,757	\$ -	\$ 3,286,095	\$ 2,690,242

Fixed Asset Addition Detail:

Buildings and building improvements -

Pump and burners on boiler:

Actuator and inline HP cooling	\$ 4,210
Roof	117,837
Boiler pump	7,359

Total **\$ 129,406**

**First Presbyterian Church Housing Corporation d/b/a
The Village of Warren Glenn
HUD Project No. 44-EE044**

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2020

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Federal Expenditures
U.S. Department of Housing and Urban Development - Supportive Housing for the Elderly:		
Capital Advance	14.157	\$ 5,322,100
Project Rental Assistance Contract	14.157	<u>288,802</u>
Total federal awards		<u><u>\$ 5,610,902</u></u>

**First Presbyterian Church Housing Corporation d/b/a
The Village of Warren Glenn
HUD Project No. 44-EE044**

Computation of Surplus Cash

		June 30, 2020
S1300-010	Cash	\$ <u>45,877</u>
S1300-040	Total cash	45,877
Current Obligations		
S1300-070	Delinquent deposits to reserve for replacements	24,092
S1300-075	Accounts payable - 30 days	15,106
S1300-100	Accrued expenses (not escrowed)	7,585
2210	Prepaid revenue	114
2191	Tenant/Patient deposits held in trust (contra)	<u>24,140</u>
S1300-140	Total current obligations	<u>71,037</u>
S1300-150	Surplus cash (deficiency)	<u>\$ (25,160)</u>
S1300-210	Deposit due residual receipts	<u>\$ -</u>

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
First Presbyterian Church Housing Corporation
d/b/a The Village of Warren Glenn

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 First Presbyterian Church Housing Corporation d/b/a The Village of Warren Glenn (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 first paragraph of this section 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
First Presbyterian Church Housing Corporation
d/b/a The Village of Warren Glenn

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
First Presbyterian Church Housing Corporation
d/b/a The Village of Warren Glenn

Report on Compliance for Each Major Federal Program

We have audited First Presbyterian Church Housing Corporation d/b/a The Village of Warren Glenn'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.

Other Matter

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the OMB Uniform Guidance and is described in the accompanying schedule of findings and questioned costs as Finding 2020-002. Our opinion on each major federal program is not modified with respect to this matter.

The Organization's response to the noncompliance 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 compliance, and, accordingly, we express no opinion on it.

To the Board of Directors
First Presbyterian Church Housing Corporation
d/b/a The Village of Warren Glenn

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.

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

**First Presbyterian Church Housing Corporation d/b/a
The Village of Warren Glenn
HUD Project No. 44-EE044**

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)? X Yes 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

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>	None

**First Presbyterian Church Housing Corporation d/b/a
The Village of Warren Glenn
HUD Project No. 44-EE044**

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2020

Section II - Financial Statement Audit Findings (Continued)

Reference Number	Finding	Questioned Costs
2020-001 (Cont.)	Response Indicator - Agree Completion Date - July 16, 2020	

**First Presbyterian Church Housing Corporation d/b/a
The Village of Warren Glenn
HUD Project No. 44-EE044**

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2020

Section III - Federal Program Audit Findings

Reference Number	Finding	Questioned Costs
2020-002	<p>Finding Type - Immaterial noncompliance with major program requirements</p> <p>Title and CFDA Number of Federal Program - Supportive Housing for the Elderly - Project Rental Assistance Contract and Capital Advance (CFDA #14.157)</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 - The Organization should have repaid the \$24,092 loan from the reserve for replacement account within five days of receipt of HAP funds from the October 2019 voucher, as required by the HUD-approved withdrawal request.</p> <p>Statement of Condition - The Organization failed to repay the loan from the reserve for replacement account within five days of receipt of HAP funds from the October 2019 voucher, as required by the HUD-approved withdrawal request.</p> <p>Cause - The Organization failed to monitor the repayment requirements of the loan from the reserve for replacement account, as specified by the HUD-approved withdrawal request.</p> <p>Effect or Potential Effect - The replacement reserve account was not refunded in accordance with the requirements set forth in the HUD-approved withdrawal request.</p> <p>Auditor Noncompliance Code - N - Reserve for replacements deposits</p> <p>Reporting Views of Responsible Officials - Management is aware of the requirement to repay the loan from the reserve for replacement account and agrees with the finding. Noncompliance has been addressed by repaying the loan amount to the reserve for replacement on August 13, 2020.</p> <p>Recommendation - All required repayments of loans from the reserve for replacement account should be made in accordance with the HUD-approved withdrawal request.</p> <p>Auditor's Summary of the Auditee's Comments on the Finding and Recommendation - Management should repay the loan amount to the reserve for replacement account.</p> <p>Response Indicator - Agree</p> <p>Completion Date - August 13, 2020</p>	None

**First Presbyterian Church Housing Corporation d/b/a
The Village of Warren Glenn
HUD Project No. 44-EE044**

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2020

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding	Questioned Costs
2020-002 (Cont.)	Response - Management acknowledges noncompliance in the current fiscal year and has taken measures to improve internal controls over compliance. Management repaid the loan amount of \$24,092 to the reserve for replacement account on August 13, 2020.	