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Oakman Village Manor Senior Housing  
Development Corp. d/b/a The Village of Oakman  
Manor

(a not-for-profit corporation)

HUD Project No. 044-EE087

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**Financial Report**  
**with Supplemental Information**  
**June 30, 2020**

**Oakman Village Manor Senior Housing Development Corp.**  
**d/b/a The Village of Oakman Manor**  
**HUD Project No. 044-EE087**

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**Certificate of Officers**

We certify that we have examined the attached financial statements and supplemental information of HUD Project No. 044-EE087, Oakman Village Manor Senior Housing Development Corp. d/b/a The Village of Oakman Manor, and to the best of our knowledge and belief, the same is a true statement of the financial condition as of June 30, 2020.

\_\_\_\_\_  
Maynard Timm  
Chair

\_\_\_\_\_  
September 17, 2020  
Date

\_\_\_\_\_  
Johnny C. Jackson  
Treasurer

\_\_\_\_\_  
September 17, 2020  
Date

\_\_\_\_\_  
ID# 56-2438797  
Employer Identification Number

**Oakman Village Manor Senior Housing Development Corp.**  
**d/b/a The Village of Oakman Manor**  
**HUD Project No. 044-EE087**

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**Management Agent's Certification**

We certify that we have examined the attached financial statements and supplemental information of HUD Project No. 044-EE087, Oakman Village Manor Senior Housing Development Corp. d/b/a The Village of Oakman Manor, and to the best of our knowledge and belief, the same is a true statement of the financial condition as of June 30, 2020.

\_\_\_\_\_  
Dana Phelan  
Management Agent Representative

\_\_\_\_\_  
September 17, 2020  
Date

\_\_\_\_\_  
(248) 281-2020  
Telephone Number

\_\_\_\_\_  
ID# 38-1387145  
Management Company Employer Identification  
Number

\_\_\_\_\_  
Deborah Beard  
Property Manager

**Oakman Village Manor Senior Housing Development Corp.  
d/b/a The Village of Oakman Manor  
HUD Project No. 044-EE087**

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## **Independent Auditor's Report**

To the Board of Directors  
Oakman Village Manor Senior Housing Development Corp.  
d/b/a The Village of Oakman Manor

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Oakman Village Manor Senior Housing Development Corp. d/b/a The Village of Oakman Manor (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 Oakman Village Manor Senior Housing Development Corp. d/b/a The Village of Oakman Manor as of June 30, 2020 and 2019 and the results of its operations, changes in deficiency in net assets, and its 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  
Oakman Village Manor Senior Housing Development Corp.  
d/b/a The Village of Oakman Manor

**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 Oakman Village Manor Senior Housing Development Corp. d/b/a The Village of Oakman Manor'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 Oakman Village Manor Senior Housing Development Corp. d/b/a The Village of Oakman Manor'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

**Oakman Village Manor Senior Housing Development Corp.**  
**d/b/a The Village of Oakman Manor**  
**HUD Project No. 044-EE087**

**Balance Sheet**

**June 30, 2020 and 2019**

	2020	2019
<b>Assets</b>		
<b>Current Assets</b>		
Cash - Operations	\$ 14,705	\$ 20,175
Tenant accounts receivable	727	1,580
Accounts receivable - HUD	646	-
Prepaid expenses	-	470
Total current assets	16,078	22,225
<b>Deposits - Held in Trust</b>		
Tenant deposits held in trust	16,974	16,608
<b>Deposits - Funded</b>		
Escrow deposits	9,259	9,257
Replacement reserve	134,807	145,845
Total deposits - Funded	144,066	155,102
<b>Fixed Assets</b>		
Land and land improvements	46,092	46,092
Buildings and building improvements	6,119,078	6,119,078
Building equipment (portable)	1,831	1,831
Furniture for project/tenant use	63,654	63,654
Furnishings	117,061	109,421
Maintenance equipment	6,334	6,334
Miscellaneous fixed assets	42,089	42,089
Total fixed assets	6,396,139	6,388,499
Accumulated depreciation	(2,304,414)	(2,142,072)
Net fixed assets	4,091,725	4,246,427
Total assets	<b>\$ 4,268,843</b>	<b>\$ 4,440,362</b>

**Oakman Village Manor Senior Housing Development Corp.**  
**d/b/a The Village of Oakman Manor**  
**HUD Project No. 044-EE087**

**Balance Sheet (Continued)**

	<b>June 30, 2020 and 2019</b>	
	<u>2020</u>	<u>2019</u>
<b>Liabilities and Deficiency in Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable - Operations	\$ 13,875	\$ 18,714
Accrued wages payable	3,437	6,727
Accrued payroll taxes payable	325	449
Prepaid revenue	<u>2,503</u>	<u>1,900</u>
Total current liabilities	20,140	27,790
<b>Deposits - Held in Trust (Contra)</b>		
Tenant deposits held in trust (contra)	14,718	14,944
<b>Long-term Liabilities</b>		
Capital advance (Note 3)	4,778,700	4,778,700
HOME loans (Note 4)	<u>872,000</u>	<u>872,000</u>
Total long-term liabilities	<u>5,650,700</u>	<u>5,650,700</u>
Total liabilities	5,685,558	5,693,434
<b>Deficiency in Net Assets</b>		
Without donor restrictions	<u>(1,416,715)</u>	<u>(1,253,072)</u>
Total deficiency in net assets	<u>(1,416,715)</u>	<u>(1,253,072)</u>
Total liabilities and deficiency in net assets	<u><b>\$ 4,268,843</b></u>	<u><b>\$ 4,440,362</b></u>



**Oakman Village Manor Senior Housing Development Corp.**  
**d/b/a The Village of Oakman Manor**  
**HUD Project No. 044-EE087**

**Statement of Activities**

**Years Ended June 30, 2020 and 2019**

	2020	2019
<b>Rent Revenue</b>		
Rent revenue - Gross potential	\$ 192,350	\$ 183,850
Tenant assistance payments	283,822	277,946
Miscellaneous rent revenue	-	13,320
Total rent revenue (potential at 100% occupancy)	476,172	475,116
<b>Vacancies</b>		
Apartments	(5,890)	(3,100)
Total vacancies	(5,890)	(3,100)
Net rent revenue (rent revenue less vacancies)	470,282	472,016
<b>Financial Revenue</b>		
Project operations	5	6
Investments - Residual receipts	-	1
Investments - Replacement reserve	136	151
Total financial revenue	141	158
<b>Other Revenue</b>		
Laundry and vending revenue	2,959	2,901
Tenant charges	60	80
Miscellaneous revenue	802	1,568
Total other revenue	3,821	4,549
Total revenue	474,244	476,723
<b>Administrative Expenses</b>		
Conventions and meetings	199	1,349
Management consultants	12,738	23,177
Advertising and marketing	36	15
Other renting expenses	789	887
Office salaries	12,129	13,766
Office expenses	18,113	16,888
Management fee (Note 5)	30,360	29,040
Manager or superintendent salaries	56,940	61,354
Legal expenses	686	548
Auditing expenses	7,547	6,800
Bookkeeping fees/Accounting services (Note 5)	6,600	6,600
Bad debts	240	-
Miscellaneous administrative expenses	8,953	3,766
Total administrative expenses	155,330	164,190

**Oakman Village Manor Senior Housing Development Corp.**  
**d/b/a The Village of Oakman Manor**  
**HUD Project No. 044-EE087**

**Statement of Activities (Continued)**

**Years Ended June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Utilities Expenses</b>		
Electricity	\$ 25,160	\$ 18,803
Water	10,655	9,569
Gas	14,881	18,380
Sewer	19,479	17,941
	<u>70,175</u>	<u>64,693</u>
<b>Operating and Maintenance Expenses</b>		
Payroll	15,562	33,916
Supplies	8,585	9,607
Contracts	70,761	52,697
Garbage and trash removal	1,276	1,019
Security payroll/Contract	90,670	69,697
Heating/Cooling repairs and maintenance	5,645	2,389
Snow removal	2,893	3,305
Miscellaneous operating and maintenance expenses	9,845	8,252
	<u>205,237</u>	<u>180,882</u>
<b>Taxes and Insurance</b>		
Payroll taxes (FICA)	9,465	8,170
Property and liability insurance (hazard)	29,819	26,319
Workers' compensation	1,500	1,523
Health insurance and other employee benefits	3,866	4,393
Miscellaneous taxes, licenses, permits, and insurance	100	100
	<u>44,750</u>	<u>40,505</u>
<b>Financial Expenses</b>		
Miscellaneous financial expenses	53	46
	<u>53</u>	<u>46</u>
Total costs of operations before depreciation	<u>475,545</u>	<u>450,316</u>
<b>Change in Net Assets before Depreciation</b>	(1,301)	26,407
<b>Depreciation Expense</b>	<u>162,342</u>	<u>161,381</u>
<b>Change in Total Net Assets</b>	<u><u>\$ (163,643)</u></u>	<u><u>\$ (134,974)</u></u>

**Oakman Village Manor Senior Housing Development Corp.**  
**d/b/a The Village of Oakman Manor**  
**HUD Project No. 044-EE087**

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**Statement of Changes in Deficiency in Net Assets**

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	<b>Years Ended June 30, 2020 and 2019</b>
<b>Deficiency in Net Assets</b> - July 1, 2018	\$ (1,118,098)
Increase in deficiency in net assets	<u>(134,974)</u>
<b>Deficiency in Net Assets</b> - June 30, 2019	(1,253,072)
Increase in deficiency in net assets	<u>(163,643)</u>
<b>Deficiency in Net Assets</b> - June 30, 2020	<u><b>\$ (1,416,715)</b></u>

**Oakman Village Manor Senior Housing Development Corp.**  
**d/b/a The Village of Oakman Manor**  
**HUD Project No. 044-EE087**

**Statement of Cash Flows**

**Years Ended June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Cash Flows from Operating Activities</b>		
Receipts:		
Rental	\$ 470,852	\$ 454,111
Interest	141	158
Other cash receipts	3,821	4,549
	<u>474,814</u>	<u>458,818</u>
Total receipts	474,814	458,818
Disbursements:		
Administrative	(60,745)	(61,433)
Management fee	(30,360)	(29,040)
Utilities	(70,880)	(65,019)
Salaries and wages	(84,631)	(109,036)
Operating and maintenance	(191,693)	(147,906)
Property insurance	(30,116)	(26,448)
Miscellaneous taxes and insurance	(14,610)	(14,725)
Tenant security deposits	(226)	(145)
Miscellaneous financial	(53)	(46)
	<u>(483,314)</u>	<u>(453,798)</u>
Total disbursements	(483,314)	(453,798)
Net cash and restricted cash (used in) provided by operating activities	(8,500)	5,020
<b>Cash Flows Used in Investing Activities - Net purchase of fixed assets</b>	<u>(7,640)</u>	<u>(15,753)</u>
<b>Net Decrease in Cash and Restricted Cash</b>	(16,140)	(10,733)
<b>Cash and Restricted Cash - Beginning of year</b>	<u>191,885</u>	<u>202,618</u>
<b>Cash and Restricted Cash - End of year</b>	<u><b>\$ 175,745</b></u>	<u><b>\$ 191,885</b></u>

**Oakman Village Manor Senior Housing Development Corp.**  
**d/b/a The Village of Oakman Manor**  
**HUD Project No. 044-EE087**

**Statement of Cash Flows (Continued)**

**Years Ended June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Reconciliation of Change in Deficiency in Net Assets to Net Cash and Restricted Cash (Used in) Provided by Operating Activities</b>		
Change in deficiency in net assets	\$ (163,643)	\$ (134,974)
Adjustments to reconcile change in deficiency in net assets to net cash and restricted cash from operating activities:		
Depreciation	162,342	161,381
Decrease (increase) in assets:		
Tenant accounts receivable	613	(1,540)
Accounts receivable - Other	(646)	-
Prepaid expenses	470	(470)
(Decrease) increase in liabilities:		
Accounts payable - Operations	(4,839)	(2,277)
Accrued liabilities	(3,414)	(590)
Tenant security deposits held in trust	(226)	(145)
Prepaid revenue	603	(3,045)
Other changes to reconcile change in deficiency in net assets to net cash and restricted cash (used in) provided by operating activities	<u>240</u>	<u>(13,320)</u>
Net cash and restricted cash (used in) provided by operating activities	<u><b>\$ (8,500)</b></u>	<u><b>\$ 5,020</b></u>
<b>Classification of Cash and Restricted Cash</b>		
Cash - Operations	\$ 14,705	\$ 20,175
Tenant deposits held in trust	16,974	16,608
Deposits - Funded	<u>144,066</u>	<u>155,102</u>
Total cash and restricted cash	<u><b>\$ 175,745</b></u>	<u><b>\$ 191,885</b></u>

## Notes to Financial Statements

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**June 30, 2020 and 2019**

### **Note 1 - Nature of Business**

Oakman Village Manor Senior Housing Development Corp. d/b/a The Village of Oakman Manor (the "Organization") is a nonprofit corporation that owns and operates a 55-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.

### **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 Oakman Village Manor Senior Housing Development Corp. d/b/a The Village of Oakman Manor 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 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.

#### ***Tenant Accounts Receivable***

Tenant accounts receivable 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.

**June 30, 2020 and 2019**

**Note 2 - Significant Accounting Policies (Continued)**

***Deposits Funded***

The funds controlled by the Organization represent escrows and 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 \$2,183. 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. 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. There was no excess residual receipts liability at June 30, 2020 and 2019.

***Fixed Assets***

Land, buildings, equipment, 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.

***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.

***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.

***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 Department of Housing and Urban Development. Housing assistance payments are received for the balance of contract rent from HUD. The current contract expires on January 31, 2021.

***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.

**June 30, 2020 and 2019**

**Note 2 - Significant Accounting Policies (Continued)**

***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 \$4,778,700, 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 August 2045. 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 a long-term liability. The capital advance is collateralized by the land and building of the Organization.

**Note 4 - HOME Loans Funds**

The Organization received a HOME loan from the City of Detroit, Michigan under the Home Investments Partnership Act for a maximum amount of \$222,000. The proceeds of the loan were used in connection with construction of the Project. The loan bears no interest and will be deemed satisfied over 20 years if the Organization complies with the affordable housing restrictions, in accordance with the HOME program. It is the Organization's intent to comply with these restrictions ending in January 2025. At June 30, 2020 and 2019, the balance of the loan is the maximum amount of \$222,000.

The Organization also received a HOME loan from Wayne County, Michigan under the Home Investments Partnership Act for a maximum amount of \$250,000. The proceeds of the loan were used in connection with construction of the Project. The loan bears no interest and will be deemed satisfied over 20 years if the Organization complies with the affordable housing restrictions, in accordance with the HOME program. It is the Organization's intent to comply with these restrictions ending in December 2025. At June 30, 2020 and 2019, the balance of the loan is the maximum amount of \$250,000.



## Notes to Financial Statements

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**June 30, 2020 and 2019**

### **Note 4 - HOME Loans Funds (Continued)**

In addition, the Organization received a HOME loan from the Michigan State Housing Development Authority (MSHDA) under the Home Investments Partnership Act for a maximum amount of \$400,000. The proceeds of the loan were used in connection with construction of the Project. The loan bears no interest over its 30-year term and is not required to be repaid as long as the property is not sold, transferred, or otherwise conveyed voluntarily or involuntarily through foreclosure and as long as the Organization complies with the affordable housing restriction agreement, which restricts the use and occupancy of the Project and the Project's rental rates. It is the Organization's intent to comply with these restrictions ending in October 2035. At June 30, 2020 and 2019, the balance of the loan is the maximum amount of \$400,000.

### **Note 5 - 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 6.71 and 6.61 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, respectively. In addition, the Organization pays accounting service fees to PVM, which are included in the annual budget. The Organization incurred management fees of \$30,360 and \$29,040 for the years ended June 30, 2020 and 2019, respectively. In addition, accounting service fees of \$6,600 were incurred to PVM for the years ended June 30, 2020 and 2019.

In previous periods, PVM provided funding to the Organization to cover operational advances and development cost overruns totaling \$48,000.

### **Note 6 - Current Vulnerability Due to Certain Concentrations**

The Organization's sole asset is Oakman Village Manor Senior Housing Development Corp. d/b/a The Village of Oakman Manor. 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.

**Oakman Village Manor Senior Housing Development Corp.**  
**d/b/a The Village of Oakman Manor**  
**HUD Project No. 044-EE087**

**Notes to Financial Statements**

**June 30, 2020 and 2019**

**Note 7 - 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	\$ 45,552	\$ 11,388	\$ 56,940
Management fees	-	30,360	30,360
Other administrative expenses	46,770	21,260	68,030
Total administrative expenses	92,322	63,008	155,330
Utilities, operating, and maintenance	271,071	4,341	275,412
Taxes and insurance	41,630	3,120	44,750
Financial expenses	53	-	53
Depreciation	161,510	832	162,342
Total	<u>\$ 566,586</u>	<u>\$ 71,301</u>	<u>\$ 637,887</u>

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

	Program	Management and General	Total
Administrative expenses:			
Salaries and wages	\$ 49,083	\$ 12,271	\$ 61,354
Management fees	-	29,040	29,040
Other administrative expenses	52,690	21,106	73,796
Total administrative expenses	101,773	62,417	164,190
Utilities, operating, and maintenance	241,915	3,660	245,575
Taxes and insurance	37,452	3,053	40,505
Financial expenses	46	-	46
Depreciation	160,554	827	161,381
Total	<u>\$ 541,740</u>	<u>\$ 69,957</u>	<u>\$ 611,697</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 8 - Liquidity and Availability of Resources**

The Organization has \$16,078 and \$21,755 of financial assets available within one year of June 30, 2020 and 2019, respectively, to meet cash needs for general expenditure consisting of cash of \$14,705 and \$20,175, respectively, and accounts receivable of \$1,373 and \$1,580, 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.

## Notes to Financial Statements

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**June 30, 2020 and 2019**

### **Note 8 - Liquidity and Availability of Resources (Continued)**

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. 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.

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## Supplemental Information

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## Independent Auditor's Report on Supplemental Information

To the Board of Directors  
Oakman Village Manor Senior Housing Development Corp.  
d/b/a The Village of Oakman Manor

We have audited the financial statements of Oakman Village Manor Senior Housing Development Corp. d/b/a The Village of Oakman Manor 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, 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 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

**Oakman Village Manor Senior Housing Development Corp.**  
**d/b/a The Village of Oakman Manor**  
**HUD Project No. 044-EE087**

**Balance Sheet Data**

**June 30, 2020**

		<b>Assets</b>	
<b>Current Assets</b>			
1120	Cash - Operations		\$ 14,705
1130	Tenant accounts receivable		727
1135	Accounts receivable - HUD		646
			<hr/>
1100T	Total current assets		16,078
<b>Deposits - Held in Trust</b>			
1191	Tenant deposits held in trust		16,974
<b>Deposits - Funded</b>			
1310	Escrow deposits		9,259
1320	Replacement reserve		134,807
			<hr/>
1300T	Total deposits - Funded		144,066
<b>Fixed Assets</b>			
1410	Land and land improvements		46,092
1420	Buildings and building improvements		6,119,078
1440	Building equipment (portable)		1,831
1450	Furniture for project/tenant use		63,654
1460	Furnishings		117,061
1470	Maintenance equipment		6,334
1490	Miscellaneous fixed assets		42,089
			<hr/>
1400T	Total fixed assets		6,396,139
1495	Accumulated depreciation		(2,304,414)
			<hr/>
1400N	Net fixed assets		4,091,725
			<hr/>
1000T	Total assets		<b><u><u>\$ 4,268,843</u></u></b>

**Oakman Village Manor Senior Housing Development Corp.**  
**d/b/a The Village of Oakman Manor**  
**HUD Project No. 044-EE087**

**Balance Sheet Data (Continued)**

**June 30, 2020**

<b>Liabilities and Deficiency in Net Assets</b>		
<b>Current Liabilities</b>		
2110	Accounts payable - Operations	\$ 13,875
2120	Accrued wages payable	3,437
2121	Accrued payroll taxes payable	325
2210	Prepaid revenue	<u>2,503</u>
2122T	Total current liabilities	20,140
<b>Deposits - Held in Trust (Contra)</b>		
2191	Tenant deposits held in trust (contra)	14,718
<b>Long-term Liabilities</b>		
2324	HOME loans	872,000
2326	Capital advance	<u>4,778,700</u>
2300T	Total long-term liabilities	<u>5,650,700</u>
2000T	Total liabilities	5,685,558
<b>Deficiency in Net Assets</b>		
3131	Without donor restrictions	<u>(1,416,715)</u>
3130	Total deficiency in net assets	<u>(1,416,715)</u>
2033T	Total liabilities and deficiency in net assets	<u><u>\$ 4,268,843</u></u>

**Oakman Village Manor Senior Housing Development Corp.**  
**d/b/a The Village of Oakman Manor**  
**HUD Project No. 044-EE087**

**Statement of Activities Data**

**Year Ended June 30, 2020**

	<b>Rent Revenue</b>		
5120	Rent revenue - Gross potential	\$	192,350
5121	Tenant assistance payments		<u>283,822</u>
5100T	Total rent revenue (potential at 100% occupancy)		476,172
	<b>Vacancies</b>		
5220	Apartments		<u>(5,890)</u>
5200T	Total vacancies		<u>(5,890)</u>
5152N	Net rent revenue (rent revenue less vacancies)		470,282
	<b>Financial Revenue</b>		
5410	Project operations		5
5440	Investments - Replacement reserve		<u>136</u>
5400T	Total financial revenue		141
	<b>Other Revenue</b>		
5910	Laundry and vending revenue		2,959
5920	Tenant charges		60
5990	Miscellaneous revenue		<u>802</u>
5900T	Total other revenue		<u>3,821</u>
5000T	Total revenue		474,244
	<b>Administrative Expenses</b>		
6203	Conventions and meetings		199
6204	Management consultants		12,738
6210	Advertising and marketing		36
6250	Other renting expenses		789
6310	Office salaries		12,129
6311	Office expenses		18,113
6320	Management fee		30,360
6330	Manager or superintendent salaries		56,940
6340	Legal expenses		686
6350	Auditing expenses		7,547
6351	Bookkeeping fees/Accounting services		6,600
6370	Bad debts		240
6390	Miscellaneous administrative expenses		<u>8,953</u>
6263T	Total administrative expenses		155,330
	<b>Utilities Expenses</b>		
6450	Electricity		25,160
6451	Water		10,655
6452	Gas		14,881
6453	Sewer		<u>19,479</u>
6400T	Total utilities expenses		70,175



**Oakman Village Manor Senior Housing Development Corp.**  
**d/b/a The Village of Oakman Manor**  
**HUD Project No. 044-EE087**

**Statement of Activities Data (Continued)**

**Year Ended June 30, 2020**

	<b>Operating and Maintenance Expenses</b>	
6510	Payroll	\$ 15,562
6515	Supplies	8,585
6520	Contracts	70,761
6525	Garbage and trash removal	1,276
6530	Security payroll/Contract	90,670
6546	Heating/Cooling repairs and maintenance	5,645
6548	Snow removal	2,893
6590	Miscellaneous operating and maintenance expenses	<u>9,845</u>
6500T	Total operating and maintenance expenses	205,237
	<b>Taxes and Insurance</b>	
6711	Payroll taxes (FICA)	9,465
6720	Property and liability insurance (hazard)	29,819
6722	Workers' compensation	1,500
6723	Health insurance and other employee benefits	3,866
6790	Miscellaneous taxes, licenses, permits, and insurance	<u>100</u>
6700T	Total taxes and insurance	44,750
	<b>Financial Expenses</b>	
6890	Miscellaneous financial expenses	<u>53</u>
6800T	Total financial expenses	<u>53</u>
6000T	Total costs of operations before depreciation	<u>475,545</u>
5060T	<b>Change in Net Assets before Depreciation</b>	(1,301)
6600	<b>Depreciation Expense</b>	<u>162,342</u>
3250	<b>Change in Total Net Assets</b>	<u><u>\$ (163,643)</u></u>

**Oakman Village Manor Senior Housing Development Corp.**  
**d/b/a The Village of Oakman Manor**  
**HUD Project No. 044-EE087**

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**Statement of Activities Data (Continued)**

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**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		26,192
S1000-030	3	Replacement reserve or residual receipt releases that are included as expense items on this profit and loss statement		29,666
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

**Oakman Village Manor Senior Housing Development Corp.**  
**d/b/a The Village of Oakman Manor**  
**HUD Project No. 044-EE087**

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**Statement of Changes in Deficiency in Net Assets Data**

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**Year Ended June 30, 2020**

S1100-050	<b>Deficiency in Net Assets</b> - July 1, 2019	\$ (1,253,072)
3250	Increase in deficiency in net assets	<u>(163,643)</u>
3130	<b>Deficiency in Net Assets</b> - June 30, 2020	<u><b>\$ (1,416,715)</b></u>

**Oakman Village Manor Senior Housing Development Corp.**  
**d/b/a The Village of Oakman Manor**  
**HUD Project No. 044-EE087**

**Statement of Cash Flows Data**

**Year Ended June 30, 2020**

<b>Cash Flows from Operating Activities</b>		
	Receipts:	
S1200-010	Rental	\$ 470,852
S1200-020	Interest	141
S1200-030	Other cash receipts	3,821
		<hr/>
S1200-040	Total receipts	474,814
	Disbursements:	
S1200-050	Administrative	(60,745)
S1200-070	Management fee	(30,360)
S1200-090	Utilities	(70,880)
S1200-100	Salaries and wages	(84,631)
S1200-110	Operating and maintenance	(191,693)
S1200-140	Property insurance	(30,116)
S1200-150	Miscellaneous taxes and insurance	(14,610)
S1200-160	Tenant security deposits	(592)
S1200-220	Miscellaneous financial	(53)
		<hr/>
S1200-230	Total disbursements	(483,680)
S1200-240	Net cash used in operating activities	(8,866)
	<b>Cash Flows from Investing Activities</b>	
S1200-250	Net withdrawal from the reserve for replacement account	11,038
S1200-255	Net deposit to the other reserve	(2)
S1200-330	Net purchase of fixed assets	(7,640)
		<hr/>
S1200-350	Net cash provided by investing activities	3,396
S1200-470	<b>Net Decrease in Cash</b>	(5,470)
S1200-480	<b>Cash - Beginning of year</b>	20,175
		<hr/>
S1200T	<b>Cash - End of year</b>	<b>\$ 14,705</b>
		<hr/> <hr/>

**Oakman Village Manor Senior Housing Development Corp.**  
**d/b/a The Village of Oakman Manor**  
**HUD Project No. 044-EE087**

**Statement of Cash Flows Data (Continued)**

**Year Ended June 30, 2020**

<b>Reconciliation of Change in Deficiency in Net Assets to Net Cash Used in Operating Activities</b>		
3250	Change in deficiency in net assets	\$ (163,643)
	Adjustments to reconcile change in deficiency in net assets to net cash from operating activities:	
6600	Depreciation	162,342
	Decrease (increase) in assets:	
S1200-490	Tenant accounts receivable	613
S1200-500	Accounts receivable - Other	(646)
S1200-520	Prepaid expenses	470
S1200-530	Cash restricted for tenant security deposits	(366)
	(Decrease) increase in liabilities:	
S1200-540	Accounts payable - Operations	(4,839)
S1200-560	Accrued liabilities	(3,414)
S1200-580	Tenant security deposits held in trust	(226)
S1200-590	Prepaid revenue	603
S1200-600	Other changes to reconcile change in deficiency in net assets to net cash used in operating activities	240
		<hr/>
S1200-610	Net cash used in operating activities	<b><u><u>\$ (8,866)</u></u></b>

**Oakman Village Manor Senior Housing Development Corp.  
d/b/a The Village of Oakman Manor  
HUD Project No. 044-EE087**

**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	<b>Balance</b> - July 1, 2019	\$	145,845
1320DT	Monthly deposits (\$2,182.66 x 12)		26,192
1320INT	Interest		136
1320WT	Approved withdrawals		(37,306)
1320OWT	Other withdrawals - Bank service charges		(60)
1320	<b>Balance</b> - June 30, 2020	<b>\$</b>	<b>134,807</b>

**2. Schedule of Residual Receipts - N/A**

**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:**

5990	Beauty shop revenue	\$	451
	Miscellaneous revenue		351
	<b>Total</b>	<b>\$</b>	<b>802</b>
6890	Interest on tenant security deposits	<b>\$</b>	<b>53</b>
S1200-600	Bad debt expense	<b>\$</b>	<b>240</b>
1320OWT	Bank charges	<b>\$</b>	<b>(60)</b>

**Oakman Village Manor Senior Housing Development Corp.**  
**d/b/a The Village of Oakman Manor**  
**HUD Project No. 044-EE087**

**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	\$ 46,092	\$ -	\$ -	\$ 46,092	\$ 7,281	\$ 267	\$ -	
1420									
	6,119,078	-	-	6,119,078	1,921,888	160,331	-	2,082,219	4,036,859
1440	1,831	-	-	1,831	1,647	-	-	1,647	184
1450	63,654	-	-	63,654	63,654	-	-	63,654	-
1460	109,421	7,640	-	117,061	109,421	382	-	109,803	7,258
1470	6,334	-	-	6,334	6,334	-	-	6,334	-
1490	42,089	-	-	42,089	31,847	1,362	-	33,209	8,880
<b>Total</b>	<b>\$ 6,388,499</b>	<b>\$ 7,640</b>	<b>\$ -</b>	<b>\$ 6,396,139</b>	<b>\$ 2,142,072</b>	<b>\$ 162,342</b>	<b>\$ -</b>	<b>\$ 2,304,414</b>	<b>\$ 4,091,725</b>

**Fixed Asset Addition Detail:**

Furnishings - Chairs \$ 7,640

**Oakman Village Manor Senior Housing Development Corp.  
d/b/a The Village of Oakman Manor  
HUD Project No. 044-EE087**

**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	\$ 4,778,700
Project Rental Assistance Contract	14.157	<u>283,822</u>
Total federal awards		<u><u>\$ 5,062,522</u></u>



**Oakman Village Manor Senior Housing Development Corp.**  
**d/b/a The Village of Oakman Manor**  
**HUD Project No. 044-EE087**

**Computation of Surplus Cash**

		<b>June 30, 2020</b>
S1300-010	Cash	\$ 31,679
1135	Accounts receivable - HUD	<u>646</u>
S1300-040	Total cash	32,325
<b>Current Obligations</b>		
S1300-075	Accounts payable - 30 days	13,875
S1300-100	Accrued expenses (not escrowed)	3,762
2210	Prepaid revenue	2,503
2191	Tenant/Patient deposits held in trust (contra)	<u>14,718</u>
S1300-140	Total current obligations	<u>34,858</u>
S1300-150	Surplus cash (deficiency)	<u><u>\$ (2,533)</u></u>
S1300-210	Deposit due residual receipts	<u><u>\$ -</u></u>

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Report on Internal Control Over Financial  
Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements  
Performed in Accordance with *Government  
Auditing Standards*

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

**Independent Auditor's Report**

To Management and the Board of Directors  
Oakman Village Manor Senior Housing Development Corp.  
d/b/a The Village of Oakman Manor

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 Oakman Village Manor Senior Housing Development Corp. d/b/a The Village of Oakman Manor (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*.

To Management and the Board of Directors  
Oakman Village Manor Senior Housing Development Corp.  
d/b/a The Village of Oakman Manor

**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.

**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

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

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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  
Oakman Village Manor Senior Housing Development Corp.  
d/b/a The Village of Oakman Manor

**Report on Compliance for Each Major Federal Program**

We have audited Oakman Village Manor Senior Housing Development Corp. d/b/a The Village of Oakman Manor'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.

To the Board of Directors  
Oakman Village Manor Senior Housing Development Corp.  
d/b/a The Village of Oakman Manor

### **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

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## Schedule of Findings and Questioned Costs

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**Oakman Village Manor Senior Housing Development Corp.**  
**d/b/a The Village of Oakman Manor**  
**HUD Project No. 044-EE087**

**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

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><b>Finding Type</b> - Material weakness in internal control over financial reporting</p> <p><b>Title</b> - Segregation of duties</p> <p><b>Finding Resolution Status</b> - Resolved</p> <p><b>Information on Universe and Population Size</b> - N/A</p> <p><b>Sample Size Information</b> - N/A</p> <p><b>Criteria</b> - 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><b>Statement of Condition</b> - The Organization does not have the appropriate segregation of duties surrounding its online banking, check disbursement, and journal entry processes.</p> <p><b>Cause</b> - 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><b>Effect or Potential Effect</b> - The Organization is at greater risk for a material misstatement of its financial statements and/or misappropriation of assets.</p> <p><b>Auditor Noncompliance Code</b> - S - Internal control deficiency</p> <p><b>Reporting Views of Responsible Officials</b> - 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><b>Context</b> - 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><b>Recommendation</b> - 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

**Oakman Village Manor Senior Housing Development Corp.  
d/b/a The Village of Oakman Manor  
HUD Project No. 044-EE087**

**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.)	<b>Response Indicator - Agree</b>  <b>Completion Date - July 16, 2020</b>	

**Section III - Federal Program Audit Findings**

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